

1932.  
—  
WESTERN AUSTRALIA.

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REPORT  
OF  
ROYAL COMMISSION  
ON  
DAIRY FARMING  
IN THE SOUTH-WEST

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*Presented to both Houses of Parliament by His Excellency's Command.*

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[SECOND SESSION OF THE FOURTEENTH PARLIAMENT.]

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## ROYAL COMMISSION

WESTERN AUSTRALIA, } By His Excellency John Alfred North-  
TO WIT. } more, Administrator in and over the  
J. A. NORTHMORE. } State of Western Australia and its  
Administrator. } Dependencies in the Commonwealth of  
[L.S.] } Australia.

To Alfred Yeates, Esquire, of "Chesfield," Millendon,  
Viticulturist; Percival Dicey Forrest, Esquire, of  
Dwalganup, Upper Blackwood, Farmer, and Edmund  
Vernon Brockman, Esquire, of Nannup, Farmer.

### *Greeting:*

KNOW Ye that I, the said Administrator, acting with  
the advice and consent of the Executive Council, do  
hereby appoint you Alfred Yeates, Percival Dicey  
Forrest, and Edmund Vernon Brockman to be Commis-  
sioners—

1. Generally to inquire into and report on the dis-  
abilities relating to the working and development of  
holdings of group settlers and other settlers engaged in  
dairy farming and under mortgage to the Agricultural  
Bank of Western Australia, in the South-West District  
of this State.

2. In particular, and without in any way limiting  
the generality of the powers hereby conferred, to in-  
quire into and report on—

(a) Whether the settlers have made the best use of  
their holdings and opportunities for dairying  
in respect to—

- (i) Management and fertilising of pas-  
tures;
- (ii) Management of stock and conservation  
of sufficient fodder;
- (iii) Growing of seasonal fodder crops;
- (iv) Raising of produce (other than butter  
fat) for sale;
- (v) Production of all commodities possible  
on the farm in order to keep down  
household expenses;

(vi) Investment of surplus farm receipts  
and earnings in stock, plant, improve-  
ments or development.

(b) General or particular farm problems such as re-  
late to the soil comprised in holdings and the  
effect of certain types of soil on the health,  
fertility, and productivity of stock, and any  
difficulties pertaining to the farm itself.

(c) Methods and costs of producing, processing, and  
distributing dairy farm produce.

3. To make such recommendations in regard to the  
matters inquired into as may be deemed effective to en-  
sure improved methods of working and progressive  
development, the payment of interest and loan moneys,  
and to improve the economic position and outlook of  
dairy farms.

And I declare that you shall, by virtue of this Com-  
mission, constitute and be a Royal Commission within  
the meaning of "The Royal Commissioners' Powers  
Act, 1902," as reprinted in the Appendix to the Ses-  
sional Volume of the Statutes for the year 1928, and  
that the said Alfred Yeates shall be Chairman of the  
said Royal Commission and shall have and may exercise  
all the powers which under the said Act are exercisable  
by a Royal Commission or the Chairman thereof.

And I do hereby desire and request you as soon as  
reasonably may be to report to me in writing the result  
of your inquiries and recommendations upon the matters  
entrusted to you by this Commission.

Given under my hand and the Public Seal of the  
said State, at Perth, this fourth day of  
February, One thousand nine hundred and  
thirty-two.

By His Excellency's Command,

C. G. LATHAM,  
Acting Premier.

GOD SAVE THE KING !!!



# Report of the Royal Commission on Dairy Farming in the South-West.

*To His Excellency Sir John Alfred Northmore, K.C.M.G., Administrator in and over the State of Western Australia and its Dependencies in the Commonwealth of Australia.*

May it please Your Excellency,—

In accordance with the terms of the Commission dated the 4th day of February, 1932, we, the undersigned Commissioners appointed to inquire into and report on the disabilities relating to the working and development of the holdings of Group Settlers and other settlers engaged in dairy farming and under mortgage to the Agricultural Bank of Western Australia in the South-West district of the State, commenced our inquiry on the 10th day of February, 1932, and beg to report as follows:—

We have held 74 sittings for the purpose of taking evidence—16 in Perth, 58 in the country—examined 311 witnesses, visited nearly all the groups, seen and inspected 537 group holdings, inspected many Soldier Settler and Agricultural Bank properties. Of the witnesses examined there were—

37 Officials.

142 Group Settlers.

62 Soldier and Agricultural Bank Settlers.

20 Representatives of butter factories and milk distributors.

50 Others.

1. As will be seen by the terms of the Commission, the scope of the inquiry is very wide. It includes all settlers engaged in dairying under the Agricultural Bank in the South-West, soil problems as affecting the health of stock and growth of pastures, and last, but not least, methods and costs of producing, processing and marketing of produce.

Engaged in dairying under the Agricultural Bank are four different classes of settlers:—

(a) Soldier Settlers on repurchased estates under the Agricultural Bank and Lands Department.

(b) Soldier Settlers on Crown and other lands under the Agricultural Bank.

(c) Agricultural Bank clients.

(d) Group Settlers.

Each of those classes is working under different conditions and paying different rates of interest, while the Soldier Settlers on repurchased estates are partly under a separate authority, namely, the Lands Department.

Nearly all the settlers under (a), (b) and (d) are capitalised 100 per cent. on present valuations, and their farms are in effect fully owned by the State. The properties under (c) are partly owned by the State, the interest payable varying with the amount

advanced by the Bank for developmental purposes. The amount of interest each class is required to pay varies as follows:—

Soldier Settlers under (a) are now (since August last) paying  $4\frac{1}{2}$  per cent. for their Agricultural Bank loans, and 6 per cent. to the Lands Department for rent.

Soldier Settlers under (b) are also (since August last) paying  $4\frac{1}{2}$  per cent. on their full loans. Both these classes were settled under the Soldier Land Settlement Act, and the State has received the benefit of the low rate of interest on Commonwealth loans and assistance in meeting losses.

Agricultural Bank clients under (c) pay 6 per cent. (recently reduced from 7 per cent.) on the amount loaned to them by the Bank.

Group Settlers (d) on coming under the control of the Agricultural Bank pay 4 per cent. on their development loan, and until recently have been paying 7 per cent. on their stock and plant loan. This has now been reduced to 6 per cent. On the development loan the interest increases by one per cent. per annum until it reaches 6 per cent. A large number of group settlers are now called upon to pay 6 per cent. on their full loans, i.e., both stock and plant.

2. A number of Soldier Settlers under Class (a) were examined, as well as the Bank Inspectors under whose control the farms are worked. The chief disabilities suffered by these settlers are—

(1) Fall in the prices of products.

(2) Difficulties of marketing.

(3) Dry season and pasture pests.

(4) Inadequate drainage.

(5) Over-capitalisation of holdings.

(6) Having, in some instances, too much land, and being unable further to develop it and at the same time meet interest charges. Many of them complained of divided authority, viz., Agricultural Bank and Lands Department, and considered it would be advantageous if they were under one authority.

Soldier Settlers under Class (b) are also suffering from fall in prices, difficulties of marketing, dry season, and pasture pests. They claim that their development expenses were incurred when costs were at their peak, that the low returns now obtained will not enable them to meet their interest charges, and that they are over-capitalised. A number of these men also have too much land to develop, and this,

with the extra costs entailed, constitutes an additional drain on their resources.

From observations by your Commissioners and from evidence given by the bank authorities, we are satisfied that a large proportion of these two classes of Soldier Settlers, (a) and (b), are good men, who are farming well and doing their best to make good and meet interest. A few, however, are bad managers, and must either improve or ultimately leave their holdings.

3. Most of the Agricultural Bank clients, Class (c), obtained their advances under the old system of Agricultural Bank loans, and are consequently not so heavily capitalised as the other classes, but they also are suffering from the effects of low prices, dry season, want of marketing facilities, pasture pests, and failure further to develop their holdings owing to no loans being available. They also state the interest rate of 6 per cent. is too high for them to meet, and at the same time improve and develop their holdings. Some of these settlers are in a very difficult position. Those who took up land when outside employment was available, and who obtained clearing loans on which the bank is requiring them to pay interest, now find that both outside work and further loans are unavailable. There is a danger of the value of the asset being lost and of some of the holdings reverting to bush. At Nannup we had special evidence on this phase. While unemployed were being established as settlers under a new scheme, older Agricultural Bank settlers a few miles away complained that they were in an impossible position by reason of their inability to get either loans or work. There are many good settlers in this class, though some are muddlers and bad managers who will never succeed.

#### GROUP SETTLEMENT.

4. The real problem, however, concerns Group Settlement. The scheme was brought into being, vide the minority report of the Royal Commission of 1925, paragraph 2, page 14, which reads—

The Scheme aims at the settlement of the South-West, a portion of the State which had remained practically undeveloped since the earliest days of land settlement in Western Australia. Despite the acknowledged fertility of the soil there, and the increasing population of the State by the opening up of the dairying industry, it was sought to assist Western Australia to obviate the annual loss to the State resulting from the purchase from the Eastern States of produce that could be grown here. To indicate the extent of this annual loss I quote from the "Quarterly Statistical Abstract"—

The importations from the Eastern States from July, 1921, to June, 1922, the year group settlement was commenced, included the following:—

	£
Maize .. .. .	2,452
Peas and beans .. .. .	3,835
Potatoes .. .. .	40,889
Onions .. .. .	14,615
Bacon and hams .. .. .	137,149
Eggs .. .. .	20,073
Butter .. .. .	414,384
Cheese .. .. .	60,644
Preserved milk and cream .. .. .	215,559
Total .. .. .	939,600

By way of comparison we append similar figures for the year 1930-31—

	£
Maize .. .. .	2,316
Peas and beans .. .. .	9,898
Potatoes .. .. .	11,171
Onions .. .. .	10,692
Bacon and hams .. .. .	108,523
Eggs .. .. .	9,755
Butter .. .. .	290,897
Cheese .. .. .	87,490
Preserved milk and cream .. .. .	176,919
Total .. .. .	£707,661

In making this comparison it should be borne in mind that the increase of population during the intervening period caused an increase of consumption locally, and in addition 25,000 boxes of butter were exported overseas last season.

5. Commenced in 1921, Group Settlement was undoubtedly a huge experiment, hurriedly conceived and carried out, clearly showing the imprint of the immediate post-war period. The scheme was started on community lines, the personnel being mostly migrants without money or knowledge of farming, and these men and others from Australia were, for a period of eight years, paid workmen without the responsibilities of farmers. The policy of employment and rates of pay varied from time to time. The settlers started at 10s. per day, working under the control of a foreman. In 1924 they were put on to piecework with no limit to the amount of their earnings. Some families earned as much as £80 per month. Then a limit of £22 10s. per month was fixed. In 1930 the amount was reduced to £13 per month, in January, 1931, to £10 per month, and in July, 1931, to £8 for a man, wife, and two children, and £6 for a single man. As the scheme progressed it was found that a large number of blocks that had been developed were almost worthless, and these were either abandoned or linked with other holdings.

6. The total expenditure and the capital values grew to such an alarming extent that in 1929 a board was created to value the holdings on an economic and productive basis. As a result of the board's findings, about two-thirds of the capital expenditure was written off which, together with the loss on abandoned holdings, amounted to £4,164,758. Then, on assessment, the settler came under Agricultural Bank conditions. A man with ten cows was deemed to be self-supporting, whilst a settler with 15 was required to pay interest. Not only had the group settler been given his land free of charge, but under the assessment roughly two-thirds of the developmental costs had been written off. In addition to the developmental costs, the settler is indebted for his stock and plant, which, together with the developmental value fixed by the assessment board, makes the average debt £1,500 per holding.

As previously stated, the interest on the developmental loan commenced at 4 per cent., and increased one per cent. per annum to a maximum of 6 per cent. The stock and plant loan carries 6 per cent., and as most of the settlers have been under the bank for a considerable time, they are now required to pay 6 per cent. on their full debt. Up to the date of assessment, no interest had been paid by the set-

tlar on his developmental loan, and his farming operations had been carried on under the direction of the officers of the Group Settlement Department.

7. The blunders of land selection, faulty administration, and the fall in prices of products have undoubtedly affected the morale of the settlers and helped to bring about the present unsatisfactory state of affairs. The position of Group Settlement to-day may be compared with a campaign which has been commenced without due thought or preparation, and with an untrained army. Many changes of policy and tactics, together with alternate strict and slack discipline, have resulted in pampered and spoiled troops. After huge expenditure, some temporary successes were gained, but now serious reverses have been sustained; ground temporarily won is being lost, and the men have lost faith and morale. Some are bordering on mutiny, and their leaders are in a quandary to know what to do. No campaign can be won with an army in such a condition. The first thing to be done is to restore morale by a solid plan that will give settlers a hopeful outlook. A policy of consolidation is required involving strict discipline, training and work and, if necessary, new leaders. The settlers must substitute for their inferiority complex a pride in the work they are doing, and realise that the overcoming of their difficulties in the making and developing of their farms is for their own benefit as well as being of the highest national importance.

8. Amongst the group settlers are many fine men and women whose farms and homes are a credit to them. Although many are not making good as farmers, they may, in other spheres of life, be quite capable workmen and good citizens. The successful farmer must be a man of many qualities, and not only be a good workman and know how to handle stock, etc., but must be able to manage, plan, and budget ahead. It is on the management side of farming that such a large number fail. But to enable the good man to be successful, there must be hope ahead for him. It is the hope of reward that induces him to labour, and he should recognise that there should be a great difference in the outlook of the man who is working for wages compared with the man whose aim is to become a successful farmer. The wages man may with care save something for a rainy day or old age, but his remuneration is the total sum of his reward. The man that goes on the land with the intention of becoming a farmer must be prepared to work strenuously and suffer hardship for many years and be cut off from many things that other workers consider necessary. But his reward should lie in the increasing value of his farm and in the ultimate ownership of it. If a man farms well,

works honestly, makes his property as self-supporting as practicable, and becomes a farmer in the real sense of the word, it must be made possible for him in, say, a generation or less, to reap his reward. For most men on the land the outlook at the present time is not encouraging. The settler looks at his capital debt, and at his partially developed farm, pastures, and herd. He calculates the amount of interest he is expected to pay, and realises that he cannot meet it without stopping further necessary development of both herd and farm. His unpaid interest accumulates, compound interest is added and, seeing his debt growing so formidable, he loses heart and ceases to work. This, unfortunately, has happened in many instances.

9. It must be remembered that for a period of eight years most of the group settlers have really been wages men, working to order, often earning good wages and enjoying many advantages, until to-day a great number possess a purely wages outlook. This, to a great extent, has destroyed the settlers' initiative. Settlers have said in evidence to your Commissioners, "We have been here eight to ten years, and surely the Government should have known years ago whether we were or were not suitable farmers." The fact remains that before those men were thrown on their own resources subsequent to the assessment—at the most two years ago—and before they had to manage and finance their own farms, they had been workmen, and it could not have been known whether they were good farmers or not.

10. At present group settlement consists of 1,700 partly improved farms, partially developed herds, and farmers in the making. Many of the settlers, unless they alter their methods, management, and outlook, must be removed from the holdings and their places filled by more suitable men, who, together with the good settlers, must be given an outlook that will furnish hope to spur them on. Group settlement must be carried on; otherwise the money spent will be lost, and the future of land settlement in this State jeopardised. Those who knew the South-West previous to the establishment of group settlement cannot but be impressed with the remarkable change that has taken place. The scheme has also been the means of reducing the amount paid for foodstuffs imported from the Eastern States. True, the cost to the State has been enormous, but if eventually the scheme is successful, the future advantage would counterbalance the loss.

#### FINANCIAL POSITION OF SETTLERS.

11. The following table shows the financial position of settlers in the four classes and the amount of interest paid and unpaid:—

	Soldier Settlers Classes (a) and (b).	Agricultural Bank Clients Class (c).	Group Settlers Class (d).	Total.
No. of Settlers ... ..	349	546	1,704	2,599
Indebtedness ... ..	£582,989		£2,232,306	£2,815,295
Interest paid in full—				
No. of Settlers ... ..	436		50	486
Amount paid ... ..	£45,111		£6,281	£51,392
Interest paid in part—				
No. of Settlers ... ..	433		1,068	1,501
Amount paid ... ..	£70,661		£25,905	£96,566
Amount unpaid ... ..	£46,072		£72,692	£118,764
Interest unpaid—				
No. of Settlers ... ..	26		586	612
Amount unpaid ... ..	£1,078		£31,090	£32,168
Total Interest unpaid ... ..	£47,151		£119,027	£166,178

## GROUP SETTLEMENT EXPENDITURE.

The following table shows details of group settlement expenditure:—

*Summary and Dissection of Group Settlement Expenditure to the 30th June, 1931.*

	Expenditure at 30th June, 1930.	Expenditure at 30th June, 1931.	Expenditure at 31st Dec., 1931.
	£	£	£
Interest ... ..	1,072,845	1,154,355	1,154,355
Labour Advances ...	2,698,046	2,741,417	2,744,579
Cottages, Dairy Buildings, etc. ...	774,232	780,143	781,673
Plant, Stores and Stock issued ... ..	408,518	420,332	438,964
Seed and Manure ...	448,136	459,832	464,862
Explosives ... ..	111,050	111,053	111,053
Wire, Fencing Posts, etc.	85,313	87,301	89,594
Horse Hire, Harness, etc.	108,588	108,612	108,670
Fodder ... ..	316,908	317,068	317,088
Plant Group ... ..	100,596	100,596	100,596
Supervision (including dairy supervision) ...	185,917	201,820	203,427
Insurance (Workers' Compensation Act) ...	60,836	62,876	62,876
General Administration	247,860	257,573	257,649
Miscellaneous, including unallotted stock and costs ... ..	168,881	194,503	196,042
	£6,787,726	£6,997,481	£7,031,429

## SPECIAL TERMS OF REFERENCE.

Your Commissioners were asked to inquire into and report upon specific phases of settlement, etc., and these are dealt with under the respective headings:—

### (i) *Management and Fertilising of Pastures.*

12. From evidence received and inspections made, we have formed the opinion that the management and fertilising of pastures leave much to be desired, but the pioneering difficulties in the heavily timbered country on which most of the settlements are located must be considered, together with the ravages of pasture pests. While the majority of the settlers are not treating their pastures properly, much remains to be learnt regarding the most efficient methods of management. The failure to establish blade grasses appears to be due to sowing these grasses before clovers or manures had established the requisite nitrogenous matter in the soils, and the position has been aggravated by not allowing sufficient time for reseedling. On plots under the control of the Department of Agriculture many failures have occurred. Wrong strains of seed have frequently been sown and wrong treatment has been given. To rectify the deficiencies of some soils, and to determine the most suitable grasses, considerable investigation will be required, and side by side with the farmer must work the chemist, specialist, and experimentalist for a long time to come.

13. Over-stocking, neglect to clean up the fallen debris, and remove new growth of scrub and weeds, lack of harrowing and top-dressing, and the failure to graze systematically account mainly for the present unsatisfactory results on most holdings. Evidence was given that the failure to top-dress was due to the poor circumstances of the settler, and this

doubtless was true, but it does not absolve him from the neglect to keep the pastures in good order and to graze them systematically. At the same time, further subdivision of paddocks is very necessary on many holdings.

Very little conservation of stock manure is carried out. This, if collected when moist, placed in pits and subsequently spread on the land, would be of great benefit, especially to new or light land. Apparently better results are obtained on the lighter karri soils without frequent ploughing.

### (ii) *Management of Stock and Conservation of Fodder.*

14. The handling and management of stock by a large number of the settlers are not of a high order, many being entirely unsuitable for the life of a dairy farmer. Your Commissioners consider that, of all types of farmers, the dairyman probably needs the greatest amount of training and knowledge, and unless a man is temperamentally fitted to care for and handle stock, he is not likely to be successful.

15. One of the problems of group settlement today is the difficulty of placing the children of settlers in suitable employment. Provided these young people have the right outlook and are prepared to work, the future success of the scheme might lie largely in their hands. We suggest that every endeavour be made thoroughly to train these young folk on proper lines and encourage them to take up the work on the holdings of their parents and friends. Government provision to encourage the absorption of unemployed on the land might be applied to the children of settlers.

16. On some holdings sufficient fodder and ensilage have been conserved and root crops grown, but generally speaking much more will have to be done to ensure that sufficient fodder is available during the lean months. The majority of settlers do not grow and conserve nearly enough hay, ensilage, cereals and root crops. The poor production of many of the cows is directly due to insufficient feed and water during the late summer and early winter. The lack of conserved fodder can in many instances be traced to insufficiency of both fertiliser and mowers. While it is recognised that the financial position at present may preclude the necessary assistance being given, it is exceedingly difficult for the settlers to cut sufficient ensilage and hay with the mowers at their disposal. Usually there is one mower to three settlers, and the evidence shows that in some places there is only one mower to five settlers. As settlers rely so much on pasture conservation, the need for a mower for each holding is apparent.

### (iii) *Growing of Seasonal Fodder Crops.*

17. Root and summer crops are not grown to the extent they should be, one reason being the lack of capital to buy the necessary seed and manure, and another the lack of foresight and land preparation that are necessary. The limit to the work one man can do on a farm must be also considered, and this is where the help of the young people should count. Because sufficient summer feed is not grown, the greater part of the hay is fed to stock during the late summer and autumn months, and when the wet cold months of early winter arrive, the stocks of hay



are depleted and the cows have to be content with new green grass, which has little feeding value, except in conjunction with a ration of hay. There are holdings where very little or no summer land is available, and this constitutes an anomaly in the value of the blocks. Every effort should be made to remedy this disadvantage. In the earlier days of group development, especially in some districts, the heavier clearing on the summer land was neglected. On holdings where this is available it is essential that settlers should have sufficient of this class of land cleared to enable summer feed and crops to be grown, and the purchase of concentrates rendered less necessary.

(iv) *Raising of Produce other than Butter Fat for Sale.*

18. Your Commissioners made exhaustive inquiries into the possibilities of profitably raising produce other than butter fat. Very little is being done by the settlers to produce for sale sidelines like pigs, poultry, potatoes or vegetables. This can be quite understood when the market returns for produce of the kind are perused. High freights and marketing costs and the constantly fluctuating prices have lately been so disheartening that settlers have ceased to produce these sidelines. Examination of the settlers' returns, and our visit to the Metropolitan Markets, confirmed the complaint that the marketing of sidelines was unprofitable. With any perishable produce that cannot be exported or stored, it is difficult to stabilise prices, supply and demand being the governing factors. Much, however, could be done by organising, by reducing freights and handling charges, and by the growers combining to send truck lots instead of small consignments. If prices were favourable production would be much greater, but the settlers distant from the metropolitan markets cannot, under existing conditions, compete with those nearer at hand. (For references to pigs, eggs and poultry see remarks on "Marketing.")

19. *Tobacco.*—The possibilities of successfully growing tobacco were extensively investigated. A number of group settlers, especially in the Manjimup area, are now growing tobacco. According to the evidence of a departmental expert, and from a Perth manufacturer (Mr. Michelides), who were supported by the results of the Commonwealth investigation, tobacco of a good and suitable quality can be grown in the Manjimup area. Initial costs, as supplied by Mr. A. R. C. Clifton, of the Department of Agriculture, however, are large. The estimated costs for five acres of tobacco, exclusive of the grower's own labour, are as under:—

	£	s.	d.
Extra labour for planting and harvesting	20	0	0
Fertiliser .. .. .	22	10	0
Fuel for curing .. .. .	8	0	0
Hessian and string .. .. .	3	0	0
Insecticide .. .. .	6	0	0
Calico for seed beds .. .. .	4	0	0
Freight .. .. .	5	0	0
Insurance .. .. .	5	0	0
Interest on capital, say £400 at 6 per cent.	24	0	0
Contingencies .. .. .	2	10	0
	£100	0	0

	<i>Capital Outlay.</i>			£	s.	d.
Clearing 5 acres at £30 .. .. .	150	0	0			
Curing barn, bulk shed, etc. .. .. .	150	0	0			
Two horses at £20 .. .. .	40	0	0			
1 cart .. .. .	20	0	0			
1 single-furrow plough .. .. .	6	0	0			
1 set harrows .. .. .	4	15	0			
1 single-horse cultivator .. .. .	3	10	0			
1 knapsack spray .. .. .	4	4	0			
1 dust gun .. .. .	7	10	0			
1 tobacco press .. .. .	8	0	0			
	£393	19	0			

It was argued that settlers would be drawn from their main work of dairying to cultivate and look after their tobacco crops. By management, however, a shorter lactation period could be arranged, that might coincide with the busy part of the tobacco season. On the question of tobacco duties, your Commissioners offer no comment beyond agreeing that a policy of making haste slowly is a wise one. Mr. Michelides stated that we might eventually be able to export but that, to do so, the settlers would have to become more or less peasant proprietors, the work being done by the wives and children in order to compete with overseas production.

20. *Apples.*—As another source of income for group settlers, your Commissioners recommend apple growing where land is suitable. On present world prices and demand, the prospects are encouraging, and from personal inspection of the group settlements, we consider that there is, in many of the districts, land suitable for apple growing. Provided the settlers possess the necessary qualifications, they should be assisted in the planting of not less than five acres of export varieties. It would, of course, be essential that suitable land be chosen and that the orchards be maintained under expert supervision. If this recommendation be given effect to, it might be advisable for the settlers, when the orchards come into bearing, to alter the lactation period. Otherwise, at that season the labour of the settler and his family would probably prove insufficient to cope with the dual task of dairying and fruit picking and packing.

(v.)—*Production of all commodities possible on the farm in order to keep down household expenses.*

21. Exhaustive inquiries were made into this question. It was perhaps unfortunate that our inspections were made at the worst time of the year, but with some notable exceptions there was a distinct lack of homeliness that one associates with most British people. Certainly we found on many holdings patches of vegetables tucked away on summer land, the most suitable patches having been chosen. However, a great deal more could and must be done by the settlers generally to make themselves more self-supporting. They should realise that their income is not so much the amount of money they receive as how little they have to expend to cover their actual cost of living.

The fact of the settler being paid for years as a workman has probably created the habit of buying many things for consumption in the home that could be produced on the farm. The settler must become self-supporting as far as much of his living is concerned. Some of the settlers are doing this to-day,

and on many of the groups changes for the better are taking place. In the Denmark district particularly a number of the houses and sheds have been built on the top of the hills, sometimes stoney or rocky, and this has made it difficult for the settlers to have either a garden or sufficient water near at hand to keep the sheds and dairy clean. The water supply problem is one that only time and hard work can overcome. At the present time it is a real trouble on many locations, and some of the settlers are inclined to accept the position and to do nothing to help themselves.

22. Evidence was given that some settlers and their families were not properly fed. Several schools were visited, and the teachers reported that though some of the children were poorly fed, the great majority were intelligent, bright and healthy. Of the doctors examined, one gave evidence to the effect that though there were some cases of malnutrition, most of the fault lay with the parents. Another doctor stated that settlers, their wives and families, taken as a whole, were now healthier than they ever had been. This he attributed to a more natural state of living. At one hospital the matron reported that the 323 group children born there since she had been in charge were a fine healthy type. Undoubtedly there are instances of hardship as regards food, clothing and comforts, but in the main the group settlers and their families are healthy and should develop into a strong virile people. We consider that some of the cases of hardship reported in the Press were grossly exaggerated and untrue: for instance, the report of a group settlers' family having been reduced to the extremity of eating the domestic cat. This report has since been definitely refuted. We are of opinion that, with the opportunities available, no group settler worthy of the name should be faced with starvation.

(vi.)—*Investment of surplus farm receipts and earnings in stock, plant, improvements or development.*

23. If this refers to surplus after all obligations including interest have been met, the departmental returns disclose that only 50 group settlers come within this category, that number only having paid their interest in full. Our opinion is that such settlers are improving their holdings, but we have formed the impression that others have purchased machinery and developed their holdings out of moneys which rightly should have been applied, under the terms of mortgage, to payment of interest, believing that by so doing they were assisting themselves the more readily to reach the stage when they would be able to meet all their obligations. Some settlers have purchased machinery in advance of actual requirements and before they could afford to pay for it. This practice should be definitely discouraged. There seems to be an idea throughout the group settlements that the more the holdings are developed the more insistent will be the demand for the payment of interest, and the greater the equity that exists, the more likely will the Bank be inclined to repossess the property.

24. One of the main problems is how best to reward the man who exerts and genuinely tries to meet his obligations. Evidence placed before us sup-

ported the contention of settlers that the more regular the payment of interest had been, and the better the settler and his holding, the less consideration was given him and the more insistent was the Bank's demand that interest be paid, notwithstanding the present low price of his products. Such settlers should receive greater consideration. Some who developed their holdings in the earlier stages have since failed to maintain the improvements. Consequently, the value of the holdings has considerably depreciated. We consider that this type of settler should not receive any further consideration. We have repeatedly emphasised to settlers the fact that the results of their work, the development and maintenance of their properties and an endeavour in every way to meet their obligations constitute the greatest security of tenure that any one could have.

2. (b) *General or particular farm problems such as relate to the soil comprised in holdings and the effect of certain types of soil on the health, fertility and productivity of stock, and any difficulties pertaining to the farm itself.*

25. Where land and pastures have been intelligently handled and adequately manured, good results are apparent, but spasmodic and insufficient fertilising, over-stocking, and the ravages of insect pests have created a set of circumstances often erroneously attributed to the soil itself. Your Commissioners suggest that lack of minerals may be the cause of the so-called wasting disease in cattle at Denmark. Where holdings consist mainly of karri hillsides, the heavy rainfall has the effect of leaching out the mineral contents of the soil and depositing them in the hollows and flats. This assumption is borne out by the fact that cattle grazing on the lower land, with some body in the soil, do not develop the disease. Mineral deficiency may be corrected by the use of artificially prepared licks, but the difficulty is economically to supply the natural mineral deficiency in this way, as it is obvious that the various blocks considered to be minerally deficient would not be uniformly lacking in the same elements.

There is urgent need for the application of lime to most of the soils of the South-West. We visited the huge lime deposit at Karridale, and recommend that inquiry be made into the possibility of its economic use. If this lime should prove of value, unemployed might be utilised to make it available.

26. *Fertilisers.*—Many complaints were made of the high cost of fertilisers which play such an important part in the work of developing the South-West. Without their continued and liberal use, progress cannot be maintained. We did not investigate the manufacturing and distributing costs of fertilisers, but are of opinion that the Government should exert every effort to ensure that settlers obtain fertilisers at the cheapest possible rates.

26a. *Pasture Pests.*—These represent a difficult problem, the solution of which will make the lot of many settlers more contented. The pests, particularly the red-legged earth mite and the clover spring-tail, are playing havoc on numerous holdings. The prejudices of many settlers against subterranean clover can be definitely traced to the depredations of the pests, which suck the juices from the plants, rendering them unpalatable and lacking in nutriment value. In addition, the growth of the plants

is definitely retarded, thereby adding to the difficulties of settlers. Nearly every holding harbours the pests, which makes it difficult to establish kitchen gardens successfully, except in summer when the insects disappear during the aestivating season. The seeding of new group paddocks with clover burr taken from infected pastures elsewhere has accelerated the spread not only of these pests but of noxious weeds. We strongly recommend that nothing but clean threshed seed should be used on all new ground. Every effort should be made to stamp out these pests, even to the extent of offering a substantial reward for an effective remedy. To cope with this problem is most important, because of the ease with which the propagation of pasture pests is effected. Their depredations are not confined to the South-West, but are also a menace in other portions of the agricultural areas. Their spread is becoming alarming, they are multiplying rapidly. During our inspections we noticed some new holdings that had been sown with burr that obviously could not be guaranteed free from eggs of the pests. This practice should be stopped.

27. *Wasting Disease*.—From evidence given, wasting disease has been prevalent in the Denmark area for 20 years, but apparently until recently had not been regarded by the authorities as seriously as it should have been. The initial stages of our inquiry embraced the area affected by wasting disease at Denmark, and we were so impressed with the seriousness of the position that, on returning to Perth on the 7th March, we submitted the following recommendations to the Hon. the Premier, who immediately took steps to expedite remedial treatment. Those recommendations were:—

1. *McGough's Treatment*.—The Commission has obtained overwhelming evidence that in many cases where McGough has treated affected animals, practically all have been restored to apparent normal health and condition. McGough informed the Commission that his agreement with the Government expired last Saturday. McGough offers his formula to the Government in exchange for a farming proposition with wasting disease on it of the value of £700 net, with £300 in cash, or plant and stock to that value. He further offers his

services for a period of three months to instruct the settlers in the use of his treatment at a wage of £5 per week, plus petrol for travelling, he to provide his own car.

2. *Vita Lick*.—The Commission has also inspected stock treated with Vita Lick and received evidence from some of the settlers that this treatment had been successful in arresting the disease and restoring the animal to health. The need for immediate action, in the opinion of your Commissioners, is so urgent that we urge the Government to accept one of the two alternatives, preferably the McGough treatment. The financial position of a number of those settlers whose cattle are affected by the disease is so desperate that we consider it necessary that the Government should supply this treatment free of charge in the interests of the settler and the State. Distribution of either remedies should be left in the hands of the local Senior Inspector, Mr. D. Storrie. Mr. N. Kingdon has lost nine cows and 40 heifers on one holding, and two other settlers had killed 150 calves because they knew of no cure. Departmental records disclose the fact that 43 holdings are affected, and on these 91 cows and 350 heifers are suffering from the complaint. It appears that once a cow is affected with the disease, in almost every case it becomes sterile, and if the cow does bear a calf it is too delicate to be worth rearing; in fact, on several holdings not one single calf has up to date been reared, and the settlers, through no fault of their own, have lost heart and are in straitened circumstances.

## 2 (c) *Methods and costs of producing farm produce.*

28. The cost of raising farm produce, consisting chiefly of butter fat and whole milk, varies so considerably that a statement showing the average cost on either group or Agricultural Bank settlements is of little value. Holdings with equal capitalisation are carrying from 8 to 20 cows or more on equal areas of cleared land, and it is obvious that the settler with the larger number of cows of similar quality can produce much more cheaply, even after making due allowance for additional fertiliser, feed, etc., required. However, estimates of settlers' expenditure and income have been furnished by Mr. W. H. McCay, Secretary for Group Settlement, and by Mr. G. K. Baron Hay, Superintendent of Dairying, as follows:—

### *Official Estimate of Expenditure and Income showing Costs of Production on a Yield of 400 Gallons of Milk or 160 lb. of Butter Fat.*

(\* indicates Profit and † indicates Loss.)

No. of Cows in Profit.	Mr. McCay, Secretary for Group Settlement.				Mr. Baron-Hay, Superintendent of Dairying.			
	Net Income after allowing for payment of Interest.		Estimated average Cost.		Net Income after allowing for payment of Interest.		Estimated average Cost.	
	Milk 1/- gall.	Butter 1/- lb.	Milk.	Butter.	Milk 9d. gall.	Butter 1/- lb.	Milk.	Butter.
	£ s. d.	£ s. d.	s. d.	s. d.	£ s. d.	£ s. d.	s. d.	s. d.
10 ...	23 10 0†	80 0 0†	1 1.4	2 0	82 10 0†	94 0 0†	1 4.6	2 2.2
15 ...	52 0 0*	33 10 0†	0 10.72	1 3.3	68 0 0†	88 0 0†	0 11.72	1 8.8
20 ...	136 0 0*	11 10 0*	0 7.63	0 11.14	14 10 0*	8 0 0†	0 8.5	1 0.6

#### *Cow Capitalisations.*

10 Cow Settler	...	...	£150	=	£9 0 0	interest per cow.
15 .. "	...	...	£100	=	£6 0 0	" "
20 .. "	...	...	£75	=	£1 10 0	" "
25 .. "	...	...	£60	=	£3 12 0	" "

From the above figures it will readily be seen how much more likely the 20-25 cow settler is to succeed on present prices, and we recommend that 25 cows should be aimed at as the lowest economical unit, especially where dairying is the settler's only source of income.

29. The low production quoted—400 gallons of milk or 160 lbs. of butter fat per cow—is capable of being greatly increased by better management, further development of pastures and adequate top-dressing, thus obviating the need for purchasing large quantities of concentrates. Some settlers maintained that heavy feeding of concentrates paid them, but this is an expense that should be avoided as far as possible.

30. *Tariffs, industrial costs and insurance.*—The Australian policy of high tariffs and artificial industrial conditions, plus high insurance costs, impose burdens on the production and marketing that were stressed by many witnesses. Your Commissioners appreciate the fact that artificial help has been given to the dairying industry under the Paterson Butter Scheme, but the added costs due to high tariffs, etc., undoubtedly weigh heavily on development, particularly in relation to the cost of wire and iron, implements, machinery, handling, manufacturing and marketing. Serious efforts should be made to reduce costs over which the producer has no control. The producer must do his utmost to lower his own costs of production by careful and scientific management of both farm and herd, but after his cream and other products have left his hands, he is powerless. Despite the cheaper living and lower wages costs now ruling, little or no relief has come his way. Insurance premiums, transport, manufacturing, marketing and distributing costs have not been reduced; in some instances they have actually been increased. Especially does this apply to the premiums covering employers' liability. To assist the small producer, the present minimum policy of £100 should be considerably reduced.

## 2 (c).—Methods and costs of processing and manufacturing.

31. At the time of the inquiry this subject was a vexed one. Some of the evidence tendered was of a distinctly partisan nature. For years the dairy industry of Western Australia had enjoyed high prices, and the products had found a market within the State. A stage has now been reached when the export trade must be entered, and this occurs at a time when prices are low. Three other factors are operating—the dry season, the group settler is now called upon to meet interest payments, and owing to the financial stringency, greater pressure has been brought to bear on other settlers to meet their interest payments. Attention was therefore focussed on the butter factories. Of these there are 13, nine being co-operatively owned. The largest is the South-West Dairy Farmers Co., Ltd., which owns seven of the factories. The policy of the directors of this company had been to create a chain of butter factories throughout the South-West, the object being to cater for and control co-operatively all butter making. The project was an ambitious one, and to carry it out, the directors of the company admitted in evidence that the provisions of the Dairy Industry Act of 1922 had been evaded in two ways: (i) by reason of an excessive amount of moisture being added to the butter, and (ii) by reducing the payments to producers to permit of the building up of funds to provide the chain of factories. Both of these practices were questionable. The first undoubtedly affected the quality

of the butter. The second (while enabling factories to be established that to-day are almost free of debt and are mainly owned by the producer-shareholders), plus high administrative costs, such as directors' fees, travelling expenses and high manufacturing costs, brought about the dissatisfaction that existed.

32. The directors plead that the infringement of the Dairy Industry Act was in a good cause, viz., that of building up the dairying industry. For some time past the provisions of the Act and the regulations have been enforced, and it would appear that the butter manufactured to-day is of good quality and that both the consumer and the producer should be receiving a fairer deal. In future there should be no need to pay a bonus to merchants to induce them to sell locally made butter. Provided the business is run efficiently and economically, the shareholders and suppliers of the co-operative organisation should be in a strong position, as the factories are almost all paid for and the company is sound financially. Three of the proprietary firms—Brownes Ltd., Boyanup Butter Factory, and Capel Butter Factory—have been operating for only two years or less, and so far have hardly established themselves. Their first balance sheets showed that very little profit had been made, but there were hopes of making profits in future.

33. The costs of handling, manufacturing and marketing vary from 2¾d. per lb. at the Narrogin Co-operative Company, which has the advantage of a local trade, to 4.25d. per lb. charged by J. Macfarlane & Co., Ltd. The South-West Dairy Farmers' charges are 3.43d. per lb., made up as follows:—

Manufacturing costs	..	..	..	2.10d.
Cream transport	..	..	..	.28d.
Marketing	..	..	..	.61d.
Administration	..	..	..	.44d.
Total	..	..	..	3.43d.

A comparison between those charges and the figures of the Noreo Co., New South Wales, are in favour of the latter to the extent of 1¼d. per lb., made up as follows:—

Freight	..	..	..	.50d.
Wages and salaries	..	..	..	.25d.
Depreciation and fuel	..	..	..	.25d.
Materials and working costs	..	..	..	.25d.
Difference	..	..	..	1.25d.

34. Costs in Western Australia are high compared with those in some of the older factories in New Zealand and the Eastern States, but many factors must be considered when comparing costs. These factors include the infant stage of our industry and the long distances that have to be traversed both to collect the cream and market the butter. Most of the suppliers in this State are operating on a small scale and many more cans have to be handled and cleaned for a relatively small tonnage. In addition, Western Australia is undoubtedly over-factored for present requirements, and though this should stimulate competition, it must increase overhead charges and costs of manufacturing and handling. This is proved by a comparative statement submitted by the South-West Dairy Farmers' Co., wherein it is shown that during the flush period from September to December manufacturing and marketing costs totalled only

2.7d. per lb. compared with the annual average of 3.43d. per lb. One of the chief troubles of the manufacturer in Western Australia is the quantity of cream supplied that is really not of a high quality. This is due to several causes—the scattered nature of the farms, the ignorance and apathy of some of the farmers, and the small quantity produced by most settlers. Cream from well-fed and cared-for herds taken to the factory each day produces a better quality of butter than that which is delivered once or twice a week. If it were possible for the railways to place refrigerated trucks at the disposal of the producers, higher freight could be charged to compensate the department. The constant aim of producer and manufacturer should be to adopt cleanly methods of handling, to build up herds of a high-producing quality, and to produce butter of the highest grade, both for home and export trade. To enable this to be done we are of opinion that an organising and controlling body, with statutory powers, should be created.

35. The report of Mr. F. Wigan, Chief Commonwealth Grader, on the result of his investigation of the butter industry of Western Australia, included the following:—

As I had to be present each week at Fremantle to grade and check grade the export butter with Mr. Cousins, who was to carry out the grading of butter for export after I left, I was unable to be away from Perth more than a few days at a time, and consequently my visits to factories were always hurried and the work I could do limited.

I made a not very full inspection of every butter factory in Western Australia, and have prepared a short separate report on each, copies of which are attached to this report. These reports deal with the construction, equipment and general condition of the factory buildings only. I examined creams in four or five factories only, and can have little to say on the subject of cream quality, apart from the evidence I obtained through my examinations of the butters.

#### *Factory Buildings.*

There are 13 butter factories in Western Australia, but only five of these—all controlled by the South-West Co-operative Dairy Products Co., Ltd.—were making butter for export. The factories at Manjimup, Margaret River, Harvey, and Browne's Ltd., North Perth, are well constructed on modern plans and of suitable materials. These factories compare favourably with the best class factories in the other States. They are built of brick and have cement or tile-lined walls with concrete or tiled floors, high ceilings providing good light and ventilation, and their equipment is of a high standard.

The factories at Bunbury, Busselton and Narrogin are also built of brick and, although satisfactory, are not so well planned nor convenient to operate, whilst portions of the equipment require attention.

The Denmark factory is built of asbestolite, with good concrete floor, and is at present fairly satisfactory, but the pasteurizing and cream vat equipment is unsuitable for a butter factory and in that respect is unsatisfactory.

The remaining factories at Capel, Northam, Albany, Boyanup, and Macfarlane & Co., Ltd., Perth, are more or less unsatisfactory buildings and require some alterations, and four of them, namely Macfarlane's, Northam, Albany and Boyanup are, in my opinion, not up to the requirements of an export establishment under the Commerce (Export Dairy Produce) Regulations.

#### *Equipment.*

Owing to my hurried visits to butter factories I was not able to see the actual condition of some of the equipment, owing to the fact that it was in use at the time I was in the factory, i.e., churns were in operation

or vats and pasteurizers contained cream. The type of the equipment, however, was in many instances quite good, such as the glass-lined cream vats and pasteurizers. In some instances churns and vats were in an unsatisfactory condition and must contaminate the cream after pasteurization. As previously mentioned, I consider wooden vats or pasteurizers unsuitable in a modern butter factory. A factory with only one pasteurizing vat and no other cream vat is undoubtedly insufficiently equipped.

Only two factories have the flash type of pasteurizer, but in two of the South-West Co-operative Dairy Products Co., Ltd. factories, viz., Manjimup and Margaret River, the preheaters, which are really the regenerative portion of the Eclipse pasteurizer, could be readily turned into flash pasteurizers for use in other factories of that company by obtaining and attaching the top portions or heating drums of these plants to the heat exchangers and converting them into complete pasteurizers.

I consider that flash pasteurizing would improve the flavour, quality, and texture of Western Australian butters generally, especially in view of the fact that the pastures are mostly subterranean clover.

I was unable to examine the insides of many of the churns, but some of those I did were unclean with a yellow brown deposit, and apart from the necessity to prevent leaking from the butter worker roller glands and other defects, a method of thoroughly washing the churns inside requires to be instituted, and in this matter the full use of the scrubbing brush before the boiling water and treatment weekly with lime water is indicated.

#### *Water Supply.*

A thorough and periodical examination of the water used for washing the butter is advisable, and all water sterilizers require to be frequently and systematically scoured and overhauled. I consider some type of water filtration is necessary in all factories.

#### *Cream Cans.*

The old type of cream can is in use throughout the State, and apart from the cans which are more or less rusted inside and in faulty condition, I am of opinion that this type of can is not nearly so suitable for cream as the type used in New South Wales and Queensland and in other States for containing milk.

The old type allows of dust getting into the cream besides the possibility of the cream becoming fly-blown through the vents in the lids. In a number of instances these vents are covered over by tying a piece of rag around them. Splashing or spilling of the cream is quite frequent from such cans.

I was astonished to see kerosene or petrol tins arriving at some factories containing cream with a piece of paper or cloth tied over the top to act as a lid. Objection to these tins as cream containers needs no comment; their use in some of the other States as milk or cream containers is definitely prohibited.

#### *Transport.*

Frequent delivery of cream to the butter factories is desirable. Weekly and bi-weekly deliveries of cream make the chances of manufacturing a good quality butter rather remote. Great improvement in quality would result from more frequent deliveries of cream to the factories.

#### *Cream Quality and Grading.*

I was not able to see much of the cream, but in a few instances where I was able to go over some of the creams after the factory grader had classified them, I found that the amount of choicest quality cream was very small. In some cases creams which were classified as choicest were distinctly off and good creams had been graded out.

The impression I got from the results of the examinations of butters and my limited examinations of creams was that in all but two or three factories the great volume of cream allowed of the manufacture of a first quality butter only except for the small amount of inferior cream capable of producing second quality butter.

Considering that many of the dairy farmers, on the group settlements especially, are new to agriculture and are working under pioneering conditions, the fact that there is only a small percentage of second grade cream and butter is very satisfactory and encouraging for the future.

A little extra care in the cleansing of separators and utensils on the farms will make all the difference to the industry and dairy farmers individually.

#### *Manufacture.*

Apart from a few short discussions with some of the factory managers on several aspects of manufacture, I did not enter into this subject. The one plant pasture in most dairying districts, viz., subterranean clover, calls for definite modifications in the usual manufacturing methods and alterations in same during the course of the season.

#### *Cattle Zone System.*

The Department of Agriculture's zone system of encouraging only one breed of dairy cattle in certain fixed districts has its advantages, but I would suggest that it is likely to have a disadvantage as far as export is concerned in that butter made from all Jersey or all Guernsey herds, especially from clover pastures, is likely to be much too high in colour for our chief export markets and may be the cause of complaint from overseas and loss of price through difficulty in placing the butter if later on very large quantities become available for export.

#### *Dairy Farm Inspection and Instruction.*

This appears to me to be the chief need at the present time in Western Australia, and more especially the instructional work. In fact, I am sure it would pay the factory companies to employ instructors to visit their cream suppliers and so assist any work of the Department of Agriculture officers in this direction.

#### *Export.*

Western Australia has now reached the point in production where the surplus butter during the main production season is sufficient to allow the State to definitely enter into the export trade.

It is the factories of the South-West Co-operative Dairy Products Co., Ltd., only which are in this position, however, and five of the factories of that company manufacture butter for export. They are situated at Harvey, Manjimup, Bunbury, Basselton and Margaret River. The quality of the butter from the first two mentioned stands out well above the others.

Although the butter submitted for export has been especially made for export, most of it has graded first grade. The choicest quality butter has come almost exclusively from Harvey, Manjimup, and some from Bunbury. A small percentage of the export butter was found to be second quality. The chief defect of the butter was a slightly unclean flavour, and although it was all more or less food tainted, no penalty in grade was imposed on that account unless the clover taint was so pronounced as to be objectionable and overcoming all other flavour.

Some of the second grade butter was suffering from heavy contamination of the cream after pasteurization, and this was disclosed by bacteriological plates prepared by Miss Newton of Western Australian Farmers, Ltd., but in my opinion slightly inferior cream is undoubtedly the chief cause of the butter not being choicest quality. When the cream quality is improved there will be no reason why the butter should not grade choicest quality if carefully manufactured.

#### *Texture.*

The texture of the export butter was the outstanding feature, and with few exceptions the butter was very well manufactured, enabling the full points for texture to be awarded the butters in most instances.

Seasonal variations in the condition of the already soft or otherwise abnormal butter fat (which condition is probably due to the single plant pastures) demand a constant watch and adjustment of the churning and manufacturing methods. A flaky condition in the texture which was evident in several butters just before I

left Perth can probably be traced to some such seasonal variation. The greatly better texture of the butters from the two flash pasteurizing factories was most marked and very readily detected by even the inexperienced.

Moisture content of the butter was not satisfactory and although factory tests as submitted on the notices of intention to export ranged from 15.3 per cent. to 15.9 per cent., samples submitted to the Customs' analysts showed results of 13.9 per cent. to 16.4 per cent., and a difference of up to 1.4 per cent. for the same churning of butter.

The salting of the butter was irregular and in a number of instances much too low. Analysis of the few butters examined for salt showed most of them to be below 1 per cent. salt and a variation of from 0.5 per cent. to 1.0 per cent. from the one factory. Uniformity of composition as well as quality is essential from an economical standpoint. Arrangements were made for the Customs analyst to make an analysis of a large percentage of the various churnings.

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#### *Packing.*

The butter was well packed in the ordinary cube box of New Zealand pine and was attractively branded and finished. The colour, although on the high side for most English markets, was uniform and free from defects resulting from careless manufacture.

#### *Grading.*

The butter for export is sent by train direct to the appointed place at Robb's Jetty, Fremantle, from the butter factories. Mr. P. C. Cousins of the dairy branch of the Department of Agriculture graded all the export butter with me, or I checked over his gradings a couple of days later. He should be able to carry on satisfactorily by himself now in view of the fact that he has had the experience of doing most of the butter grading under the State Act, and the export butter is being made especially for export from the best creams.

The management of the West Australian Meat Exports Co., Ltd., has assisted in providing the best available premises and necessary attendance to enable the grading to be properly carried out. The butter is conveyed in insulated railway trucks from the cold stores to the ship's side and so far the temperatures have been very satisfactory, and the loading into the ships is by the use of trays.

#### *Summary.*

I was greatly impressed with the enormous possibilities of development in the dairying industry in Western Australia and the keen interest of those connected with it. The present farms are capable of great increase in production without touching the vast areas of virgin country suitable for dairying in the South-West of the State. A unique opportunity existed about three years ago of having the whole of the dairy production in Western Australia under one co-operative organisation such as the Norco Co. in New South Wales, and I believe this would have been beneficial to producers and the State alike and may yet be possible.

Group settlements have made the development of dairying possible years ahead of ordinary methods and in country the nature of which would retard and discourage the unaided settler. This system of settlement has many advantages, and with sympathetic administration should develop dairying in Western Australia into its foremost and most profitable industry. Grass and pasture improvement is one of the present problems of the dairying districts, but I am sure suitable grasses will be found to overcome the difficulties met with. Instruction to dairy farmers in the form of lectures and personal visits will do much to enlighten them on the production of better quality cream, and incidentally create trust and contentment.

The enforcement of the provisions of the State Dairy Act in some particulars will help to uplift the industry, notably in connection with the construction and equipment of butter factories and inspection of same, and the compulsory grading of cream at the butter factories and the packing of the butter made from such cream into boxes bearing a brand denoting the quality of the butter.

The producers of choicest quality cream should then obtain the 1d. per lb. greater retail price for the local butter that imported butter now brings in Perth. The registration of brands to denote the quality of the butter have not yet been enforced, but all export butter has been submitted in boxes branded "Sunny West."

Those occupied in dairying in Western Australia have done remarkably well considering everything, but need for extra efforts is now indicated. The training of factory employees through medium of dairy schools and the formation of a factory managers' association are steps along the path of progress which are self-suggestive.

## 2 (c).—Distribution.

36. The dairying industry of Western Australia with its sidelines, such as pigs, poultry, eggs, etc., has now reached the export stage, which is the most critical period in the growth of any industry. Butter so far has enjoyed the benefit of the local market, and has been assisted by the Paterson Butter Scheme to which the industry in this State has made no contribution, except  $\frac{1}{2}$ d. per lb. to a local stabilisation fund during the last season. To keep the local market steady and prevent gluts, any surplus must be exported. Export demands that nothing but the best quality should be sent away, and this involves certain sacrifices. It therefore becomes imperative that some power should be provided to compel each producer to take his share of the export trade and ensure to him his proportion of the local trade. To achieve this, some form of control is requisite. Human nature being essentially selfish, there are many people who are prepared to take advantage of the efforts of others, without voluntarily sharing the burdens. Controlled marketing implies equal sharing of local and export trade on a *pro rata* basis and an orderly marketing system, using the necessary middleman to the best advantage, getting efficient service and value for money spent, preventing profiteering and speculation, and organising producer, manufacturer and selling agent as well as transport facilities to secure the most effective and economical service. It would also ensure full value being obtained by the producer to whom the Government must look for the payment of interest, principal and taxes.

37. In many quarters there is a strong feeling against any interference with private enterprise in marketing, and certainly no new Government trading concern should be set up, but Governments in the past have, by their policy, created artificially-made farms, on which millions of the taxpayers' money has been spent. To carry the programme to a logical conclusion, the Government should take the keenest interest in the marketing side of the industry by granting statutory powers to enable it to be carried on in the most economical and efficient manner so that the whole scheme may come to full fruition.

38. Many group settlers claimed that markets were promised for their produce. Any authority that is set up should be financed by the producers themselves. The chairman, chosen by the Government, should be a public-spirited business man, not necessarily connected with the industry, but having a full knowledge of business, commercial and banking practice. The technical knowledge needed could be supplied by representatives elected from the producers and manufacturers, the producers having the majority vote.

39. To watch the interests of the Government and protect the consumer, the Minister for Agriculture could have the power of veto. The work of the members of the board, who should be paid moderate fees only, would be to organise the producers, see that they acted in accordance with regulations, control the erection of new factories by license, inquire into complaints that might arise regarding weights, tests, payments, etc., issue reports of markets, etc., and do all things necessary to educate the producer and ensure that the manufacturing and marketing methods were up to date. It would, in fact, be "self help" paid for by the producer in his own interests, due regard being paid to the rights of the middleman, who should give satisfactory service for the payment he receives. There should be liaison between the various Government Departments interested, especially the Railway Department.

40. Complaints were constantly voiced about the difference between the price received by the producer and the price paid by the consumer. It was also urged that the conditions governing marketing and distribution were far from efficient. With statutory control, costs of marketing, transport, handling and selling could be inquired into, and consideration could be given to the charges that affect the smaller producer, viz., account sales fees, extra freight on small consignments, and many other things, even to arranging for bulk buying of needed concentrates. The producers are so widely scattered and unbusinesslike that co-operation breaks down and statutory powers are needed to make them organise for their own good. Such organisation would ultimately redound to the benefit of the taxpayer.

41. Much could be done by pig-raising, both for pork and bacon, using existing firms as much as possible. Success in the export market generally is governed by two main factors—quality and continuity of supply. At present the pig trade is never steady for long. Gluts and famines alternate; the settler never knows how he will fare in the matter of prices, and so production fails to expand permanently. Yet permanent expansion is necessary to bring about a profitable export trade.

42. Eggs and poultry would come under the control of the Egg Committee which also should be given statutory powers so that the export quota would be shared equally by all producers. As an advisory authority, a board might be of great assistance to consider the question of providing cool stores, freezers, other export facilities, and the operating of existing cheese factories. Many complaints were voiced of the economic waste that occurs owing to the long distances to be covered by livestock and other produce to reach the port of Fremantle or the saleyards at Midland Junction. Bunbury is the natural port for the middle South-West, and Albany for the lower South-West. Examination should be made from time to time to determine whether it would be economical to use both or either of these ports as cool storage and export centres; also whether it is economically possible to make Bunbury a port of call for larger boats. Not only have the long distances and extra rail freights to be taken into account, but the detrimental effect of hot weather on what should be cool stored produce, sometimes carried in open trucks, is deserving of serious attention.



43. *Whole milk and cream.*—The marketing of whole milk, though closely allied to that of butter, is, in the nature of things, quite apart. That the present condition of the trade is chaotic was instanced by the recent hold-up of milk supplies. Apparently the bad times have been responsible for what witnesses termed a number of "blow-ins" entering the distributing trade. It was unfortunate that during the inquiry an upheaval was taking place in both the milk and the butter trades. Some extreme statements were made, but there was unanimity of opinion on the part of the whole milk producers, depot keepers and retailers that organisation and control were essential to prevent overlapping and economic waste, and somehow to bridge the gulf between the price the consumer pays and the price the producer receives.

44. Your Commissioners gave considerable thought to the milk question. It bristles with difficulties and problems, but in our opinion these must be solved by the Whole Milk Board recently appointed. We are convinced that statutory powers are needed to regulate this branch of the industry also, because no good can be expected from voluntary effort. We consider that whole milk should be paid for on a butter fat basis, making full allowance for the extra cost of seasonal production, handling, and loss of the value of skim milk. Otherwise it will be impossible to limit the supply of milk in accordance with the demand. This proposal would have the effect of securing equal treatment for all dairymen throughout the State.

45. That some reform is needed is apparent from a perusal of the balance sheet of the City Corporation Milk Department of Wellington, New Zealand, for the two years ended 31st March, 1931. After allowing for working expenses, depreciation, sinking fund, interest on capital, bad debts, bottle replacements, etc., the average annual profit made by the municipality was £7,500. The producer received an average price of 12½d. per gallon for first grade milk delivered at the depot, and the consumer paid an average price of 1s. 11½d. per gallon. A comparison with our present metropolitan prices of 12¾d. at depot to the producer, and 2s. 4d. per gallon to the consumer shows a difference of 4¾d. per gallon in favour of the Wellington system under which the proportion of first-grade milk delivered to depot was 99.5 per cent.

#### STOCK.

46. The number of cows purchased for group settlement has been about 17,000, of which 1,600 have been culled and another 1,000 are waiting to be culled. This is a very large number and points to (1) bad buying, and (2) bad management. Owing to the magnitude of the scheme and rush methods employed, a number of inferior stock were undoubtedly purchased. Many of them afterwards had to be culled, and the stock loan accounts of many settlers give evidence of this. Losses on unsuitable stock are borne by the department provided the settler complains within three months. This is considered a reasonable time, but settlers claim that a sufficient period is not allowed to permit of judging the milking capacity.

47. The progeny number 11,140. These figures are poor and show that the natural increase has not been up to standard. There has been quite a lot of sterility, abortion, vaginitis and mammitis, but though these diseases are contagious and, if not dealt with in a proper manner, soon spread and cause loss, they can be combated if quick and proper steps are taken under the advice and assistance of the veterinary section of the Stock Department. Settlers, however, complain of the difficulty of getting advice and treatment from the departmental officers soon enough to be effective. Efforts should be made to give prompt and proper service. The suggestion made by the Superintendent of Dairying that veterinary clubs might be formed with the object of creating funds to induce qualified veterinary surgeons to take up practice throughout the South-West is worthy of attention. Such a fund might be augmented by means of a Government subsidy.

48. Probably the facts that the settlers have been ignorant, and that immediate help was not obtainable, together with the poor condition of many of the cows, have been responsible for the low increase. Many of the sterile and aborted cows, however, have been sold at a very low price, and some have been bought by outside farmers who treated them properly, with the result that to-day they are quite good milch cows. Cases have also occurred of stock, suffering from contagious diseases, having been transferred to clean holdings, thereby spreading the trouble. This practice must be immediately stopped. Many group settlers, however, have still to the debit of their stock and plant loans the cost of such stock, less the low sale price realised. For instance, a settler may have had to part with a cow for £3, which amount would be credited against the original cost of, say, £16, and he may then have been supplied with another cow at the average price of £16, thus making his capitalisation for that cow £29. On such a capital cost, it is impossible for a settler to pay interest. There is, therefore, urgent need for overhauling the stock loans, and writing off any such losses. Much greater care should be exercised when culling to ensure that culled stock are not transferred to other holdings. There is urgent need for systematic herd testing, as possibly many of the younger cows culled may be the heavier producers of butter fat.

49. Failure to work co-operatively, carelessness and ignorance on the part of the settler in not mating his cows at the proper time, have been responsible for much of the so-called sterility. At present there are, generally speaking, sufficient bulls, and there should be little excuse on the ground of shortage of bulls in future. Instances have occurred where high-grade heifers have been sold from groups to outside buyers at a low value, and later repurchased by the department at high prices for group settlers. Your Commissioners consider that this should be discontinued, as such heifers should be of great value in future. A proper system should be devised to maintain this stock, and arrangements made for its distribution amongst bank clients throughout the South-West. This would mean a transfer from the stock loan of the settler to that of another, and should be made at low cost and fair valuation, thus materially assisting both seller and buyer. Your Commissioners



are of opinion that if this were done, there would be little need to buy further stock.

50. *Zone System*.—A great deal of criticism of the zone system was voiced. Your Commissioners consider that where a farmer has built up a herd of a different breed from that specified for the zone in which he lives and has a strong inclination for that particular breed, he should be allowed to continue, and should be eligible for any Government assistance that may be granted under the zone system. While offering no comment on the merits of the zone system, we would direct attention to the remarks of Mr. F. Wigan, the Chief Commonwealth Grader, under "Cattle Zone System."

51. *Eastern States cattle*.—Many were the complaints made regarding the standard and quality of the cattle purchased from the Eastern States. The task of purchasing large numbers of cattle from the East was a very difficult one. Undoubtedly mistakes were made, and inferior stock bought, in addition to which the long journey to Western Australia, together with the change of conditions, pastures and management—the latter, in many cases, of an indifferent nature—seriously affected a large proportion of the stock. This, to a great extent, has been responsible for the poor yield both in progeny and butter fat. The high prices that were paid and debited to the settlers' accounts seem to have created prejudices against Eastern States stock. On the other hand, some of the settlers speak highly of imported cattle. We realise that stock was badly needed and that high prices had to be paid, but are of opinion that only the best quality should have been obtained, considering the prices paid. The high prices paid have had the effect of loading up the settlers' stock loan liabilities. Your Commissioners had ample evidence to show that the progressive type of settler who had selected and purchased his own stock was getting the better results.

52. There is urgent need for further instructing and training settlers in stock management. It was noted with satisfaction that the children were displaying keen interest in milking and in the care of young stock. We suggest that, by arrangement with the Education Department, lectures could be given from time to time, the matter for which could be supplied by officials of the dairying branch of the Department of Agriculture.

#### PAYMENT OF INTEREST.

53. To make recommendations to ensure the payment of interest and the reduction of loan indebtedness, and to improve the economic position and outlook of the dairy farmer, is very involved and difficult, and is accentuated by the varying conditions under which settlers work, and the different stages of development reached. Group settlement is the major problem, and it is useless to evade the fact that at present few of the settlers are in a position to meet interest payments, except at the expense of the future development of farm and herd and the depletion of the Bank's asset. Some settlers under pressure from the Bank have sold stock for the purpose of meeting interest payments, when such stock was badly needed to build up their herds. This procedure, in our opinion, must be discontinued. It is unsound and can only lead to disaster.

54. A proposal has been advanced for the department to place all holdings under Industries Assistance Board conditions—take charge of the settler, direct his operations, insist upon all revenue being paid into the district office, grant him a living allowance, permit certain money to be used for working expenses, etc., and apply any balance to the payment of interest. Your Commissioners do not favour this proposal, on the ground that it would virtually put the settler back to the status of a wage-earner, with a wage-earner's outlook, which has proved so disastrous in the past. Moreover, the collection of the revenue would involve constant policing. Evidence was given by settlers, established farmers, and business men, supported by most of the Bank officials, that interest could not be paid at present without doing ultimate damage to the State's asset, and that the constant demand for interest on the part of the Bank had unnerved the settler and destroyed his outlook and morale. After making a thorough examination of the position, your Commissioners must confirm this view.

55. The question arises, what is the best course to follow so that the greatest good may result to the State? The money has been borrowed, and the interest bill must be met, but your Commissioners take the long view that if the State's assets can be maintained and improved so that liabilities can be met later on, it will be the best policy, and will assure success for both the settler and the State. It must not be overlooked that the success of the State is bound up with that of the settler. We stress, however, that any recommendation for present relief will be nullified unless accompanied by efficient, strict and practical administration, freed from all outside influence.

56. The fact that a number of proposals to deal with interest payments were suggested shows that much thought has been given to the subject. Some, however, urged extreme measures. The following examples are quoted from the evidence:—

(1) Dairy Farmers' Union of Western Australia, Denmark:—

We suggest that in all cases where the farm has not so far paid its way nor is likely for some years to produce more than a fair average living for the people employed on it, such farm be given lock, stock and barrel to the farmer in any way entitled to it, the said farmer not to have the right to sell such farm unless he shall have paid over to the State the total amount of debt against that property; but he shall have the right to transfer at his death such farm to his lawful heirs under a continuance of the same conditions. If at any time he is desirous of selling the property and shall have created an equity, he may do so by paying the amount standing to the debit of that property; there to be no question of interest at all.

(2) Mr. William Johnston, late of the Assessment Board, who valued the group holdings:—

1047. To the Chairman: The crashing of the market and the financial position generally have brought the whole business into a desperate plight. During the past year the settler has become disheartened. I think it is impossible for him to meet his commitments and charges. If I were the landlord I would not expect it.

1048. To Mr. Brockman: It would be wrong to alter the valuations to-day.

1049. To the Chairman: The interest rate should be reduced at once. The settler should be given time in which to tide over the present period. If a man has 10 or 12 cows he should be able to work his way through provided his interest is reduced. I am referring par-

ticularly to soldier and group settlers. The man who is capitalised 100 per cent. is in a hopeless position. The man who is capitalised less 50 per cent. should be paying his interest, less the 22½ per cent. For the next two or three years a rate of 4½ per cent. should be charged, 1½ per cent. to be collected and the remaining 3 per cent. capitalised, on condition that the settler effected improvements on his property to that value. What we must try to do is to retain the value of the property. It is of greater importance to retain the asset than to collect the interest.

(3) Mr. H. F. Jay, of the Yanmah Progress Association:—

It is in order to provide the means to institute more efficient methods that we suggest an alteration in the method of repayment of loan moneys from Government sources. We claim that a revision on these lines would, in a short time, double the existing bank revenue as a direct result. By the fact that the farmer was decreasing his liability and able to farm efficiently and economically it would renew hope, provide a greater incentive, and have a wonderful psychological effect. The first idea is to discharge the stock and plant statutory mortgage account over a period of ten years at 5 per cent. interest payable in 20 equal instalments, each covering stock and plant in equal proportions. Assuming the principal to be £300, this would thus be reduced by £30 annually, and the interest over this period, calculated on this basis, would amount to £82 10s. If the latter be added, initially to the principal, the new sum would be £382 10s., reducible at a flat rate by 20 half-yearly payments of £19 2s. 6d. This would mean that after ten years the whole of the farm equipment and stock would belong to the settler. During the period of repayment, subject to balance always being secured, he would have freedom to utilise all moneys from the sale of surplus stock to extend and consolidate and to im-

prove and maintain existing assets. Each payment would cover a definite item or items which he would specify, hence the gradual acquisition of plant and stock, and a tangible return for amount paid. The balance would always be well covered since, if it fell below, it would not be possible to make a living off the holding. Where any doubt existed, amongst the 25 per cent. already alluded to, provision could be made to cover all cases. Even in case of default or the voluntary change of occupier, the initial burden would not be excessive, and could not exceed the original amount by more than £67 10s., accrued interest, even should nothing have been paid off. Compulsory sale of assets or other means might be resorted to by the bank if a few isolated cases necessitated such action. The increased income in the vast majority of cases derived and due to the investment of surplus money released for working capital would more than offset this.

I now come to the development capital account and its position during the currency of the foregoing drafted scheme. By way of example, we will assume this to be £1,000, and suggest that for the next five years the relation to the position when this amount was fixed by the assessors and the average of those five years worked out be ascertained. This period should cover the time when prices should become stabilised and the percentage rise or decline could be calculated and applied to the principal of £1,000. It is further suggested that interest on this amount be calculated at 5 per cent., this arrangement to operate in the sixth year in the scale of years already outlined in respect of the statutory mortgage. It is suggested that repayment be spread over 25 years, and interest, amounting to £650, be compounded at the commencement of the sixth year. The whole amount of £1,650 thus created would now become payable by ten half-yearly payments of £15, and 40 half-yearly payments of £37 10s. each. Hence the position would be as under:—

	Statutory Mortgage.	Capital Account.	Total.	Balance Statutory Mortgage.	Capital Account.
	£ s. d.		£ s. d.	£ s. d.	£
First year ...	38 5 0	<i>Nil.</i>	38 5 0	344 5 0	...
Second year ...	38 5 0	"	38 5 0	306 0 0	...
Third year ...	38 5 0	"	38 5 0	267 15 0	...
Fourth year ...	38 5 0	"	38 5 0	229 10 0	...
Fifth year ...	38 5 0	"	38 5 0	191 5 0	1,650
Sixth year ...	38 5 0	30	68 5 0	153 0 0	1,620
Seventh year ...	38 5 0	30	68 5 0	114 15 0	1,590
Eighth year ...	38 5 0	30	68 5 0	76 10 0	1,560
Ninth year ...	38 5 0	30	68 5 0	38 5 0	1,530
Tenth year ...	38 5 0	30	68 5 0	<i>Nil.</i>	1,500
Eleventh year ...	<i>Nil.</i>	75	75 0 0	"	1,425
Fifteenth year ...	"	75	75 0 0	"	1,125
Twentieth year ...	"	75	75 0 0	"	750
Twenty-fifth year ...	"	75	75 0 0	"	375
Thirtieth year ...	"	75	75 0 0	"	<i>Nil.</i>

It is suggested that a period of two years from the end of the present financial year be allowed to elapse free of any obligation in order that farms may be brought in to a condition which is vital to the satisfactory working of the scheme. It would thus commence in July, 1934, provided that in all cases either 60 acres of pasture exist, or 15 milch cows can be carried, or 3,000 lbs. of butter fat can be produced annually.

It will be seen that Mr. Jay's scheme is, in effect, to capitalise the whole debt (capital and interest) at a reduced rate of 5 per cent., give the settler a breathing space, and then require him to start paying off the capitalised debt by yearly instalments over a period of 30 years.

(4) Mr. F. E. Chamberlain, Secretary South-West Dairy Farmers' Union, in the course of a long statement, divided the settlers into three classes, as follows:—

(1) Those on holdings in a very backward stage of development. (2) Those who were hurriedly brought

to the 10-cow stage in 1930. (3) Those in the most advanced stage who are carrying in the vicinity of 20 milking cows.

Of the last-named there are very few. His proposals are:—

(1) That a moratorium be granted over all principal and interest payments for a period of five years. (2) That any surplus produced by any settler during that period shall be paid to the Agricultural Bank for the purpose of reducing his primary debt. (3) That at the termination of the five-year period, capitalisations and rates of interest be reviewed in the light of the then prevailing price levels for dairy produce.

(5) Mr. W. G. Pickering, representing the Primary Producers' Association:—

My suggestion is that the groups generally be revalued on a productive basis, assuming that groups are in the hands of average capable farmers. That all past interest be considered as irretrievably gone, and that such amount be written off. It is as well to face the fact of the impossibility of ever collecting this money.

Interest then at current rates should be charged on the assessed value of holdings, plant, etc., and all settlers failing to meet their obligations on their new assessment at due periods, should be discharged from their holdings. I recognise fully that the mere fact of writing-down amounts and writing-off interest does not relieve the State of its obligations.... If my memory serves me rightly, there were three parties to this migration policy—the Imperial Government, the Commonwealth and the State; and if the position were placed clearly before the parties to the agreement, it might be possible for the State to be relieved of the full measure of the loss.

#### PEEL ESTATE.

57. Your Commissioners made a thorough examination of the Peel Estate, more especially that portion included in the swamps. The position there is very serious. Despite the expenditure of over half a million pounds on drainage, the drains are silting up and thereby rendering much land unproductive. On the Richardson Swamp the soil, estimated by the supervisor at 15 per cent., has been burnt, and years must elapse before it can again be put to profitable use. The settlers complained that there was little or no value in the higher land of a sandy nature. On examination this land appeared to be almost without humus or organic matter, but it might be built up by the sowing of lupins. Each settler on the swamps is holding a proportion of rising ground and swamp land, and most of the settlers contend: (1) that they have insufficient suitable swamp land on which to make a living; (2) that the higher land is useless, and (3) that the holdings are much over-capitalised. The hydraulic engineer was examined with the object of ascertaining if there were any economic methods of further draining the swamps. He stated that another scheme could be adopted, but that it would not be justified on the score of expense.

58. The Field Supervisor (Mr. Fauckner) stated that he had drawn up a plan for dealing with Richardson Swamp—linking of certain holdings and putting dispossessed settlers on other suitable properties. Your Commissioners are of opinion that a full inquiry by a district board such as we recommend be made as early as possible into the whole of the Peel Estate, with the object of placing the settlers in a sound position as regards areas and values. The settlers who are removed should be placed on suitable holdings at a reasonable valuation. Small experiments with the object of establishing water grasses should be undertaken, but no more public moneys should be spent on further large develop-

ment or drainage works on the estate except perhaps the drain through Richardson Swamp, recommended by the Field Supervisor.

#### FUTURE ADMINISTRATION AND CONTROL.

59. Your Commissioners are convinced that the present method of group settlement administration leaves much to be desired. Much of the failure in the past can be traced to the unwieldy system that has obtained. The area covered by the groups is so wide and the conditions are so varied that the policy of centring control in Perth and issuing general instructions to apply to all groups has not been satisfactory. Long and irritating delays have occurred; some matters of an almost routine kind that could easily have been dealt with by the local supervisor have had to be referred to head office, causing delay and loss. There is not that liaison between the supervisor, inspectors and settlers that is so necessary. The settlers should at all times be able to obtain advice and help from both supervisor and inspector, but at present this is not possible. The work of the field officers is difficult, and great tact must be displayed in dealing with the settlers, but the officials are not giving the help and advice that might reasonably be expected of them for fear of doing or saying the wrong thing.

60. Complaints were made by inspectors that in dealing with unsatisfactory settlers, other influences were brought to bear on head office, and it was useless for them to make recommendations. Your Commissioners consider that the Managing Trustee of the Bank is largely occupied in dealing with routine matters that should never reach him. We are also of opinion that, as regards actual control, the South-West should be administered separately from the Wheat Belt. Greater decentralisation is necessary, and more authority should be given to the Senior Officer of each district. He should then be held responsible for obtaining satisfactory results.

61. The South-West is divided into five districts—Perth, Bunbury, Busselton, Manjimup, and Denmark—with a senior officer in charge of each. We consider that an alteration should be made along the following lines:—Trustees of the Bank should be retained to carry out the Government policy and control finance, but there should be on the board a member with a full knowledge of South-West conditions. The board would then be constituted as follows:—

#### MANAGING TRUSTEE.

TRUSTEE FOR SOUTH-WEST.

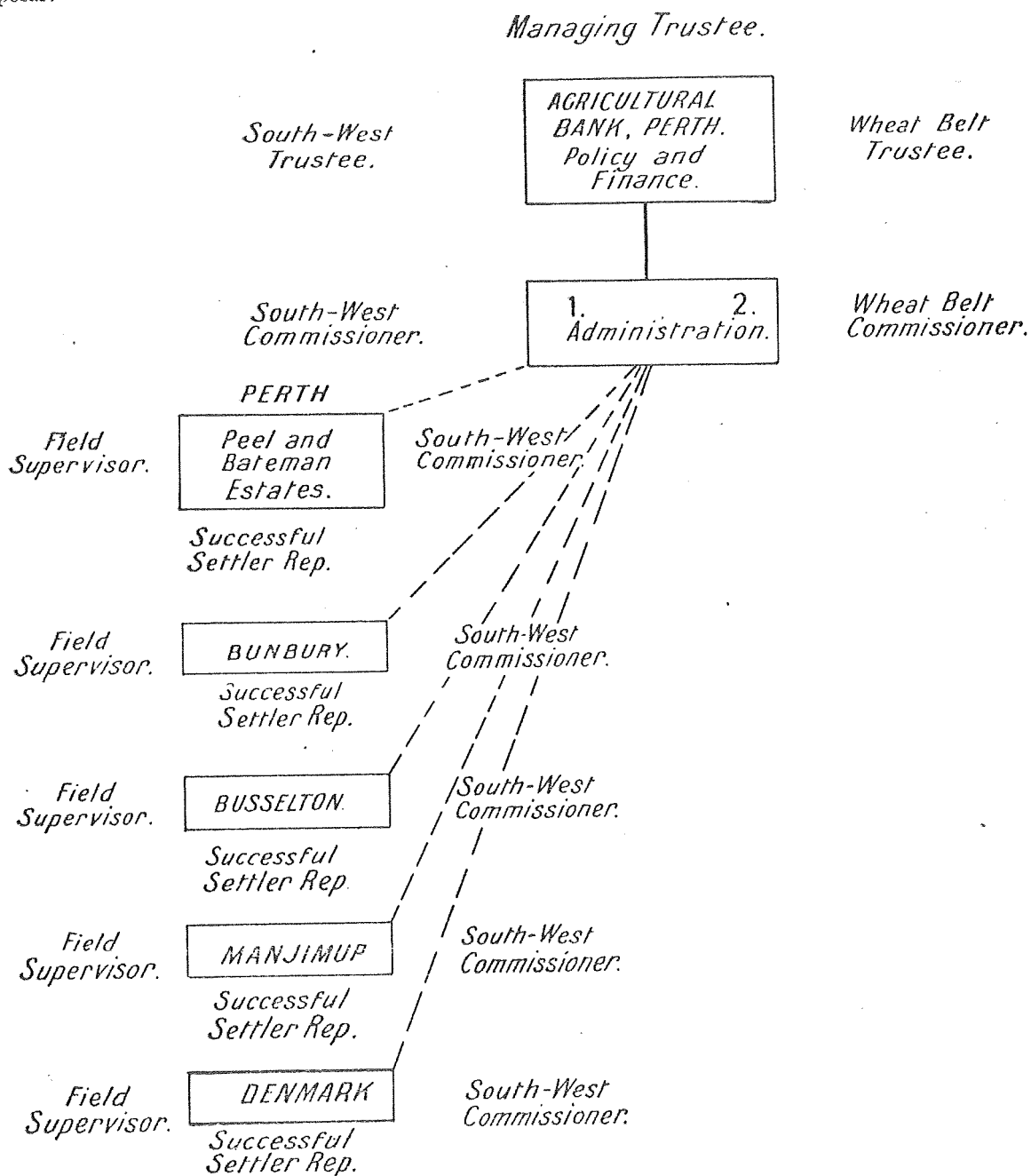
POLICY AND FINANCE.

TRUSTEE FOR WHEAT BELT.

62. Then to control the field operations a Commissioner for the South-West should be appointed. The same arrangement could also be applied to the wheat belt. The commissioner should be a man of outstanding ability possessed of practical experience of the South-West. His work would be to act as a link between the trustees and the senior officer in charge of each district. He would frequently travel from district to district, make inspections, give decisions and, in conjunction with the district senior officer, form the nucleus of a board for each district.

63. Insistent requests are being made by settlers that purely local boards should be created to deal with local problems, but your Commissioners do not recommend the appointment of such boards as they would have no real control over policy or finance, and would have nothing at stake. Further, we believe there would be constant clashes between the trustees, who constitute the responsible authority, and the members of such boards. We consider, however, that on the board we suggest the settler should have a representative.

64. The boards would therefore consist of the Commissioner for the South-West, the senior officer for the district, and a nominee of the settlers of the district. The following diagram illustrates our proposal:—



65. Such a board could speedily deal with any difficulties that arose. The commissioner would act as chairman in each district. Full authority should be vested in him, and he should be entirely free from any form of outside control. Greater authority should be vested in the district senior officer; a settled general policy should be agreed upon, and conditions peculiar to each district should be taken into consideration.

66. The future policy and administration of group settlement must be based on just, firm and practical lines. If a settler is not pulling his weight, he should be removed immediately. Evidence was given that some settlers under notice of eviction had done irreparable damage to both holdings and herds, and your Commissioners saw much to convince them that those statements were correct.

#### MISCELLANEOUS.

67. Regarding vacant holdings, we recommend that a policy of consolidation be adopted, and that to enable this to be done, efforts be made to attract suitable settlers possessed of capital, from the Old Country and from the Eastern States.

Settlers should be allowed to exercise some choice in selecting the make and type of machinery they require, as any experience they may have acquired in operating certain kinds of machines would be helpful to them. During our inquiry we found that a large quantity of machinery that had been purchased for the groups was unsuitable and was not being utilised. Yet the cost of this machinery was still standing as a debit against the settlers to whom it had been supplied. This is a matter that we recommend for consideration.

A word of warning to settlers should not be out of place. They should concentrate on bringing their present clearing to the highest possible carrying capacity, and should be warned against any tendency to extend their operations over a larger area if such extension, through financial or other limitations, involves neglect of proper maintenance of pastures already established.

Settlers need to appreciate the fact that there is no royal road to success, but that success can be won only by hard work, efficient management and, what has yet to be provided, organised marketing. The will to succeed is an all-important qualification in a man who essays to become a dairy farmer in the best sense of the term.

We desire to place on record our thanks and appreciation for the assistance rendered and information readily given by the officers of the Government Departments during the course of our investigation.

### RECOMMENDATIONS.

We recommend as follows:—

1. A general reduction of interest to 5 per cent. where rates in excess are now being paid. This would apply (i) to land rents of soldier settlers on repurchased estates, specified in the report as Class (a); (ii) to all loan moneys to Agricultural Bank clients, Class (c); (iii) to all loan moneys to group settlers, Class (d).

2. Accumulated interest of soldier settlers Classes (a) and (b) be capitalised and accommodation interest debited to date be written off. Valuations be reviewed, and, where excessive, be written down.

3. Agricultural Bank clients (c): All outstanding interest be capitalised; accommodation interest be written off, and settlers be assisted with further loans to enable values to be maintained and further development to be undertaken and holdings stocked to carrying capacity. See para. 49.

4. (i) Group settlers (d), Class 1, under 10 cows: The present policy of advances to complete backward holdings be continued, taking care that value is obtained for money spent, and that all values are maintained and holdings improved; settlers to continue to pay interest on stock and plant loan, but at the reduced rate of 5 per cent; all arrears and interest payable be deferred for the next five years free of accommodation interest, and, at the end of that period, capitalised.

(ii) Group settlers, Class 2, 10 cows and under 15: Settlers to continue to pay interest on stock and plant loan, but at the reduced rate of 5 per cent., and same conditions as in Class 1 be applied, but for a period of three years.

(iii) Group settlers, Class 3, 15 to 20 cows or over: As these settlers have arrived at this stage through their own efforts, the same conditions as in Classes 1 and 2 be applied, but for a period of two years.

5. All settlers who pay their interest by the due date be granted a rebate of 10 per cent. for cash as encouragement to pay promptly.

6. Any glaring anomalies in the assessment value of group holdings be rectified.

7. Efforts be made to provide each group settler with a mower.

8. Vigorous efforts to combat and discover the cause of the wasting disease be continued. Settlers whose stock has suffered from the ravages of this disease should receive special treatment by the writing-off of accumulated interest and reduction of stock loan, each case to be dealt with on its merits.

9. The registration fees for the transfer of holdings of deceased settlers to their widows and orphans be reduced, or payment spread over a long period.

10. A statutory board be created along the lines suggested in the report with the object of controlling the manufacture and marketing of butter and side-lines, and the provisions of the Dairy Industry Act of 1922 be enforced.

11. The Milk Organisation Board be given statutory power with the object of carrying into effect the recommendations (1) (a) to (k) of the Royal Commission on Metropolitan Milk Supply, 1925, which are as follow:—

- (a) to appoint inspectors and other necessary officers;
- (b) to license milk producers, under conditions to be determined, and prohibit the sale of milk unless produced under license;
- (c) to buy, sell and deal in milk and milk products;
- (d) to establish and conduct such premises as may be required;
- (e) to license persons to distribute milk, either wholesale or retail, under conditions to be determined, and prohibit the sale of milk except under license;
- (f) to inaugurate a block system of milk distribution, determine the boundaries of such blocks, vary or alter such boundaries from time to time when deemed necessary; allocate blocks to distributors in such manner as may be determined;
- (g) to determine the minimum price the producer shall receive for his product; the charges to be made for handling and treatment; and the maximum price to be paid by consumers; and vary such prices from time to time;
- (h) to license the keeping of one or more cows for the supply of milk to private households or institutions, and to prohibit the keeping of such cow or cows unless the animals be certified as tubercle-free;
- (i) to institute a bacteriological control of the milk supply;
- (j) to conduct a system of propaganda for the purpose of increasing the consumption and improving the methods of treatment of milk in the home;
- (k) to make regulations for the efficient control of the industry and impose penalties for breaches of the regulations.

12. An alteration of the present system of administration and control be made along the lines suggested in the report by appointing a commissioner for the South-West; giving greater powers to district senior officers, and approving of boards for each district, as suggested.

13. An inquiry, as proposed, be made into the Peel Estate, and that no more public moneys be spent in further large development or drainage work there.

14. Settlers' stock and plant loans be inquired into, and where unfairly loaded be written down, especially where machinery supplied has been found to be unsuitable.

15. Every effort be made by the Government to reduce costs, *i.e.*, tariffs, insurances, etc., over which the producer has no control.

16. Greater co-operation be arranged between the various Government departments associated with the development and farming of the South-West.

17. Land already cleared be brought to and maintained at the highest possible carrying capacity before additional areas are sown.

18. A simplified form of keeping farm accounts, stock and milk records be drawn up and supplied to settlers.

We have, etc.,

A. YEATES,  
Chairman.

\* E. VERNON BROOKMAN,

\* P. D. FORREST,  
Commissioners.

L. H. JAGO,  
Secretary.

10th June, 1932.

\* Signed subject to the following additional report and reservations:—

1. Although we concur in the major portion of the foregoing report, we regret that we find it necessary to take a different view from that of the Chairman, particularly on the general question of group settlement. Not only have we both had life-long experience of the practical work of development in the South-West, and probably under vastly more trying conditions initially than those which confront present-day settlers, but we have, by reason of living in close proximity to the groups, been able to observe the methods adopted and the results achieved, and to judge of the soundness of the scheme as a whole.

2. Just as there were doubters when the group settlement scheme was inaugurated in 1921, so there are faint hearts to-day, who quake at a bold policy that recognises the man on the land as the measure of our national prosperity and goes to the extent of setting for prospective producers the actual work of carving homes in the forest, supervising and directing their efforts, providing sustenance for them and their families during the pioneering period, and finding, in addition to the land, the funds with which to bring the holdings to the productive stage: in short, accepting the man and his work as the security for the outlay of public money. That such a policy was largely experimental is undeniable; that there was justification for it was urged at the inception because of the comparatively undeveloped state of the South-West after nearly 100 years of occupation and our dependance on other parts of the Commonwealth for £2,000 worth of breakfast-table commodities every day in the year. The scheme aimed at repairing the neglect of the past and making the State self-contained in the matter of food supplies.

3. The wider significance of group settlement is too often overlooked. At the time the scheme was initiated there was much discussion in the Old Country as well as in Australia regarding the vital neces-

sity for populating our sparsely peopled territory and making it safe for the Empire. The defence aspect was stressed, and it was thought that the transfer of surplus people from the Old Country to this State would be a factor in strengthening this outpost of Empire. An oft-repeated expression at the time was that a healthy virile population in occupation of our South-West would provide the best means of protection against possible invasion.

4. These were among the more important considerations that prompted Sir James Mitchell to place his settlement proposals before the Imperial authorities and that subsequently led to both the Imperial and the Commonwealth Governments co-operating with the State in a migration and land settlement scheme. In the light of these facts, we cannot agree with the Chairman in likening the scheme to "a campaign which has been commenced without due thought or preparation." Considerable thought and preparation must necessarily have been given to the scheme before the Imperial or Commonwealth authorities would have subscribed to it and accepted a share of the financial responsibility.

5. It may be pointed out that various factors affecting Empire migration were dealt with in England by a committee of the Economic Advisory Council, under the chairmanship of Viscount Astor, and in its report, which was published in May last, were included the following paragraphs:—

When the time comes for the Dominions to welcome migrants it might be economically advantageous to Britain to supply them, but migration within the Empire has more important aspects than the purely economic ones. In the interests of the unity of the Empire and the security of the Dominions, additional population for the latter is of primary importance.

Maintenance of substantial immigration to Australia may in the long run prove vital to the avoidance of serious international issues. We believe that the growth of British population in the Dominions will become an important factor in maintaining world peace. When the present depression has passed, it will be again desirable for Britain to substantially support, financially, overseas settlement.

The committee recommends amending legislation permitting a variation of Britain's share of the cost. While the present fifty-fifty basis should generally be maintained, the Dominions should be permitted to include the cost of the land in their share.

We urge that in any further negotiations with the Imperial authorities this phase should be stressed with a view to assuring that the burden on the State be lightened as much as possible and the responsibility for a greater share assumed by Britain.

6. Admittedly the group settlement scheme was unique; there was no precedent worth mentioning to guide Governments or officials; and as many of the settlers were without previous farming experience and entirely strange to the conditions that confronted them in the South-West, errors and losses were inevitable. It was recognised that the scheme was an experiment, and in this, as in other phases of life, one has to pay for experience. Mistakes on the part of the administration are not denied. It could not reasonably be expected that so radical a departure from orthodox settlement on such a huge scale could be organised on anything approaching perfect lines.

7. From the State's point of view, the scheme was entirely desirable. The South-West had defied efforts to bring about development proportionate to its extent, and it was necessary to look for some comprehensive scheme that would force the pace. Leaving out of consideration for the moment the cost of group settlement, there is no denying that the scheme has changed the whole face of the country. As recently as a few months ago Mr. P. Wigau, Senior Butter Grader for the Commonwealth, reported—

Group settlements have made the development of dairying possible years ahead of ordinary methods and in country the nature of which would retard and discourage the unaided settler. This system of settlement has many advantages, and with sympathetic administration should develop dairying in Western Australia into its foremost and most profitable industry.

It was unfortunate for the scheme and for the State that the work was undertaken at a most difficult period of inflated costs and high wages. Variations of policy accentuated the difficulties always apparent with respect to a large percentage of the settlers themselves. This hampered the operation of the scheme and helped to increase the financial loss incurred.

9. Faced in the early stages of the scheme with the necessity to find land for the migrants who were arriving in large numbers, the authorities utilised some areas that then proved difficult and unsatisfactory. Time and labour, however, have demonstrated that some of the land condemned as useless has responded well to proper methods of cultivation and fertilising. Had all the settlers under the scheme possessed farming experience and a rural outlook, and had their holdings been worked and managed properly under practical guidance and control, we are convinced almost complete success would have resulted. In every district we found that migrants and others who had had sufficient farming experience to enable them to cope adequately with the task ahead of them were in possession of fine properties, and their financial position in every instance was sound. Yet many of them were temporarily embarrassed, their troubles being due to the drop in commodity prices. It was unfortunate that the transference to Agricultural Bank control was effected at a time when the world-wide slump in the prices obtainable for primary products was most apparent. Every consideration should be extended to such men.

10. Against the loss on group settlement must be offset the value of an established dairying industry to the State. One satisfactory feature of later settlements is that all concerned—settlers and officials—have profited by the experiences of the past so that mistakes made in the development of the initial scheme are not being repeated to-day. This is proved by the extremely low cost at which land is now being cleared and put under pastures. The experimental work undertaken by the State on group settlement has also proved of tremendous benefit to other than settlers under the scheme and has enabled them to arrive at a realisation of the quickest and cheapest methods of placing the land under pastures, and so fostering the production of grass-fed commodities, of which Britain imports such large quantities.

11. The authorities might do well to consider that as against the apparent loss on group settlement there are many benefits, such as the increased revenue derived from railway freights and general trade consequent upon the accelerated opening up of the South-West, instead of contenting themselves with merely emphasising the difficulties, from the financial point of view, of reducing the interest rates to settlers and granting them a breathing space. Whatever concessions are granted to the settlers under our recommendations will require some tangible return from them. It is necessary to take the longer view. Safeguards must be adopted to ensure that the settlers do not unfairly avail themselves of any measure of relief recommended by us or granted by the Government.

12. At the outset it was stressed that the settlers, in order to make good, must be prepared to work hard and to stick to their job, and this injunction needs to be repeated. Strict control must be maintained. Any settler who fails to carry out the necessary developmental work during the period granted as a breathing space, or who, after that period, fails to remit the statutory payments to the Government, should be dispossessed immediately.

13. During our investigations we were informed that a few settlers of the agitator type had been causing unrest amongst men who otherwise would have been working contentedly and meeting their obligations, in whole or in part, to the Government. We were able to verify that information, and our opinion is that any such agitator, regardless of whether he is good, bad or indifferent as a farmer, should be peremptorily dismissed.

14. In the interest of both settlers and State, a policy of still greater decentralisation could be adopted by investing senior district officers with greater powers to deal with many matters that are at present referred to head office. Ever confronted by the financial phase of the scheme, those in control at Perth may become tinged with a suspicion of pessimism that is not shared by the district officers who are directly in touch with the settlers and their problems. The need of greater decentralisation has often been mentioned in Parliament. For instance, we quote "Hansard" of 21st March, 1929:—

MR. LATHAM: . . . I regret we have not given the district officers sufficient power in the discharge of their duties. Were they given that power, there would be less congestion at the head office.

MR. CORBOY: The system of decentralisation to-day is practically valueless.

MR. LATHAM: Yes, and it is becoming of less value every year. This is due to the fact that certain officials in the head office exercise too tight a rein over the work

of the country officials. So much caution is now being displayed by the latter that work is becoming practically useless. If we want to improve the present conditions, the Minister should request the trustees of the Bank to give greater powers to their district officers. Again, we quote the following:—

Mr. CORBOY: . . . . To a great extent district offices to-day are merely places for keeping files. If one wants to discuss business with the Bank one has to wait three or four days while files are obtained from a district office, so that the Bank officials may find out what one was talking about. If the district officers had power to deal with these matters, it would be quite all right. . . . The man who is in the district and knows the farm and what is required there most urgently, is in a better position to deal with such a request, and that man is the district officer of the Bank. I think the existing policy is a very foolish one and, as I have already indicated, the district offices are largely places for keeping files.

15. At several centres we received complaints regarding the tone of letters despatched by the authorities. We suggest that sarcasm or irony is not calculated to improve the relationship that ought to exist between the man on the land and Government departments. A uniformly dignified tone should characterise departmental communications, and thus obviate the irritation that undoubtedly exists to-day.

16. As the result of our inspection of the groups and our own experience of farming in the South-West, we desire to emphasise the following points:—

17. The group settlement scheme should not be regarded as one to be administered along hard and fast lines from which no deviation whatever is to be permitted respecting details. We suggest that if the senior district supervisors were empowered to deal with matters on the spot, many departures from set regulations would be permitted to enable individual settlers to work out their own salvation along lines approved not only by them but by the supervisors as well. By this means initiative would be encouraged, and the settlers made more self-reliant.

18. Because so much land is available in this State, there is a tendency on the part of some settlers to move elsewhere before properly trying out the holdings on which they are located. This tendency has also been noticed in the policy of the department, and has been responsible for the abandoning of areas that are now responding to different treatment. The experience of the last ten years shows how dangerous it is to characterise any land as unsuitable for pasture, the use of fertiliser having given considerable value to land that was formerly regarded as worthless. In many instances it might be wise for settlers to bear the ills they have, endeavouring to overcome their difficulties, rather than to move elsewhere with the risk of encountering similar or new problems, of which they would have to gain experience before they could cope with them.

19. Through an unfortunate error in our telegram, we were unable to interview personally the representatives of the settlers of the Gordon River and Frankland districts. At our request, they forwarded their views in writing, and their statement has been embodied in the evidence. From this it will be seen that there are about 1,100 cows in that area, which was at one time considered unsuitable for dairying. Success is being achieved in the production of dairy products in what was formerly regarded as sheep country. This goes to substantiate our contention that it is unwise hastily to voice definite opinions as to limited productivity of any particular district.

20. It is essential that experienced clearers, possessing knowledge of the best methods to be adopted to secure the most effective results under varying conditions, shall be in charge of such operations. When unemployed are given the work of clearing and developing holdings in advance of settlement, care should be taken that the big trees to be left standing are rung a year or two before clearing for cultivation. If that were done, the burn would be more effective, the present trouble from falling debris overcome, and the task of the settler made easier. Should the improvements be maintained during the interim, the beneficial results will be found in the sweetening of the soil and the cheaper cost of development.

21. Highly satisfactory results are being achieved by sowing on the burn, and this practice should be continued. Newly cleared land, other than heavy country, to be sown for pasture should be cultivated with an implement of the springtooth or disc cultivator type instead of by means of a plough. By this method not only would the settler avoid bringing the sour soil to the surface, but clearing costs would be greatly decreased. In addition, the implements we suggest would be useful for renovating old pasture land.

22. Representations should be made to the Council of Scientific and Industrial Research with a view to devising means for the eradication of the bracken fern and zamia palm, the former of which represents an additional cost in establishing and maintaining pastures, while the latter is a contributing cause to rickets in cattle.

23. Many settlers have felt discouraged because of the drop in the prices of pig products. The production of pigs, however, must be continued, notwithstanding the low prices now ruling. This State must enter the export trade with pork and bacon, and it would be a short-sighted policy for settlers to get out of pigs as a sideline only to find later when prices rose that they had to pay exorbitant rates to stock up again.

24. Western Australia is essentially a primary producing country and, under Federation, must continue to be so. Its salvation will lie in producing for export, and costs must be reduced to a level to make export economically possible. Increased production will mean greater opportunities for employment in all branches of industry, and will aid the organisation of more orderly marketing and justify the provision of improved facilities. What would be an immediate help is a reduction of railway freights on all commodities, including livestock, intended for export.

25. In conclusion, we venture to express the opinion that if operations are properly handled by all concerned, and effect is given to our recommendations, group settlement will be regarded, ten or at most twenty years hence, as a blessing to the State and a most important factor in the permanent development of the South-West in particular. We have in mind the mass of criticism that characterised the opening-up of the Gippsland area in Victoria and the forcibly expressed doubts regarding the settlement of the wheat belt in this State. In each instance, the passing of the years served to vindicate the bold policy of those responsible. We believe that history will repeat itself regarding the development of the South-West.

E. VERNON BROCKMAN.  
P. D. FORREST.

15th June, 1932.