

1965

(SECOND SESSION)

PARLIAMENT OF NEW SOUTH WALES

PROGRESS REPORT

FROM THE
SELECT COMMITTEE
OF THE
LEGISLATIVE ASSEMBLY
UPON
DROUGHT RELIEF

TOGETHER WITH
THE PROCEEDINGS OF THE COMMITTEE
AND
MINUTES OF EVIDENCE

Up to 24th November, 1965

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**Extracts from the Votes and Proceedings of the Legislative
Assembly**

Entry No. 7, Votes and Proceedings No. 13, Tuesday, 21 September, 1965

DROUGHT RELIEF:—Mr. Punch moved, pursuant to Notice,—

- (1.) That a Select Committee be appointed to inquire into and report upon,—
 - (a) Measures which have been taken by the State Government and other statutory authorities during the recent and current drought in New South Wales.
 - (b) Ways and means of implementing drought control and drought relief measures to minimise the effect of future droughts.
 - (c) Proposals to co-ordinate State and Commonwealth assistance in dealing with drought relief.
- (2.) That such Committee consist of Mr. Chaffey, Mr. Jackson, Mr. Mackie, Mr. Mason, Mr. Simpson, Mr. Wattison and the Mover.
- (3.) That the Committee have leave to sit during the sittings or any adjournment of the House and to make visits of inspection within the State of New South Wales and to other States of the Commonwealth.

Ordered, on motion of Mr. Manyweathers, That the Honourable Member for Gloucester, Mr. Punch, be allowed to continue his speech for a further period of Ten minutes.

Debate ensued.

Ordered, on motion of Mr. Southee, That the Honourable Member for Canterbury, Mr. K. J. Stewart, be allowed to continue his speech for a further period of Ten minutes.

Debate continued.

And it being Six o'clock, p.m., Debate interrupted pursuant to Sessional Order adopted on 15th September, 1965,

Ordered by Mr. Speaker, That the resumption of the Debate stand an Order of the Day for Tuesday, 28th September, 1965.

Entry No. 8, Votes and Proceedings No. 16, Tuesday, 28 September, 1965

DROUGHT RELIEF:—The Order of the Day having been read for the resumption of the adjourned Debate, on the motion of Mr. Punch,—

- “(1.) That a Select Committee be appointed to inquire into and report upon,—
 - (a) Measures which have been taken by the State Government and other statutory authorities during the recent and current drought in New South Wales.
 - (b) Ways and means of implementing drought control and drought relief measures to minimise the effect of future droughts.
 - (c) Proposals to co-ordinate State and Commonwealth assistance in dealing with drought relief.
- (2.) That such Committee consist of Mr. Chaffey, Mr. Jackson, Mr. Mackie, Mr. Mason, Mr. Simpson, Mr. Wattison and the Mover.
- (3.) That the Committee have leave to sit during the sittings or any adjournment of the House and to make visits of inspection within the State of New South Wales and to other States of the Commonwealth.”

And the Question being again proposed,—

The House resumed the said adjourned Debate.

And Mr. Punch having spoken in Reply,—

Question put and passed.

Proceedings of the Select Committee of the Legislative Assembly
upon
Drought Relief

WEDNESDAY, 6 OCTOBER, 1965

At Parliament House, at 8 o'clock, p.m.

MEMBERS PRESENT:

Mr. CHAFFEY

Mr. JACKSON

Mr. MACKIE

Mr. MASON

Mr. PUNCH

Mr. SIMPSON

Mr. WATTISON

Entry No. 7 of *Votes and Proceedings* of the Legislative Assembly, No. 13 of Tuesday, 21 September, 1965, and Entry No. 8 of *Votes and Proceedings* No. 16 of Tuesday, 28 September, 1965, recording the proceedings in connection with the appointment of the Committee, were read by the Clerk.

Election of Chairman.—Mr. Simpson moved, and Mr. Wattison seconded the motion:—

That Mr. Chaffey be Chairman of this Committee.

Debate ensued.

Motion, by leave, withdrawn.

Resolved,—on motion of Mr. Simpson, seconded by Mr. Mackie:—

That Mr. Punch be Chairman of this Committee.

Mr. Punch thereupon took the Chair and made his acknowledgements to the Committee.

Resolved,—on motion of Mr. Mackie, seconded by Mr. Jackson:—

That arrangements for the calling of witnesses and visits of inspection be left in the hands of the Chairman and the Clerk of the Committee.

Resolved,—on motion of Mr. Mason, seconded by Mr. Mackie:—

That, unless otherwise ordered, the press and public (including witnesses after examination) be admitted to the sittings of the Committee.

Resolved,—on motion of Mr. Simpson, seconded by Mr. Mackie:—

That, unless otherwise ordered, parties appearing before this Committee shall not be represented by any member of the legal profession.

Resolved,—on motion of Mr. Simpson, seconded by Mr. Wattison:—

That, by direction of the Committee, the services of specialists and technical officers in related industries, be invited to assist the Committee.

Resolved,—on motion of Mr. Mason, seconded by Mr. Wattison:—

That the Chairman and the Clerk of Select Committees be empowered to negotiate with the Treasurer for the provision of funds to meet expenses in connection with travel, accommodation and other approved incidental expenses.

Resolved,—on motion of Mr. Mason, seconded by Mr. Simpson:—

That this Committee request the Treasurer to approve payment of the following:—

- (1) An allowance of £4 4s. per day be paid to each member when he attends a meeting of the Committee and for each day he is present at an official visit of inspection.
- (2) (a) Air travel for visits of inspection when other modes of transport are impracticable.
- (b) Air travel between their electorates and Sydney for members representing Electoral Districts set out in Parts III and IV of the Fifth Schedule to the Constitution Act, for the purpose of attending meetings of the Committee.

Resolved,—on motion of Mr. Jackson, seconded by Mr. Mason:—

- (1) That the next meeting be held on Thursday, 28th October, 1965, at 12.00 noon to deliberate and that Mr. L. J. Green, Chairman of the Inter-Departmental Standing Committee on Drought Relief, Agriculture Department, be invited to appear before the Committee as a witness at 2.15 p.m. on that day;
- (2) That the subsequent meeting be held on Thursday, 4th November, 1965, at 12 noon to deliberate and that Mr. Albert Oliver, Under Secretary, State Treasury, N.S.W., be invited to appear before the Committee as a witness at 2.15 p.m. on that day; and
- (3) That Mr. Sydney Bowyer, Inspector, Rural Industries Agency, Rural Bank of New South Wales, be invited to appear before the Committee at a later date.

The Committee agreed that the Chairman release a press statement relating to the formation, aims and objects of the Committee.

The Committee adjourned at Five minutes before Ten o'clock, p.m., until Thursday, 28th October, 1965, at Twelve noon.

THURSDAY, 28 OCTOBER, 1965,

At Parliament House, at 12.00 o'clock Noon.

MEMBERS PRESENT:—

Mr. PUNCH (In the Chair)

Mr. CHAFFEY

Mr. MASON

Mr. JACKSON

Mr. SIMPSON

Mr. MACKIE

Mr. WATTISON

The minutes of the previous meeting, as circulated, were confirmed.

Correspondence:—

- (a) Letter from Mr. G. R. Crawford, M.L.A., on behalf of the Collarenebri Branch of the Graziers' Association, relating to landholders shire rates, and requesting the Committee to hold sittings in the North West area.
- (b) Written submission from James I. Shorter, "Dunkeld", Merah North, relating to plan to save breeding stock (per Mr. G. R. Crawford, M.L.A.).

Resolved,—on motion by Mr. Chaffey, seconded by Mr. Mackie:—

That copies of all individual submissions be referred to the Inter-Departmental Standing Committee on Drought Relief.

Letters received, writers to be advised of decision of Committee.

The Chairman reported (a) that letters had been sent to all Pastures Protection Boards requesting information in relation to losses of cattle and sheep, lambing and calving expectancy, fodder reservations, amount spent to date on fodder, anticipated wheat yield and percentage drop in wool shorn as against last year's clip; and (b) that letters had been sent to interested organizations inviting them to present written submissions, and later, if necessary, to appear before the Committee.

Report received, and Chairman's action endorsed.

The Chairman suggested that the Committee make visits of inspection and/or take evidence, at the following centres:—

Maitland, Inverell, Moree, Bourke, Hay and Goulburn.

The Committee deliberated.

It was agreed that a detailed itinerary of visits of inspection be prepared and submitted to the Committee at any early date.

The Committee agreed that to the list of organizations already invited to prepare written submissions, the following be added:—

- (a) Milk Board of New South Wales,
- (b) New South Wales Flour Millers' Council,
- (c) National Council of Wool Selling Brokers of Australia,
- (d) Stock Feed Manufacturers' Association of New South Wales,
- (e) Grain Elevators' Board of New South Wales, and
- (f) Universities of Sydney, New South Wales and New England.

The Chairman left the Chair at One o'clock, p.m. The Committee reassembled at 2.15 o'clock, p.m.

Press and public admitted.

LAUNCELOT JOHN GREEN, Chairman of the Inter-Departmental Standing Committee on Drought Relief, Department of Agriculture, New South Wales, called as a witness and sworn witness.

Evidence not completed: witness requested to attend next sitting day.

The Committee adjourned at Twenty minutes after Four o'clock, p.m., until Thursday, 4th November, 1965, at Twelve o'clock, noon.

THURSDAY, 4 NOVEMBER, 1965

At Parliament House, at 12.0 o'clock Noon

MEMBERS PRESENT:

Mr. PUNCH (In the Chair)

Mr. CHAFFEY

Mr. MASON

Mr. JACKSON

Mr. SIMPSON

Mr. MACKIE

Mr. WATTISON

The minutes of the previous meeting, as circulated, were confirmed.

Correspondence:—

- (a) Letter from Mr. A. Oliver, Under-Secretary and Comptroller of Accounts, State Treasury, N.S.W., enclosing copies of statement of evidence.
- (b) Letters from the following Pastures Protection Boards, relating to Committee's Questionnaire—Moree, Carcoar, Forbes, Warialda, Hillston, Milparinka, Dubbo, Grafton, Narrabri and Gloucester.
- (c) Letters from the following organisations, in reply to request to present written statements:—

Graziers' Association of Riverina.

Australian Woolgrowers' and Graziers' Council.

Australian Primary Producers' Union.

Milk Zone Dairymen's Union.

National Farmers' Union.

Dairy Farmers Co-operative Limited.

Producers Co-operative Distributing Society Limited.

Hunter Valley Conservation Trust.

Hunter Valley Research Foundation.

Graziers' Association of New South Wales.

Correspondence received and held for further consideration.

Resolved,—on motion by Mr. Mackie, seconded by Mr. Mason:—

That Mr. V. H. Benson, Secretary of Council of Advice to the Pastures Protection Boards, be requested to circularise all Pastures Protection Boards and to advise them that the Committee would be pleased if the Questionnaire submitted could be enclosed with Annual Pastures Protection Board Stock Returns, and the result returned to the Committee as early as possible in the New Year.

The Committee deliberated.

Press and Public admitted.

LAUNCELOT JOHN GREEN, Chairman of the Inter-Departmental Standing Committee on Drought Relief, Department of Agriculture, New South Wales, already sworn, resumed his evidence and was examined by the Committee.

Evidence concluded, witness withdrew.

The Chairman left the Chair at Seven minutes after One o'clock, p.m.

The Committee re-assembled at Fifteen minutes after Two o'clock, p.m.

ALBERT OLIVER, Under Secretary and Comptroller of Accounts, State Treasury, New South Wales, called as a witness and sworn. Witness presented and read a statement of his evidence, upon which he was examined by the Committee.

Evidence concluded, witness withdrew.

The Committee adjourned at Twenty-five minutes before Four o'clock p.m., until Monday, 15th November, at Half-past Two o'clock, p.m.

MONDAY, 15 NOVEMBER, 1965

At Parliament House, at 2.30 o'clock p.m.

MEMBERS PRESENT:

Mr. PUNCH (In the Chair)

Mr. CHAFFEY

Mr. MASON

Mr. JACKSON

Mr. SIMPSON

Mr. WATTISON

An apology was received from Mr. Mackie.

The Minutes of the previous meeting as circulated, were confirmed.

Correspondence:—

Letter from the Hon. the Premier and Treasurer approving request for provision of funds for Committee expenses.

Letter from State Treasury advising account opened with Rural Bank in name of Committee.

Letter from President, Rural Bank, re Mr. Sidney Bowyer's appearance before the Committee.

Letter from Mr. Bowyer, enclosing copies of statement of evidence. Correspondence read and received.

*Replies from Various Organisations:—*Re request for written submissions.

Sir Phillip Baxter, Vice Chancellor, Sydney University.

Hunter Valley Conservation Trust enclosing reports.

Milk Board N.S.W., Mr. Ferguson.

N.S.W. Flour Millers' Council.

Council of Advice to Pastures Protection Boards of N.S.W.

*Pastures Protection Boards:—*Replies relating to questionnaires.

Eden, Dubbo, Cooma, Inverell, Maitland, Port Macquarie, Tenterfield, Tweed-Lismore, Wentworth, Upper Hunter.

*Individual Submissions:—*Letters from,—

Mr. F. B. Crockett of Dubbo.

Mr. John M. H. Hickson, President of Garah Branch, U.F.W.A. of N.S.W.

Mr. J. A. O'Connor of Tibooburra.

Letters received, to be considered at a later date.

The Chairman reported that additional requests for written submissions had been sent to Country Traders Mutual Ins. Ltd., and "Men of the Land" Society.

The Chairman recommended the advisability of bringing in a Progress Report to submit to the House before Christmas recess.

Debate ensued.

Resolved,—on motion of Mr. Jackson, seconded by Mr. Simpson:—

That the Committee meet at 7.40 p.m., Wednesday week the 24th November, to consider the three submissions already received, for the purpose of compiling a Progress Report on Terms of Reference No. (1) (a).

The Chairman suggested that towards the end of January, the Committee should visit four or five of the vital centres in the State, and to accept submissions from any local organisations with a possibility of completing the Report before the House rises at Easter.

Mr. SIDNEY BOWYER, Inspector, Rural Industries Agencies, Rural Bank of New South Wales, Martin Place, Sydney, called as a witness and sworn. Witness presented and read a statement of his evidence, upon which he was examined by the Committee.

Evidence concluded, witness withdrew.

The Committee adjourned at Four o'clock, p.m., until Twenty minutes before Eight o'clock, p.m., on Wednesday, 24th November, 1965.

WEDNESDAY, 24 NOVEMBER, 1965

At Parliament House, at 7.40 o'clock, p.m.

MEMBERS PRESENT:

Mr. PUNCH (in the Chair)

Mr. CHAFFEY

Mr. MASON

Mr. JACKSON

Mr. SIMPSON

Mr. MACKIE

Mr. WATTISON

The Chairman reported that, due to the absence of Mr. F. A. Mahony, on account of illness, Mr. W. G. Luton would be acting as Clerk of the Committee at this meeting.

The Minutes of the previous meeting, as circulated, were confirmed.

Correspondence:—

Letter from the State Treasury notifying answer to question concerning application of £10 per ton subsidy on hay transported by road.

Letter read and received.

*Individual Submissions:—*Letters from—

Mr. Maurice H. Cuffe of St. Mary's.

Mr. F. B. Crockett of Dubbo.

Mr. J. H. Best of Newangledool.

*Pastures Protection Boards:—*Replies relating to questionnaires.

Casino, Coonabarabran, Coonamble, Deniliquin, Maitland, Milparinka, Narrandera and Walgett.

Replies from Various Organizations re requests for written submissions.

Australian Wheat Board.

Graziers' Association of N.S.W.

Dr. R. B. Madgwick, O.B.E., M.Ec., Vice Chancellor, University of New England.

Emeritus Professor Sir Stephen Roberts, Kt., C.M.G., M.A., Vice Chancellor, University of Sydney.

Shires Association of N.S.W., incorporating the Executive's views.

Letters received, to be considered at a later date.

Consideration of two Reports from the Hunter Valley Conservation Trust was deferred until a later date.

The Committee deliberated.

Mr. Chaffey suggested that the Fauna Protection Panel be invited to forward a written submission—Agreed to.

The Committee agreed to a recommendation by the Chairman that there be issued a Press Statement advising that the Committee would welcome written submissions from any person or organization.

Chairman's Draft Progress Report:

Copies of the Draft Progress Report were circulated and the Chairman proceeded to read the Report to the Committee.

Resolved,—on motion of Mr. Mackie, seconded by Mr. Wattison:—

That the Draft Progress Report as submitted by the Chairman be now considered.

- Paragraph 1, read and agreed to.
- Paragraph 2, read and agreed to.
- Paragraph 3, read and agreed to.
- Paragraph 4, read and agreed to.
- Paragraph 5, read and agreed to.
- Paragraph 6, read and agreed to.
- Paragraph 7, read and amended.
- Paragraph, as amended, agreed to.
- Paragraph 8, read and agreed to.
- Paragraph 9, read and agreed to.
- Paragraph 10, read and agreed to.
- Paragraph 11, read and amended.
- Paragraph, as amended, agreed to.
- Paragraph 12, read and agreed to.
- Paragraph 13, read and amended.
- Paragraph, as amended, agreed to.
- Paragraph 14, read and amended.
- Paragraph, as amended, agreed to.
- Paragraph 15, read and amended.
- Paragraph, as amended, agreed to.
- Paragraph 16, read and agreed to.

Question,—That the Progress Report, as amended and agreed to, be the Progress Report of the Committee,—Put and passed.

The Chairman duly signed the Progress Report in the presence of the Committee.

The Committee adjourned at Twenty minutes before Ten o'clock, p.m., until Wednesday, 1st December, 1965, at Half-past Three o'clock, p.m.

SELECT COMMITTEE
OF THE
LEGISLATIVE ASSEMBLY
UPON
DROUGHT RELIEF

PROGRESS REPORT

1. The Select Committee of the Legislative Assembly appointed by the Legislative Assembly on 28th September, 1965, to inquire into and report upon,—

- “(1.) (a) Measures which have been taken by the State Government and other statutory authorities during the recent and current drought in New South Wales.
- (b) Ways and means of implementing drought control and drought relief measures to minimise the effect of future droughts.
- (c) Proposals to co-ordinate State and Commonwealth assistance in dealing with drought relief.”

And which was granted leave on the same day to sit during the sittings or any adjournment of the House and to make visits of inspection within the State of New South Wales and to other States of the Commonwealth, begs to report the Minutes of Proceedings and Evidence taken before it, with particular reference to (1.) (a), and presents to the House the following Progress Report.

2. The Committee has considered evidence from the Under Secretary and Comptroller of Accounts to the Treasury, New South Wales, Mr A. Oliver; the Chief of the Regional Extension Services of the Department of Agriculture and Chairman of the Inter-departmental Standing Committee on Drought Relief, Mr J. L. Green; and the Inspector of Government Rural Agencies of the Rural Bank of New South Wales and Chief Inspector of the Southern Division of the Rural Bank, Mr S. Bowyer.

3. In view of the importance of subsection (a) of section (1.), it was felt that a progress report would indicate just what steps have been taken by the Government and other statutory authorities to date to assist those areas and people affected by the drought.

4. The Committee hopes in the near future to commence to receive evidence under terms (1.) (b) and (1.) (c), and in the new year to visit country centres in New South Wales, and if considered necessary to visit other States.

5. The current drought commenced in the Pastures Protection Districts of Milparinka and Wanaaring in the far North-west of the State, when these areas were declared drought areas on 1st March, 1964. They were followed by the Brewarrina Pastures Protection District, also in the far North-west, and Gloucester Pastures Protection District, on the mid-north Coast, on 1st August, 1964. Before the end of 1964 Wilcannia, in the far North-west and Maitland and Port Macquarie, on the mid-North Coast had been added to this list of drought-declared areas. By May, 1965, there were forty-four Pastures Protection Districts out of a total of fifty-nine which had been declared drought areas.

6. A Cabinet Sub-Committee on Drought Relief, comprising the Ministers for Agriculture, Conservation, Transport, Lands and Decentralisation, was established to investigate ways and means of assisting primary producers affected by the drought. A Standing Committee on Drought Relief, comprising a senior officer from each of the Departments of Agriculture, Conservation, Transport, Lands, Decentralisation and the Treasury, was subsequently established by the Cabinet Sub-Committee to investigate and advise on drought conditions, control and relief measures, and to recommend action.

7. The Government, to assist farmers and graziers, has taken the following action:—

(a) *Rail Rebates on Fodder*

Increased from 50 per cent to 75 per cent the rebate on the normal freight charges on fodder to declared drought districts. Total expenditure to 22nd October, 1965, £240,758.

(b) *Wheat as "Drought Fodder"*

Included wheat and wheat by-products as "drought fodder", which enabled them to qualify for rail and road freight concessions.

(c) *Rail Rebates on Salt Licks*

Granted rebate of 25 per cent on the normal freight charges on full rail wagon loads of rock salt, salt licks and allied products forwarded to declared drought districts.

(d) *Rail Rebates on Stock*

Granted rebate of 50 per cent on the normal freight charges on transport by rail of starving stock to and from agistment areas. Total expenditure to 22nd October, 1965, £12,355.

(e) *Payment of Rebates*

Expedited payment of rail freight rebates.

(f) *Advances to Purchase Fodder*

Made advances totalling £2,260,000 to dairy societies and companies for assisting their suppliers who are in necessitous circumstances to obtain fodder for feeding to dairy stock.

Periods of up to five years, depending upon the individual circumstances, are allowed for repayment of the advances, with the first repayment being deferred to 31st January, 1966. Interest is at the rate of 1½ per cent per annum. Advances are made through the Government Agency Department of the Rural Bank.

There has been no restriction on this finance being made available to dairy companies, and from evidence received there is no intention to restrict the release of additional funds when they are required. The Committee considered these fodder advances to dairy companies have been of very great benefit to all dairy farmers.

(g) *Road Tax*

Waived the State Transport (Co-ordination) Act charge of 3d. per ton per mile on transport by road of fodder to declared drought districts, and of starving stock to agistment areas. It is estimated that this cost to the Government to 22nd October, 1965, was £30,000.

(h) *Subsidy on Road Transport of Hay*

Granted subsidy of £10 per ton on hay transported by road from interstate to the Pastures Protection Districts of Gloucester, Maitland and Denman-Singleton, during the period 15th June to 31st July, 1965. The subsidy was paid to dairy companies and recognized stock fodder merchants operating in the three districts. The total subsidy granted under this form of assistance was £91,617.

(i) *Subsidy on Road Transport—Western Division*

Granted a subsidy of 6d. per ton per mile on wheat, other grains and concentrates, transported by road to declared drought districts in the Western Division. Subsidy is paid on a minimum load of 5 tons and for each mile beyond an initial distance of 50 miles. Distance is measured from nearest railhead. So far the scheme has operated for the months of September, October and November.

(j) *Guaranteed Payments for Wheat*

Arranged for necessitous farmers of moderate means and unable to finance purchase of wheat for feeding their starving stock to buy grain on terms from the Australian Wheat Board. The Government guarantees an eligible farmer's debt to the Wheat Board and repayment is not required for twelve months. Interest is at the rate of 4½ per cent per annum. However, the Committee considers that this scheme for the sale of wheat by the Australian Wheat Board on terms of 4½ per cent interest over a period of twelve months has been of limited use. The method by which this wheat could be purchased by stockowners was so restricted that very little use has been made of the offer.

- (k) *Gift Fodder from Interstate*
Paid rail and road freight charges on gift fodder forwarded by farmer organizations in Victoria and South Australia to the Government of New South Wales, and organized distribution to needy farmers in declared drought districts. A total of over 10,000 tons of hay and other fodders was involved. Total expenditure £181,750.
- (l) *Gift Fodder in New South Wales*
Paid road freight charges on hay donated to the Government by the Snowy Mountains Hydro-electric Authority at Khancoban and organized distribution amongst needy farmers in the Pastures Protection Districts of Braidwood, Bombala, Cooma and Eden. Cost of this subsidy was £3,047.
- (m) *Gift Fodder Transported by Rail*
Approved free transport on rail in New South Wales of gift fodder, and gave free transport on rail for gift fodder going to Queensland.
- (n) *Rail Wagons for Transport of Fodder*
Diverted as many rail wagons as possible (averaging over 220 per day) for carrying fodder consignments to declared drought districts, and speeded up their movement to final destinations.
- (o) *Railway Delivery Charge for Bagged Wheat*
Waived the charge of 14s. per ton normally made by the Department of Railways on delivery of bagged wheat from railway stacks when used for feeding stock in declared drought districts.
- (p) *Arranged Retention of Wheat in Silos*
Arranged with the Australian Wheat Board for the retention at country silos of sufficient wheat for use as drought fodder.
- (q) *Wheat to Mt Russell*
As wheat stocks were exhausted in the Inverell district, arranged transport from Parkes to Mt Russell of 100,000 bushels of wheat to be sold as drought fodder, and subsidized rail freight costs—additional quantity of 54,000 bushels forwarded. Cost at 22nd October, 1965, £8,500. It is relevant to state that considerable additional expense has been incurred on the removal of further quantities of wheat to these districts.
- (r) *Money for Unemployment Relief*
Allocated £250,000 to give temporary employment to persons, including farmers and share-farmers, in necessitous circumstances through the drought. The Government has indicated that it is immediately releasing additional funds for this purpose.
- (s) *Assistance by Social Welfare Department*
Made arrangements for the Department of Social Welfare to provide assistance to farmers, share-farmers and others affected by the drought.
- (t) *Finance from Banks*
Through contact with the Prime Minister arranged for money to be more freely available through the Reserve and private banks to primary producers affected by the drought.
- (u) *Crown Lands for Stock*
Made additional forestry and other Crown lands, with water, available for grazing by drought-affected stock.
- (v) *Rain-making*
Arranged for training of Department of Agriculture officers in rain-making experiments, and allocated £10,000 to Department of Agriculture for cloud seeding.
- (w) *Drought Feeding Schools*
The Department of Agriculture conducted over 100 schools on drought feeding in various parts of the State to advise farmers on feeding methods using available feedstuffs and particularly wheat grain.
- (x) *Release of Water in Drought Districts*
Controlled release of water in country storages for domestic, stock and irrigation purposes in accordance with local changes in conditions and requirements.

(y) *Transport of Water*

Arranged and subsidized transport of water by rail to towns and districts suffering from a shortage of water for domestic or stock purposes.

(z) *Dams and Bores*

The Water Conservation and Irrigation Commission is working on a six-day-per-week basis to reduce the backlog in applications received for farm dams and bores.

(aa) *Additional Water Conservation and Irrigation Staff*

Appointed additional staff to the Water Conservation and Irrigation Commission to inspect properties and advise landholders on groundwater prospects.

(bb) *Crown Land Leases*

The Department of Lands granted extended time for payments of debts by holders of Crown leases.

8. The Committee noted that in contrast to the success of the fodder advances to dairy companies, the fodder conservation scheme, originally introduced in 1944 and publicized very extensively in its early formative years, has not been used sufficiently by landholders for the purpose for which it was created.

9. In view of the cycle of favourable seasons, it is most unfortunate that this avenue was not used so as to store additional water and fodder on farms in the period immediately preceding the drought.

10. To date there has never been any restriction on the amount of money available from this source, and the Committee considers that in view of the great difficulties experienced and large expenditure involved in obtaining fodder during the drought, that it is most unfortunate that this avenue was overlooked. Both individual farmers and dairy companies throughout the State missed an opportunity which could have saved them very substantial amounts in the past twelve months.

11. It is considered that this avenue of finance should be again publicized as widely as possible so as to alert dairy factories and rural societies and individual farmers of its availability.

12. While it is recognized that the items to which we refer are the responsibility of the State, in view of the large amounts involved an approach was made some considerable time ago to the Commonwealth for financial assistance. This approach followed precedents set in times of drought, flood and fire, experienced in different parts of the Commonwealth in recent years. This has been agreed to in principle by the Prime Minister.

13. In addition to these forms of assistance, Parliament has been advised that the Premier has made a number of representations to the Prime Minister with regard to all forms of Commonwealth assistance and particularly long-term, low-interest finance, which is needed for saving remaining stock and for the purpose of rehabilitation. It is the opinion of the Committee that finance on this scale is well beyond the means of any State government, and can only be made available by the Commonwealth.

14. It is also the opinion of this Committee that this long-term finance at low interest is most essential to sustain drought-stricken primary producers at present.

15. In view of the urgent necessity to save as many stock as possible, particularly breeders, it is considered that unless additional help is made available to these stockowners the resultant loss to the State and the Commonwealth will be very much greater.

16. The Committee considers that the New South Wales Government must continue to press the Commonwealth for the release of finance for long-term lending through the normal banking system at low interest, or through the channels of the Development Bank for drought-relief purposes, and the subsequent replacement of stock.

L. A. PUNCH,

Chairman.

24th November, 1965.

1965

SECOND SESSION

NEW SOUTH WALES

Legislative Assembly

MINUTES OF EVIDENCE

TAKEN BEFORE

THE SELECT COMMITTEE

UPON

DROUGHT RELIEF

AT SYDNEY ON THURSDAY, 28 OCTOBER, 1965

(The Committee met at 2.15 p.m.)

Present:

Mr L. A. PUNCH (in the Chair)

Mr W. A. CHAFFEY

Mr REX JACKSON

Mr G. C. MACKIE

Mr J. M. MASON

Mr J. B. SIMPSON

Mr W. E. WATTISON

LAUNCELOT JOHN GREEN, Chairman, Inter-departmental Standing Committee on Drought Relief, New South Wales, sworn and examined:

1. CHAIRMAN: What is your full name?—Launcelot John Green.

2. What is your position in the Department?—My position in the New South Wales Department of Agriculture, of which I have been a member for forty years, is Chief of the Regional Extension Service. It can be best explained on the map. The State is divided into nine regions, all under a regional supervisor, who is responsible to me for organization of agricultural extension, and all extension and regulatory officers, except those on research stations come under my organization in regard to extensions.

My background is as follows: I am an agronomist, with a diploma from the Hawkesbury Agricultural College. For many years I have been in different districts in the State; I resided at Coonamble, Condobolin, Leeton and Bega. I have managed two research stations, and during the war period, I was growing 500 acres of vegetables on the Murrumbidgee Irrigation Area for the American forces. After that I came down and handled a large part of the surpluses of the 1947 wheat crop. When the coal strike was on in 1949 I was seconded for twelve months by Mr Arnott, the controller of foodstuffs.

3. CHAIRMAN: You have already presented to the committee a number of statements, dealing with various facets of the matter into which we are inquiring. Perhaps

it would be a good idea at the beginning to have marked the statements that will be included as evidence, and then you might go through and make any comments you wish upon them. After you have done that, members of the committee will ask you any questions that might arise from those statements or from the evidence that you give in the meantime.

The statements you have submitted will be, for the purpose of identification, numbered in the following manner:

1. The 1965 drought.
2. N.S.W.—Primary production statistics.
3. N.S.W.—Wheat grain storage.
4. Department of Agriculture, N.S.W.—list of declared drought districts as at 1st October, 1965.
5. Rainfall—N.S.W.
6. Action taken by the N.S.W. State Government on drought relief.
7. Concessions granted by State Government during current drought.
8. Subsidy on road transport of hay.
9. National disaster insurance.
10. Future droughts—control measures.

THE 1965 DROUGHT

(STATEMENT No. 1)

In considering the 1965 drought, and particularly when comparing it to previous serious droughts in N.S.W., the following should be borne in mind:

1. Record Spring production and growth in 1964.
2. Record wheat harvest in 1964.
3. Record wool production in 1964.
4. Generally very good Summer of 1964-65.
5. Dearth of rabbits.
6. Record wheat stocks in country silos.
7. Ample hay supplies in Victoria.
8. Big stocks of oats in silos on farms.
9. Horse numbers on farms small.
10. Ample road transport for stock and fodder.
11. Rapid road transport.
12. Satisfactory rail transport.
13. Tractors on farms—fast and continuous work.
14. Water supplies.
15. Other droughts lasted years—
 - 1895 to 1903
 - 1911 to 1916
 - 1939 to 1945.
16. Primary producers had finance for purchase of fodder

Attached are prepared statements and documents dealing with agricultural production in N.S.W., and roneos showing assistance provided by the Government to primary producers in declared drought districts.

JOHN L. GREEN, Chairman,
Standing Committee on Drought Relief.

26th October, 1965.

N.S.W.—PRIMARY PRODUCTION STATISTICS

(STATEMENT No. 2)

As at 31st March, 1965.

Number of holdings in N.S.W.	77,098
Number of wheat farms (20 acres or more of wheat)	18,537
Number of sheep farms (50 or more sheep)	36,667
Number of beef farms (10 or more beef cattle)	26,021
Number of commercial dairy farms	12,257
Number of sheep	56,896,000
Number of lambs	15,500,000
Total number of sheep and lambs	72,396,000
Number of beef cows and heifers	1,898,000
Number of other beef cattle	1,646,000
Total beef cattle	3,544,000
Number of dairy cows and heifers	910,000
Number of other dairy cattle	166,000
Total dairy cattle	1,076,000

Quantity of wheat harvested—1964	151,483,000 bushels
Value of wheat harvested—1964	£95,000,000 (approx.)
Quantity of wool produced—1964-65 (June) ..	678,000,000 lb.
Quantity of wool produced—1963-64 (June) ..	731,000,000 lb.
Value of wool produced—1964-65 (June)	£150 million (approx.)
Value of wool produced—1963-64 (June)	£208 million (approx.)
Quantity of milk produced in N.S.W. to 30-6-65 ..	297,878,000 gallons
Value of milk produced in N.S.W. to 30-6-65 ..	£49,000,000 (approx.)
(Quantity of milk produced in N.S.W. to 30-6-64) ..	322,547,000 gallons
Milk produced in Milk Zone to 30-6-65	142,250,000 gallons
(Milk produced in Milk Zone to 30-6-64)	155,920,000 gallons
Quantity of oats harvested	22,885,000 bushels
Quantity of hay produced	1,040,000 tons
Quantity of hay on hand at 31-3-65	1,587,000 tons
Quantity of silage made	182,000 tons
Quantity of silage on hand at 31-3-65	535,000 tons

Milk Production in Dungog District

It is recognised that the Dungog District was one of the dairying areas of the State hit hardest by the drought. The following figures show the reduction in milk production for the months of July, August and September in 1965 compared to the same months in 1964. Also it might be noted the considerable increase in production in September, 1965 as result of the August rains.

Year	July Gallons	August Gallons	September Gallons	Total Gallons
1965	350,321	372,552	575,034	1,297,907
1964	820,416	708,148	982,507	2,511,071

N.S.W.—WHEAT GRAIN STORAGE

(STATEMENT NO. 3)

Number of Grain Elevator Board silo sites	201
Number of Grain Elevator Board storage sites	250
Total storage capacity of Elevator system	100,000,000 bushels

(By mid 1966, capacity should be 115,000,000 bushels)

The main wheat storage centres are:—

Town	Bushels
Sydney	7,000,000
Newcastle	4,500,000
Junee	4,500,000
Parkes	4,500,000
Werris Creek	4,500,000
Temora	3,000,000
Gunnedah	2,700,000
North Star	2,200,000
Bellata	2,140,000
Binniguy	1,630,000
Tamarang	1,600,000
Gilgandra	1,250,000
Boggabri	1,200,000
Narromine	950,000
Narrandera	800,000
Lake Cargelligo	790,000
Total	43,260,000
Others	56,740,000
Grand Total	100,000,000 bushels

As at 18th October, 1965, wheat grain stored in silos was as under:—

Sydney and Newcastle	2,250,000
Country	20,000,000
Total	22,250,000

DEPARTMENT OF AGRICULTURE, N.S.W.

(STATEMENT No. 4)

LIST OF DECLARED DROUGHT DISTRICTS AS AT 1ST OCTOBER, 1965

<i>Pastures Protection District</i>	<i>Date declared</i>
Milparinka	1-3-1964
Wanaaring	1-3-1964
Brewarrina	1-8-1964
Gloucester	1-8-1964
Port Macquarie	1-12-1964
Wilcannia	1-12-1964
Maitland	1-12-1964
Denman-Singleton	1-1-1965
Bourke	1-1-1965
Upper Hunter	1-1-1965
Cobar	1-1-1965
Moss Vale	1-1-1965
Merriwa	1-1-1965
Canonba	1-1-1965
Coonabarabran	1-1-1965
Eden	1-3-1965
Braidwood	1-3-1965
Coonamble	1-3-1965
Pilliga	1-3-1965
Walgett	1-3-1965
Goulburn	1-3-1965
Cooma	1-3-1965
Tenterfield	1-3-1965
Warialda	1-3-1965
Armidale	1-3-1965
Glen Innes	1-3-1965
Narrabri	1-3-1965
Hillston	1-3-1965
Walgett North	1-3-1965
Casino	1-3-1965
Inverell	1-3-1965
Dubbo	1-3-1965
Grafton	1-3-1965
Tamworth	1-3-1965
Bombala	1-3-1965
Bathurst	1-3-1965
Moree	1-3-1965
Carcoar	1-4-1965
Yass	1-4-1965
Mudgee	1-4-1965
Gundagai	1-5-1965
Broken Hill	1-5-1965
Condobolin	1-5-1965
A.C.T.	1-5-1965
Young	1-6-1965
Urana	1-8-1965
Forbes (declaration advised on 25-10-1965)	1-10-1965

LIST OF DISTRICTS WHERE DECLARATIONS HAVE BEEN REMOVED

<i>District</i>	<i>Date Declaration Removed</i>
Broken Hill	1-9-1965
Gundagai	1-9-1965
Urana	1-9-1965
Yass	1-9-1965
Bathurst	1-10-1965
Bombala	1-10-1965
Carcoar	1-10-1965
Casino	1-10-1965
Moss Vale	1-10-1965
Young	1-10-1965

RAINFALL—N.S.W.
(STATEMENT No. 5)

Rainfall Recording Station	Year Recordings Commenced	1st November to 30th September			1964-65 Position as compared with Previous Lowest Recordings	
		Average for Period	Previous Lowest Recordings,			1964-65
			Year	Quantity		Quantity
		in	Not Available	in	in	
Gloucester	1889	36.52		8.61	16.45	Lowest
Scone	1873	22.85	1881-82	14.34	7.98	Lowest
Bodalla	1876	34.88	1884-85	11.51	15.83	Fourth
Bega	1879	26.37	1942-43	15.88	13.32	Second
Armidale	1858	28.78	1918-19	10.52	13.30	Lowest
Bathurst	1858	23.18	1901-02	8.59	10.66	Second
*Mudgee	1870	21.39	1901-02	11.55	9.37	Second
Goulburn	1858	23.97	1918-19	7.52	11.33	Lowest
Gunnedah	1878	21.36	1945-46	8.75	7.95	Second
Warialda	1879	24.65	1918-19	10.62	9.71	Second
Dunedoo	1912	21.75	1918-19	8.30	9.40	Lowest
Forbes	1876	18.48	1901-02	10.80	8.90	Second
Narrabri	1871	23.86	1939-40	3.68	11.20	Second
*Walgett	1878	17.16	1901-02	3.89	6.24	Second
Coonamble	1878	17.83	1901-02	5.84	5.69	Second
*Condobolin	1881	14.32	1901-02	1.88	6.91	Fourth
Bourke	1874	12.65	1901-02	1.60	2.45	Second
Menindee	1876	7.79	1926-27	0.65	5.98	Third
White Cliffs	1901	Not Available	1901-02		2.18	Third

* Ten-months period—1st December, 1964, to 30th September, 1965.

ACTION TAKEN BY THE N.S.W. STATE GOVERNMENT ON DROUGHT RELIEF

(STATEMENT No. 6)

Immediately after taking office in early May, 1965, the N.S.W. State Government established a Cabinet Sub-Committee on Drought Relief, comprising the Ministers for Agriculture, Conservation, Transport, Lands and Decentralisation. The Committee was to investigate ways and means of assisting primary producers affected by the drought.

A Standing Committee on Drought Relief, comprising a senior officer from each of the Departments of Agriculture, Conservation, Transport, Lands, Decentralisation and the Treasury, was subsequently established by the Cabinet Sub-Committee to investigate and advise on drought conditions, control and relief measures, and to recommend action.

The Government, to assist farmers, has taken the following action:—

(1) *Rail Rebates on Fodder*

Increased from 50 per cent to 75 per cent the rebate on the normal freight charges on fodder to declared drought districts.

(2) *Wheat as "Drought Fodder"*

Included wheat and wheat by-products as "drought fodder", which enabled them to qualify for rail and road freight concessions.

(3) *Rail Rebates on Salt Licks*

Granted rebate of 25 per cent on the normal freight charges on full rail wagon loads of rock salt, salt licks and allied products forwarded to declared drought districts.

(4) *Rail Rebates on Stock*

Granted rebate of 50 per cent on the normal freight charges on transport by rail of starving stock to and from agistment areas.

(5) *Payment of Rebates*

Expedited payment of rail freight rebates.

(6) *Advances to Purchase Fodder*

Made advances totalling £2,260,000 to Dairy Societies and Companies for assisting their suppliers, who are in necessitous circumstances, to obtain fodder for feeding to dairy stock,

Periods of up to five years, depending upon the individual circumstances, are allowed for repayment of the advances with the first repayment being deferred to 31st January, 1966. Interest is at the rate of 1½ per cent per annum. Advances are made through the Government Agency Department of the Rural Bank.

(7) *Road Tax*

Waived the State Transport (Co-ordination) Act charge of 3d. per ton per mile on transport by road of fodder to declared drought districts, and of starving stock to agistment areas.

(8) *Subsidy on Road Transport of Hay*

Granted subsidy of £10 per ton on hay transported by road from interstate to the Pastures Protection Districts of Gloucester, Maitland and Denman-Singleton, during the period 15th June to 31st July, 1965. The subsidy was paid to Dairy Companies and recognised stock fodder merchants operating in the three districts.

(9) *Subsidy on Road Transport—Western Division*

Granted a subsidy of 6d. per ton per mile on wheat, other grains and concentrates transported by road to declared drought districts in the Western Division. Subsidy is paid on a minimum load of 5 tons and for each mile beyond an initial distance of 50 miles. Distance is measured from nearest railhead, and the scheme will operate for the month of September, 1965, only—extended to 31st October, 1965.

(10) *Guaranteed Payments for Wheat*

Arranged for necessitous farmers of moderate means and unable to finance purchase of wheat for feeding their starving stock to buy grain on terms from the Australian Wheat Board. The Government guarantees an eligible farmer's debt to the Wheat Board and repayment is not required for 12 months. Interest is at the rate of 4½ per cent per annum.

(11) *Gift Fodder from Interstate*

Paid rail and road freight charges on gift fodder forwarded by farmer organizations in Victoria and South Australia to Government or semi-Government bodies in N.S.W., and organized distribution to needy farmers in declared drought districts. A total of over 10,000 tons of hay and other fodders was involved.

(12) *Gift Fodder in New South Wales*

Paid road freight charges on hay donated to the Government by the Snowy Mountains Hydro-electric Authority at Khancoban and organized distribution amongst needy farmers in the Pastures Protection Districts of Braidwood, Bombala, Cooma and Eden.

(13) *Gift Fodder Transported by Rail*

Approved free transport on rail in New South Wales of gift fodder, and gave free transport on rail for gift fodder going to Queensland.

(14) *Rail Wagons for Transport of Fodder*

Diverted as many rail wagons as possible (averaging over 220 per day) for carrying fodder consignments to declared drought districts, and speeded up their movement to final destinations.

(15) *Railway Delivery Charge for Bagged Wheat*

Waived the charge of 14/- per ton normally made by the Department of Railways on delivery of bagged wheat from railway stacks when used for feeding stock in declared drought districts.

(16) *Arranged Retention of Wheat in Silos*

Arranged with the Australian Wheat Board for the retention at country silos of sufficient wheat for use as drought fodder.

(17) *Wheat to Mt Russell*

As wheat stocks were exhausted in the Inverell district, arranged transport from Parkes to Mt Russell of 100,000 bushels of wheat to be sold as drought fodder, and subsidized rail freight costs—additional quantity of 54,000 bushels forwarded.

(18) *Money for Unemployment Relief*

Allocated £250,000 to give temporary employment to persons, including farmers and share-farmers, in necessitous circumstances through the drought.

(19) *Assistance by Social Welfare Department*

Made arrangements for the Department of Social Welfare to provide assistance to farmers, share-farmers and others affected by the drought.

(20) *Finance from Banks*

Through contact with the Prime Minister arranged for money to be more freely available through the Reserve and private Banks to primary producers affected by the drought.

(21) *Crown Lands for Stock*

Made additional Forestry and other Crown Lands, with water, available for grazing by drought affected stock.

(22) *Rain-making*

Arranged for training of Department of Agriculture officers in rain-making experiments, and allocated £10,000 to Department of Agriculture for cloud seeding.

(23) *Drought Feeding Schools*

The Department of Agriculture conducted over 100 schools on drought feeding in various parts of the State to advise farmers on feeding methods using available feedstuffs and particularly wheat grain.

(24) *Release of Water in Drought Districts*

Controlled release of water in country storages for domestic, stock and irrigation purposes in accordance with local changes in conditions and requirements.

(25) *Transport of Water*

Arranged and subsidized transport of water by rail to towns and districts suffering from a shortage of water for domestic or stock purposes.

(26) *Dams and Bores*

The Water Conservation and Irrigation Commission is working on a six day per week basis to reduce the backlog in applications received for farm dams and bores.

(27) *Additional Water Conservation and Irrigation Staff*

Appointed additional staff to the Water Conservation and Irrigation Commission to inspect properties and advise landholders on groundwater prospects.

(28) *Crown Land Lessees*

The Department of Lands granted extended time for payments of debts by holders of Crown Leases.

JOHN L. GREEN, Chairman,

Standing Committee on Drought Relief.

21st September, 1965.

ADDITIONAL ACTION SUBSEQUENT TO 21ST SEPTEMBER, 1965

(29) *Rail Rebates on Fodder (Treasury rebate only)*

Granted a rebate of 50 per cent on normal freight charges on fodder to declared drought districts over 100 miles from Sydney or Newcastle, where purchaser is not a regular user of rail transport.

(30) *Wheat to Edgeroi*

In addition to arranging transport of wheat to Mt Russell, wheat for drought feed has been railed to Edgeroi.

CONCESSIONS GRANTED BY STATE GOVERNMENT DURING CURRENT
DROUGHT

(STATEMENT No. 7)

<i>Concession</i>	£	<i>Estimated Cost</i> £
(a) Advances to Dairy Societies and Companies, through Rural Bank, for purchase of fodder (up to 22nd October, 1965)		2,260,000
(b) Rail freight rebates on fodder railed to declared drought districts (paid from January, 1965, to 22nd October, 1965):		
Paid by Treasury	210,297	
Paid by Railways	30,461	
	240,758	
(c) Rail freight rebates on starving stock railed to and from agistment areas (paid by Department of Railways) (paid from 1st January to 22nd October, 1965)		12,355
(d) £10 per ton subsidy on road transport of hay from interstate to Gloucester, Maitland and Denman-Singleton Pastures Protection Districts:		
(i) Claims paid	89,752	
(ii) Claims outstanding	1,865	
	91,617	
(e) Freight charges on gift fodder from interstate:		
(i) "Operation Goodwill" Victoria		
—Road	168,000	
—Rail	9,000	
	£177,000	
(ii) South Australia		
—Rail	4,750	
	181,750	
(f) Road freight charges on gift hay from Khancoban		3,047
* (g) Rail freight charges on wheat from Parkes to Mt Russell and Edgeroi		8,500
* (h) Road transport subsidy of 6d. per ton per mile on grains and concentrates in Western Division		5,000
(i) Waiving of State Transport (Co-ordination) Act charge of 3d. per ton per mile on road transport of fodder and starving stock (from 1st April, 1965, to 22nd October, 1965)		30,000
* (j) Subsidy on rail transport of water in Western Division		5,000

* Concessions (g), (h) and (j) were granted recently and firm costs are unknown.

SUBSIDY ON ROAD TRANSPORT OF HAY

(STATEMENT No. 8)

- (1) It is recommended Cabinet approve of a scheme to subsidize payment of road transport charges for hay from Victoria to the Pastures Protection Districts of Gloucester, Maitland and Denman-Singleton.
- (2) Payment of £10 per ton of hay, as a subsidy, to be made to Dairy Companies and recognised stock fodder produce merchants operating in the three Pastures Protection Districts.
- (3) Conditions of payment will be that the hay will be lucerne, cereal or pasture hay. It will be transported by road from the State of Victoria.
- (4) As in the case of payment of the freight rebate on rail transport, it will be necessary for any claim for payment of the subsidy of £10 to be accompanied by the appropriate certificate from the Veterinary Inspector. The form of certificate will be similar to that supplied to co-operative dairy companies.
- (5) Payment will be made by the N.S.W. Department of Agriculture direct to the Dairy Companies and recognised produce merchants on production of a claim supported by documents showing the name of the carrier, date fodder carried, point of loading, point of destination, tonnage and type of hay, and receipt showing payment for the cartage has been paid, or on conditions as determined by the Accountant, Department of Agriculture.
- (6) This scheme will operate until 31st July, 1965.

NATIONAL DISASTER INSURANCE

(STATEMENT NO. 9)

From many sources in N.S.W. has come mention of a National Disaster Insurance Scheme. On 11th October, 1965, a meeting was held at Casino to discuss a plan for disaster insurance. In attendance were four parliamentarians, representatives of twelve municipal and shire councils, members of many producers and other local organizations, and officers of the Department of Agriculture. Probably submissions in regard to a disaster scheme will be made to the Parliamentary Select Committee upon Drought Relief.

Following is a brief resume of the New Zealand National Disaster Insurance Scheme. The information was obtained from a New Zealand Government source:

DISASTER INSURANCE IN NEW ZEALAND

For a premium of only one shilling a £100 the New Zealand Earthquake Commission insures property owners against disaster to an extent unequalled anywhere else in the world.

The Commission originated when a War Damage Fund was begun in 1941 by the Government because of the possibility of private property being damaged in hostilities.

In its first two years the fund's revenue came from a compulsory "war damage premium" of 5s. a £100 on all fire insurance policies. As the threat of invasion receded the levy was reduced, in March, 1944, to 1s. a £100 and insurance against earthquake damage was added. By this time the fund had grown to £4 million. By law this money, collected on a contractual basis, can be used only to meet war or earthquake damage claims. Disastrous earthquake damage has been rare in New Zealand and the fund now totals £36 million.

A general wish for some form of national insurance against disasters of other kinds came to a head when a cyclonic storm did much damage at Frankton Junction in 1948. In November, 1949, legislation was amended to set up within the earthquake fund a disaster fund to meet claims arising from "widespread storm and flood". In 1956 localized damage—such as to an isolated farmhouse in the path of a small tornado—became eligible for compensation.

Today, therefore, every property that is insured against fire is automatically insured against war damage, earthquake shock, fire following earthquake and "extraordinary disaster"—defined as damage directly resulting from storm, flood or volcanic eruption—if the disaster is abnormal, unforeseen and of extraordinary effect. (Under this cover property is *not insured* against damage caused by a landslip, subsidence of earth or rock, or erosion by the sea. This is defined as the responsibility of the person choosing a site where erosion or landslips could be expected.)

Trifling Cost

The cost of this disaster insurance is very low. Only one-tenth of the compulsory 1s. a £100 "earthquake and war damage" premium goes into the "disaster" section of the Commission's funds, so that, for little more than 1d. a £100 of the sum assured against fire, the property owner is indemnified also against storm and flood damage.

With certain exceptions, "disaster" claims may be made only on property insured against fire, and only to the value of the fire policy. If, for instance, a home is insured but its contents are not, no payment will be made if floodwaters ruin carpets and furniture without damaging the house itself. If contents are insured for a certain sum against fire, no more will be paid if the loss is greater.

New Zealand is believed to be unique in providing cover against disaster on such a scale, but it would be impossible without the scheme's national scope and the compulsory levy. No individual insurance company could consider it as a business proposition.

Special Cases and Voluntary Insurance

Automatic coverage does not apply to landslip or subsidence, but these risks can be covered by arrangement with the Commission, which inspects the property before fixing the premium.

Any property may be insured against specified disasters, even if not covered by fire insurance. This enables goods, stock or property not particularly susceptible to fire to be specially covered against other damage. On this voluntary basis, the only persons likely to seek storm and flood damage cover from an insurance company would be those with vulnerable property. This is known in insurance circles as "adverse selection"; it means that the company would be undertaking a very bad risk and that premiums charged would have to be very high. On the compulsory, nation-wide basis, however, the risk is so widely spread—one of the basic essentials of sound insurance—that even the extraordinarily low levy has enabled all claims to be met so far.

Legislation has now been introduced to authorize the Commission to insure property against thermal activity ("rogue" geysers) but more investigation is needed before rates and terms can be settled.

Simple Management

The scheme's management is very simple. Premiums are collected automatically by insurance companies as they issue or renew fire policies. Most of the funds are invested in Government stock or gilt-edged securities, in New Zealand and overseas. Income from interest alone now exceeds £1 million annually.

Seven public servants, seconded from the State Insurance Office, are able to cope with routine work. When special claims are made outside assessors are appointed and extra staff can be employed if necessary.

Essentially, the scheme is a straightforward business proposition. The Commission is neither a charitable institution nor a burden on the taxpayer. Its purpose is to maintain funds intended to help the provident, who are guaranteed full compensation when disaster strikes.

FUTURE DROUGHTS—CONTROL MEASURES

(STATEMENT NO. 10)

The Chairman submitted to the Standing Committee on Drought Relief a minute setting out briefly three measures which might be taken to alleviate future droughts. There was an agreement by the Committee that the minute contained sound recommendations, particularly the one concerned with conservation of wheat grain in Government silos throughout country districts of the State.

The following is extracted from the minute:—

(1) *Conservation of Wheat Grain in Government Silos*

Normal annual outturn of wheat grain by the A.W.B. for use as fodder for stock is 5 million bushels. Already the A.W.B. has sold during the present drought to 20th September, 1965, an amount of 14 million bushels of wheat as stock feed—an increase of 9 million bushels over normal annual sales.

The price of wheat for stock feed is the determined home consumption price less rail freight. This is 14/8 per bushel less freight for 1964/65. Taking an average freight deduction of 2/2 per bushel, it leaves the price at country silos at 12/6 per bushel. This figure has been used in calculations.

There are about 250 wheat silos and stacking sites in country districts of N.S.W. The total capacity exceeds 90 million bushels, and will be further increased this year. All wheat in the silos is the property of the Australian Wheat Board, which organization acts on behalf of farmers in regard to selling their wheat. This means that the wheat is the property of the growers and not of the Government.

It is considered a scheme by which the Government purchases 10 million bushels of wheat at a cost of £6,250,000 and holds it in grain silos at nominated locations in country districts, is the best national scheme for fodder conservation.

(2) *Fodder Conservation on the Farm*

Finance is available to primary producers, through the Government Agency of the Rural Bank, for practically all activities concerned with fodder conservation. Generally the money is available at interest of 4½%, repayable over three or more years. Advances can be used for construction of hay sheds, grain silos, etc.; purchase of hay and grain, production of crops for fodder conservation; and provision of water supplies. In addition and an important feature in the scheme, farmers can obtain advances against fodder, such as grain and hay, that they have grown and stored.

There is little difficulty in administration of this fodder conservation scheme, but it is essential that ample funds are available before it can be given wide publicity. Probably it would be necessary for the Government to make at least £1 million available through the Government Agency Fund in the first instance.

(3) *Advice on Fodder Conservation*

The N.S.W. Department of Agriculture is appointing a Fodder Conservation Officer and he should commence duty by December, 1965. This officer, through the Agricultural Extension Officers in country districts should give considerable publicity to fodder conservation on the farm, and be a means of keeping Agricultural Extension Officers informed of the latest developments.

4. CHAIRMAN: Mr Green, is there anything that you would like to say on the statement that has been marked No. 1?—First of all, in explanation, the Minister for Agriculture asked me would I be good enough to get together any documents that I thought would interest the committee; that is, any agricultural documents. For that reason I supplied a lot of other material, which, although it might not be directly relevant to drought, might be of some interest. I have given quite an amount of statistical information and so on, which might be of value at some future date. I did not prepare a statement because it would have run into many pages, and I realize that most people do not read long statements. I thought it would be better to prepare some of the facts as I see them on this drought and submit them in the form that you see here. I shall not deal with them item by item.

Document No. 1 is really a cover page, dealing with the salient items in the 1965 drought. It will take only a few minutes to explain. It gives a picture of what I think about this drought and its background. I have read the records of all the other droughts, going back to 1893. I have seen some handwritten documents relating to them, and I have found that not one of the previous droughts can, in any manner or form, be compared with the present drought.

This is the first thing that I should like to make quite clear to everyone. Any action we have taken in this drought probably was not possible before. It will be possible in the future. For that reason I believe that this is a good blueprint for the future, which possibly can be improved upon.

The first matter I mention is that we had a record spring production and growth in 1964. All the other droughts moved slowly into a drought period. When I say a record spring production, I have submitted details on one of the other documents that I have presented as evidence; it is the one that is headed N.S.W. primary production statistics and has been marked document No. 2.

Without overburdening members of the Committee with all the detailed figures there, it sets out on the top of the document the number of holdings in New South Wales as at 31st March, 1965; then it sets out the number of sheep at 72,396,000—a number greater than ever before. I ask you to look at the quantity of wheat that was harvested; it is about 151,500,000 bushels in 1964. This was a record for New South Wales.

Therefore when we came into this drought we had a record quantity of wheat, and the wheat farmers themselves had had a record income from their wheat. That income came in after the spring of 1964, which is less than twelve months away.

Taking now the quantity of wool produced. Last year we had 678,000,000 lb; that is to 30th June. But when this drought broke in on us in the spring of 1964 we had just produced 731,000,000 lb of wool which is the most this State has ever produced. We had a record wheat crop, a record wool production, a record barley crop, one of the biggest oat crops ever, a record citrus production, and a record rice production. This is not directly related, but it is all money. We had a record cotton production.

We came into the drought in December, 1964, right on top of all this, and with all this produce being available to us. According to the statistician the income from the wool was £208,000,000 and wheat £100,000,000. There was a lot of money from wool and wheat, so these primary producers had ready cash available.

Some members of the Committee might be interested in the production figures for dairying. Milk production was the fourth highest ever in New South Wales. Right through the State we were on clover. From the agriculture side, I have never seen in forty years such a spring throughout the tablelands, the slopes and most parts of the State as we had last spring. It was perfect from the viewpoint of grazing stock. The summer, leaving out the coastal area, was near enough to ideal. It went through to February, especially on the plains and the slopes. They do not want much rain there. They want a dry summer. They had plenty of good dry feed on the ground.

We had never been so fortunate at the commencement of any drought, and to my mind the most important feature of this drought was the dearth of rabbits. The late Sir Ian Clunies Ross stated that at one time we had 800,000,000 rabbits in Australia. I leave it to you gentlemen to work out how many rabbits would equal one sheep. Today we have different figures, for I believe that we have only a few million rabbits in Australia—certainly only a small number in New South Wales. You will remember that in previous droughts, before they started, rabbits had eaten out the best food. Then, when we got rains such as the recent rains, followed by some green pick, it would not have been worth anything after the rabbits, who are close to the ground feeders, finished with it. Their influence was far and wide and it applied more in the Western Division than anywhere else. The dearth of rabbits on this occasion is of importance.

I am speaking about this because I think it will influence your thoughts in the future as well. Item No. 6 on statement No. 1 mentions the record wheat stocks in country silos. In 1927 in New South Wales we had storage for 28,000,000 bushels; that was the limit, and a lot of it was in Sydney and Newcastle. Much of the crop of 80,000,000 bushels had to be handled in bags, and rail wagons were running hither and thither with it.

5. CHAIRMAN: What year was that?—1947. There were 28,000,000 bushels stored in New South Wales; that is in bulk. There is considerable improvement in the present figures, which include storages in large bulkheads as well as concrete silos. You can take it that we have storage available for 100,000,000 bushels of wheat. With construction before the 1966 harvest it will be 115,000,000 bushels.

We have never had anything like that in a drought before. You must keep in mind that all the time I am speaking of wheat, it is in my mind, as being a staple food for all types of animals, apart from allowing for dairy cattle which require some hay. We can keep animals alive for twelve months on wheat and water, and with no other type of food. From my viewpoint, wheat can be kept in mind in future droughts.

6. CHAIRMAN: Wheat storage is one of the matters that we shall be investigating under one of the other terms of reference.

7. WITNESS: Yes. The fact that the wheat storages were distributed widely throughout the State makes a difference. Many of you gentlemen will remember that in 1947 there were few silos in the North-west. Now you can see the number of silos on the list. Many have been constructed, and are widespread in the North-west. When this drought came it did not matter in what part of the State it was—the tablelands, the inland or on the coast—somewhere adjacent to it was a large storage of wheat. Unfortunately, this is not as it is today. There is only about 22,500,000 million bushels in New South Wales, and much of it is in the south.

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For many years the average yield of wheat in our State was only 45,000,000 bushels. In years gone by half the wheat crop would be in silos. I mentioned ample hay supplies in Victoria. My reason is that it is coupled more or less with item 10 on statement No. 1, which states ample road transport for stock and fodder. I shall mention this item first because in this drought we had ample road transport for stock and fodder. Hard though it be to believe that has never been the position before. If you examine the document you will find that I have listed 1911-1916 and 1939-1945 as previous drought periods. 1956 was only a short period. In all the droughts, even in the 1939-1945 drought, very little road transport was available. We were then in the throes of a war, and mobility was restricted.

I have had quite a lot to do with gift and subsidized fodder, but I do not know of anyone who has lodged a complaint that road transport was not available for a distance of 800 miles from Victoria. In a period of seven weeks I know that into New South Wales and into the mid-coast area came over 20,000 tons of hay. There could have been more, but that amount was brought here by road transport. This was absolutely impossible before. I think this is important: whereas in previous years we had to have hay close handy, that does not worry us now.

If there was a huge storage of hay in an ideal district like the Riverina, we would have it available, and it would be no trouble to shift it 400 or 500 miles. Of course money would be required to shift it but we have mobility; that is something that we have never had before. From reports I found out that the railway authorities got by very easily this time compared with what happened in earlier droughts.

It is only in the last fifteen years and since the 1945 drought that grain silos have been on farms to an extent. I had quite a bit to do with Lysaght constructing their first grain silo. I was there on three occasions. The first one was constructed in 1947. The figures showed at one stage that they had sold 16,000, 2,000-bushel silos. I know the number is much greater than that today. On many farms you may see that story.

Last year the oat harvest was very big, and most of it fortunately was stored on the farms—about 23,000,000 bushels. Going back some years, every oat harvest has been used largely for sale purposes or for feeding horses. Item No. 9 on statement No. 1 mentions that the horse numbers on farms are small now. That might seem rather trivial to some people, but thirty years ago there were 700,000 horses, mainly draught horses on farms. The number today is about 150,000 in the whole State. Forgetting for the moment the food they require, the other consideration is that in times gone by, when the drought broke, the farmers who had spent a lot of money on keeping their horses in some kind of condition found that they were not fit to work. They were lucky to sow 10 acres of crop a day. Nowadays, with a tractor a man and a worker can sow perhaps about 300 acres—the full area he wants to—in a matter of three or four days. That was not possible before. I am pointing out that these things are features that make this drought so terrifically different in every way to all previous droughts.

I have mentioned road transport. I think rail transport on this occasion was satisfactory, though perhaps some people did not get the speed they wanted. Nevertheless, a good job was done. There was an excellent season in Victoria and road transport, as well as rail, was used to carry fodder. Many stock were on agistment. Road transport was used a lot in the Western Division but there was a lot of rail transport of stock from our northern parts. The figures are rather startling. There was good grazing

in Victoria. The fly in the ointment about the drought was the shortage of water on properties. I place water as of prime importance in drought. Stock can go without fodder or can be put on light rations but nothing can possibly replace water.

I have tried to give my impression of how this drought compares with earlier droughts. I shall now give an idea of the area of the drought in New South Wales. I present a list of the declared drought districts as at 1st October.

8. CHAIRMAN: That will be submission No. 4.

9. WITNESS: Unfortunately I have only two copies of this map which shows the extent of the drought. There are fifty-nine pastures protection districts in New South Wales. The green part of the map shows the districts which were declared drought districts at 1st October. The red shows the districts which were declared and have been removed from the declaration, and the white shows the districts that have never been declared. At one stage almost the whole of the State, except for a portion near the Victorian border, was declared. The method of declaration is that pastures protection boards at their meeting, or at some time during the month, decided that the board area should be declared a drought district. A report is made by the veterinary inspector and forwarded to the Department of Agriculture, and a recommendation is made by the Minister to the Premier that the district be declared a drought district.

10. CHAIRMAN: The list of the declared drought areas will be submission No. 4.

11. WITNESS: I am often asked how districts are declared drought districts. The next question is often "What is the advantage?" There are not many advantages except that graziers and primary producers are able to accept any assistance, financial or otherwise, provided by the Government to declared districts. The main assistance is the waiving of the threepence a ton mile road tax and the freight rebate of 75 per cent in most cases.

The document numbered 5, rainfall of New South Wales, is deserving of consideration. Earlier I spoke of the record wheat harvest. The rainfall recording stations run down the coast and the tablelands, and extend out to White Cliffs and Bourke, so they cover a pretty good spread of the State. From the second column, the year when recording commences, you see that the records go back to the 1850's and the 1870's. A lot of the records are one hundred years old. They show that in most of these townships the 1964-65 drought is the driest or second driest on record. I have spoken of the importance of water. We did not have the rain and consequently did not have the water, but we had good feed, and from the fodder point of view, because of the wonderful spring, the drought was late in hitting us.

The document numbered 6 sets out action taken by the Government and document number 7 shows the concessions granted by the State Government during the current drought. Officials from the Treasury and the railways might be able to give the Committee later figures. I have presented these figures to give the Committee some idea of the assistance. They are correct as at the time I got them.

I refer to document 7, (page 8), and that part dealing with rail freight on wheat. Every train load costs about £900 for freight alone. We do not know how long the drought will last and how much more wheat will be needed. We have not spent much on road transport in the Western Division because that scheme has not been in operation long. £30,000 is involved in the waiving of

the road transport tax of threepence a ton mile. This is a difficult figure to arrive at. Not everybody who moved fodder or stock applied to have that charge waived. We do not know what the State has lost in income.

Document No. 6 contains thirty items. The first is rail rebates on fodder. This operates in every drought. In this drought the rebate was increased to 75 per cent from last May. A man who transports one truck of fodder, about ten tons, from Albury to Maitland would pay about £80 rail freight. The rebate would be £60. These rail rebates are extremely valuable. A figure of about £250,000 is given as the rail rebates already paid out. Please understand that this is the figure paid out. Many claims are one or two months behind, so even if the drought ended tomorrow the figure would rise considerably. I could not estimate what it will cost eventually. The railways carry the first 25 per cent of the rail rebate, and the Treasury the remaining 50 per cent.

Item No. 2 is wheat as "drought fodder". This is of extreme importance. We of the department consider that wheat is easily the best and the cheapest of fodder. It is selling at £26 a ton. Hay sells at the same figure, but wheat has a value two and a half times greater than hay. Wheat can now be carried by rail at a 75 per cent rebate.

I turn now to item 6, advances to purchase fodder. The Chairman was in the district where that money was made available. It was costly. Perhaps all the money will not be repaid. It is an advance through the Rural Bank to dairy societies and companies at 1½ per cent per annum. In most instances the first repayment will not be made until 1st February. Some factories and companies, perhaps five all told, have had the period of repayment extended to five years. The ordinary time of repayment is two or three years. I feel that this money has enabled many dairy farmers—share farmers and tenant farmers—to keep their stock alive.

Item 8, subsidy on road transport of hay, was questioned. The total cost under this head was about £90,000. It operated in this way. Any dairy company or agent in three pastures protection district—Gloucester, Maitland and Denman-Singleton, if moving hay from Victoria or South Australia, would get a subsidy of £10 a ton. Every load of hay costs £180 or more to transport. Men who bought the hay and had it transported by road did not get it as cheaply as they would have if they had relied upon rail transport. A ten-ton truck load of hay from Albury to Maitland would cost £90 less the rebate of 75 per cent, which is from £60 to £70, thus costing the farmer £20 to get the ten tons of hay on his property. I believe that road hauliers charge about £200 for a similar load, in which event the farmer would receive a subsidy of £100, leaving him £100 out of pocket. The fact that so many farmers have used this scheme was a surprise. We did not think that so many would do so, believing they would rely on rail transport.

A side issue of the road transport subsidy is that before it came into operation we were loading from 170 to 175 rail waggons a day in New South Wales for transport of fodder. Fodder included wheat being moved to different places. There was considerable pressure on everybody to make more rail waggons available, and to do something about road transport. One of the sad things at that stage was that we had no hay other than along the Victorian border, and very little even there. Victorian hay was being transhipped at Albury or at other places along the border. The waggons were taking nine or ten days to turn around, which was bad. When we

put road transport in we increased the number of rail waggons to 225, which took a lot of the pressure off the transport of wheat and other fodder in New South Wales.

Item 10, guaranteed payments for wheat, has not been such a success as was expected. The Australian Wheat Board, which handles the wheat for the growers, wants to sell to the best advantage. It does not want accounts with individual farmers so it arranged to sell wheat for cash. Anybody buying wheat paid cash to the wheat board; an order was issued on the country silo, and he took delivery of the wheat. Some farmers could not pay cash and an arrangement was made between the Treasury and the Australian Wheat Board, under which the Treasury, through the Rural Bank, guaranteed the payment of wheat for twelve months. The wheat board was agreeable to deferment of payment for twelve months. Thus, those farmers without the ready cash but with security with wool firms and their own banks were able to get wheat. Their applications would be accepted if those institutions gave an assurance in writing that they would pay the Australian Wheat Board through the Rural Bank at the end of twelve months. The scheme fell down because most of the wool firms would not put in black and white that they would guarantee payment for wheat purchased on terms. This marred the scheme quite a lot. It is wrong for the Government to make an advance to a farmer with a wool cheque for £3,000 or £4,000 from this spring's wool sales when all he needs is a guarantee from the wool firm.

Item 11, gift fodder from interstate, tells of the wonderful Victorian effort. We thought that the transport of this fodder would cost only a little. A maximum of 1,000 tons was expected, half to be conveyed by rail and the other half by road, but we finished up with about 10,000 tons of gift fodder. Fodder was being sold on the spot over there for £15 a ton, so the Victorian farmers gave us £150,000 worth of hay.

12. CHAIRMAN: A magnificent gesture.

13. WITNESS: It is well known that they gave us the money to purchase about 200 tons of sheep nuts which were used on the northern tablelands and in the North-west. Although the cost to New South Wales of transporting this gift fodder was about £180,000, the fact remains that it was a wonderful gesture. We carried 8,500 tons by road and 1,500 tons by rail. Gift fodder also came from Khancoban.

As to item 16, arranged retention of wheat in silos. I assume that the Australian Wheat Board or the Grain Elevators Board will give more information. The quantity of wheat in the northern part of the State is lamentably small. The figures change from day to day. At present there would not be 2,000,000 bushels of wheat north of Dubbo available for sale as stock feed. There is more wheat out there, but there will be no wheat harvest until 1966 out there. They will have to hold back wheat in the silos for three purposes—first, to feed the population; second, for seed wheat; and third, for stock feed which will be needed by primary producers. The situation is tragic in that area. The wheat is at the other end of the State.

I quoted there that we have about 22,500,000 bushels of wheat in New South Wales, but about only 2,000,000 bushels are in the North-west. The other 18,000,000 or 20,000,000 are in the lower mid-West and South. That is the reason why, on item 17 you will see where we have shifted 100,000 bushels. In the last few days it has gone up considerably—approaching 200,000 bushels. The locations are at Edgeroi, between Gunnedah and Moree, and Mount Russell near Inverell. Those are the only centres in

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which for some time there will be wheat in the North-west. It is costing farmers a bit of money. They are paying for part of the transport. It is costing 2s. 11d. to transport one bushel of wheat from Parkes to Mount Russell—over 500 miles. The extra cost is there, but fortunately the farmer is meeting most of it.

The fact that we have been able to maintain wheat supplies is something. There was a statement recently which, unfortunately, the press reported incorrectly. They said "No wheat, flour and wheat by-products would be exported". It should have been "No wheat-flour and wheat by-products". The press put a comma in the wrong place. The Minister has been kept well informed on wheat stocks in New South Wales. I have information which shows the Australian Wheat Board has been most co-operative in holding wheat where they can in drought areas.

Item 18—that is the £250,000 allocated for unemployment relief throughout the State in declared drought districts. I am a member of that committee, on which there are four members. We have a few pounds left, in case of some shires wanting additional assistance. Surprisingly there has not been a big call on that money for unemployment relief, particularly from primary producers. The main call has been from abattoir workers. I was surprised to see that certain shire councils and municipalities located in declared drought districts did not require any of this money for unemployment relief. They could not substantiate their need.

14. Mr SIMPSON: Would Newcastle be one?—I would not be sure which councils were and which were not made a grant. I am not the Minister. Someone asked about another grant and I could not remember it. Some of the councils did not even reply to correspondence.

15. CHAIRMAN: Could you come now to items 7, 8, 9, 10?—I shall refer to item 9. I think it might be interesting to give you this information. I have been trying to get it for some time. It is in connection with disaster insurance in New Zealand. You may have seen some mention of it in the press.

I have looked at it before, and this information I have here has been taken from an official document from New Zealand; it is the official statement. You will find that it does not cover such things as loss of stock or production or anything like that from a flood or a fire, except buildings. It is related to fire insurance. I have always had that impression about it. Certainly the disaster insurance scheme in New Zealand would not operate in New South Wales as many primary producers would like it to operate. It would operate all right for fire or flood knocking over a building; but not for damage to stock and production.

16. CHAIRMAN: Documents 9 and 10 will come within later discussion on preventive measures?—I wanted to present them at this stage because I thought there might be some interest in them.

17. Thank you for your comprehensive survey of the assistance that has been provided so far by the Government. I believe that you have covered all the points extremely well. All members of the Committee have had these documents for a few days. Perhaps you would care to answer a few questions relating to some of the assistance given. You mentioned that you considered the assistance that has been given by the Government during the current drought could well act as a blueprint for the future?—Yes.

18. CHAIRMAN: You believe that the pattern set on this occasion is different from all other occasions, and could well be applied to any future drought? Or do you think that with any future drought we could well start

along different lines?—It could start along a different line by not having the three good backgrounds that this one had. One of the three I have not mentioned. The first was that we had a record stock of wheat, the staple drought fodder in New South Wales. If we had managed it a bit better, we would not be out of wheat now in certain parts of the State. The lesson would be to have ample wheat stocks distributed. The second point is that we had just passed through a remarkably good season, and we had good pastures right throughout the State. The third point—which I have not mentioned but have hinted at—is that the primary producer, from the point of view of ready cash was never as well off before. I mentioned that from wool sales they received £208,000,000 and from wheat £95,000,000. That gave them finance to buy fodder. I think that was a big contributing factor.

19. CHAIRMAN: At a later stage I think we shall be inviting you, if you can come along in the capacity of chairman of the standing committee, to make a submission on the means for implementing drought control measures and so on. You have mentioned water, which is your number one need. You might give some special consideration to showing how you or your committee could use or provide more water to alleviate this in future?—Yes.

20. In statement No. 6 you have outlined the action that has been taken by the Government, and the action normally used to come into effect before this drought, when an area was just declared as a drought stricken area. How many of those were automatically available to the primary producer?—There were quite a few of them, but very few. I would say the main one that he had was the rail rebate of 50 per cent. Also the rebate on transport of stock. But so far as I can find out, in years gone by they had no financial assistance from the viewpoint of actual transport. But there was other financial assistance given. In the 1939-45 drought, from memory, I think that the Commonwealth and State made available £1,500,000. That was largely a wheat drought. They guaranteed every grower of wheat payment for a crop of six bushels.

21. Who did that?—The Commonwealth and State. The dairy farmers also were given a payment. That is why I am saying that this drought is different from the others. They were given money on which to exist. This time they need fodder to keep their stock going.

22. In regard to advances to the dairy societies, a little over £2,250,000—you said in your statement that in the past that had always been two or three years. I understood that was firm on two years?—It was extended. It can be extended from two to five years.

23. It can be, by the bank?—Yes.

24. Has the normal procedure been to extend it to the hardest hit?—The longest I can remember it being extended was three years. There might be longer periods on record. You might have a better knowledge of this than I, but on this occasion I am not sure; I think there would be only four of the many factories and others obtaining assistance extended beyond the two years.

25. I do not know the exact number?—I think about four.

26. You mentioned in item 10 of statement 6, dealing with guaranteed payments for wheat, that you felt it failed because wool firms would not guarantee the loans. Do you feel that is the only reason why this wheat being made available on terms for twelve months was not accepted very greatly by the primary producers badly affected?—I do not feel that was the only reason. I could give my personal opinion, could I?

27. Yes?—I have no evidence to support this. That is, the fact that the wool firms and others, because the Commonwealth Government was not making finance available to primary producers, were being forced to finance growers of wool mainly in regard to their ordinary every day expenses—purchasing fodder and moving stock. And they felt that it was the last straw, when out of the income the wool firm was going to get they had to assign a sum of money to the Australian Wheat Board. Of course, this is my own opinion. That they were using it as a type of pressure in order to make the Commonwealth Government make some money available.

28. CHAIRMAN: That relates to item 20 on statement 6—whether money was made available through the reserve and private banks to primary producers affected by the drought. You say that there was not enough money made available through the banking system to the primary producers affected?—I would not agree with that. I think there was money made available to those who borrowed it. But the consternation came about in the springtime, when there was restocking of the dairy farms. They had to carry out some re-stocking. Now it is the beef cattle and the wool man who will have to do a lot of re-stocking. That is where I believe the banks will have to come to the party.

I can tell you of a conversation I had with two fairly senior people from the Reserve Bank. This is the second conversation I have had with them. It occupied about three hours. They were a bit secretive as to who they were or what they wanted. I had spoken to another member of the bank three weeks before. These chaps came down and said that they were requested to discuss matters with me. In my talk with them I stated that I felt that the primary producers of New South Wales—most of them—had funds from the excellent wheat and wool harvest, and other means, to finance themselves; which they had done. You might say, what evidence have you for saying that.

I put it this way: the ordinary sales of wheat for stock feed in New South Wales amounts to 5,000,000 bushels a year. That is sold to companies, for making stock food. Already in New South Wales we have sold 15,000,000 bushels of wheat this year. The extra 10,000,000 bushels were sold for stock feed to farmers for cash at about 12s. 6d. per bushel. This means that they have paid out, in hard cash, £6,000,000 or £7,000,000 for wheat. But think of the hay, sheep nuts and so on that they have bought.

I explained to these men that I thought the primary producers had been financing themselves very well. However, I considered that it was from now on that they wanted some money. I shall make an explanation here, and it might be helpful to some people. This is something that I told them, and I think it is illuminating. The man up in the North-west in the month of June, with about 2,000 acres, was in an entirely different position to the same man in October. He had, say, 1,000 ewes, which had ten or eleven months of wool on them. Suppose that 800 had lambs in them. He had 500 acres ready to sow wheat. Everything was all right. He was buying a bit of fodder. He did not mind that. He was all right. July, August and September came along. He found out that many of the ewes had lambing disease and he was losing some of them. The ewes did not have enough milk for the lambs. Those that lived were not strong. When he sheared his sheep he got less wool. In September the 500 acres were still there and he could not sow them.

When October came, he had 500 acres of land from which he hoped to get some wheat, and found that he could not do anything with that until 1966. Therefore,

he lost a full year's wheat production. He finished up with, say, 800 ewes out of the thousand. They had no wool on them and no lambs in them. He cannot get any lambs until next Spring, and no more wool until then. He has to work it out, and decide whether he will retain the shorn dry ewes and hope for rain to save them.

Having explained this, I said that it is from now on that these men will be in a critical position, because they cannot see any income for some months. Also, they do not know whether to feed their stock. I said that if they did not feed them, they will want money to replace them. I said that if I were the farmer up there I would be tempted—and I mean this—to say, "I am going to get rid of my 800 sheep even though I get only 15s. a head." It would be better to do that than to feed them at a cost of £1 or £2, and even then might not save their lives. When those animals are sold—and some die—he has only the lambs and 500 acres to sow next year. He has no breeding stock. When he wants to replace his stock, that is where I say that the banks come in.

I stated that I felt that the banks must come to the party and make the money available at that point. The grazier has used his finance. He has no income from wheat. He has a reduced income from other sources. He is the genuine case that wants money.

29. CHAIRMAN: That brings us to a most important aspect of this—rehabilitation. In so many of these areas—I know it applies in the Hunter Valley and on the mid-North Coast, with which I am probably more familiar—that the losses have been enormous. The income is down so much, and the people have no money to make replacements. This gets back to the availability of money through the banks or some form of low interest, long-term loans, to enable them to get back on their feet. Is their anything being done in this regard now by the Commonwealth or the State? What is your opinion about that? Do you think that more money should be made available for this?—Yes. My impression is that it should be made available, but for specific purposes. It should be made available for re-stocking purposes. I mentioned that to these men.

30. By whom?—By the banks. I cannot see anyone else who could possibly do it. I do not think any government, State or Commonwealth, is going to do it. It is a banking matter. When all is said and done, the banks have the means of making investigations. I do not agree that, because a man says, "I want to buy 1,000 ewes for £4,000; I want an advance of £4,000", that he should be given the money. I think that they should guarantee the purchase, and not give him the money.

31. Mr MACKIE: Another distressing feature of this is the shortage of breeding stock?—Yes.

32. And the price the farmers or graziers will have to pay for the replacement ewes. They are up, as you know, on present prices. Normally it might be £4 a head for replacement ewes, and under normal management you can make a profit out of it. But what about the man who has to pay probably £8 a head? He will be another twelve months at least before he can show any return on the stock he buys. That will be a distressing feature of the re-stocking of the properties?—That is one point that I shall come to. After I had mentioned to my visitors the need for money for restocking, I explained there was the difficulty of finding the stock to buy, but felt the farmers would solve this problem even if they had to go interstate.

Witness—L. J. Green, 28 October, 1965.

I do not know the stock number position at the present time, but we must not forget that we have not had any deaths in the southern parts of the State and in Victoria. Western Australia is having its best year ever. South Australia is quite good. Without making inquiries into it, I think we could get replacement stock, perhaps not of the quality the farmers would like, from the southern part of New South Wales and from other States.

33. Mr MACKIE: I think you will find that they will have to pay for them, unfortunately. It is only human nature for the fellows down there to get as much as possible for their stock. The season is very good there now, and in Victoria.

34. CHAIRMAN: I think we are getting a little from relief. You mentioned 2,000,000 bushels of wheat north of Dubbo. What action is being taken by the Government in regard to seed wheat and stockfeed wheat? That is, in this northern area?—I have here a bit of information that may not be official yet. Everyone has been curious concerning the forecast for wheat. It is forecast that there will be 40,000,000 bushels this year. I do not know whether the Minister has released it, but I have that in this document here.

35. Mr MACKIE: Yes, it has been released.

36. WITNESS: I know also that the Minister for Agriculture has written to various primary producer organizations concerned with wheat growers, asking them to do something in connection with seed wheat. You asked about seed wheat, Mr Chairman?—

37. CHAIRMAN: And stock wheat?—Dealing with seed wheat only—and requirements next year—this is something we must remember. In 1957, I think it was, when we had a very poor wheat yield, the result was that in 1958 there was going to be a definite shortage of seed wheat. There was pressure placed upon the Government and the department to either hold stocks of wheat or buy them or do something to ensure sufficient seed. That was done by the Australian Wheat Board, which held a large quantity of wheat. They sold only one-fifth of it for seed purposes. It looked very bad, when we came to this year, to talk about holding wheat for seed. Narrowing it down, in the South and most of the West, we have most of the wheat for seed purposes which can be made available in the North and the North-west. But they grow different varieties there—a lot of premium wheat, which would be comparable with Southern Queensland wheat.

The Department of Agriculture has sent out an instruction to all our officers in the State, asking them to give publicity to the fact that farmers should endeavour to obtain their wheat stocks immediately, of the variety they want. Our purpose is to assist them. As most people know, the wheat belongs to the Australian Wheat Board. The State superintendent has given an assurance that the board will not hinder the sale and purchase of wheat for seed purposes. In fact there is nearly a *carte blanche*. Normally they would have to go through the procedure of making application to the Wheat Board, which would then release it.

Also, we are making inquiries in Queensland to find out what amount of wheat of certain varieties they will be harvesting there. We can arrange for them to hold the varieties we want, in bulk and in silos, in Queensland. But the basis of it, based on the 1956 experience, is to find out just what amount of wheat the farmers want, remembering that those who did not sow this year will have the seed for next year.

38. CHAIRMAN: Thank you very much, Mr Green. That concludes my questions.

39. Mr MACKIE: I congratulate Mr Green on the preparation of these statements. They are very comprehensive. I think this is a thorough record of what has been done to date. My first question relates to a committee formed, I understand, following the 1945-46 period. Do you know anything about a committee—a drought committee—that was in existence then?—Comparable with this one?

40. No. I do not think it was at Government level. It was brought to my notice recently by someone in my district. One man on that committee was Mr Tom Brunskill of Wagga Wagga?—Yes. I think that was a committee of the Graziers' Association.

41. I think it would be a good idea if we found out something about that committee—who was on it and what were its findings. I should imagine they were conducting an inquiry along similar lines to this one. Some of the information gained during their investigation might be of value to us. Do you think, through your department, you can make inquiries, to find out about that particular committee?—Yes.

42. I think it was in about 1945 or 1946?—Yes. It was after 1946, I recall. I was at Yanco in the Riverina in those days.

43. It appears that the main problem will be finance for re-stocking. One of the problems of the man on the land is that only short-term finance is available through the banks. We want more long-term finance from the banks if possible. We had a very good spring last year and produced a lot of wool and wheat. Some people reason that farmers and graziers should have enough money and fodder to tide them over the drought. Apparently they have not been storing as much fodder on the farms as they should?—Yes.

43A. Unfortunately a great many farms today are over-capitalized. Farmers tend to buy new plant rather than to put money aside. They have little ready money available. You mentioned the storage of grain—

44. CHAIRMAN: We are trying to deal mainly with matters that have been raised by Mr Green. It would be better and would save a little time if you could ask questions now and make any submissions later.

45. Mr MACKIE: You mentioned wheat as a drought fodder but you did not refer to oats?—I have the highest regard for oats. Unfortunately it is difficult to get enough storage of oats in a national way. I have not recommended storage of wheat on a farm for stock fodder in preference to oats. Number one fodder to my mind is oats. But I mentioned a national storage scheme. I feel that on the farm, oats is the best type of fodder. Again, that is over the range. It is a different proposition on the coast. The quantity of oats harvested this year is very low.

46. 22,000,000 bushels?—Yes, that was the yield last year. I did a survey throughout the State on the quantity of oats in New South Wales at 1st June. Then we had 13,413,000 bushels. That is all we had left. Oats is not a good exportable product. From the farmer's point of view, oats does not have an assured sale. Wheat has a guaranteed sale but oats can bring any price. Many people would not grow oats for sale. In the Riverina at Wagga Wagga in December last year oats sold at 4s. 6d. and 4s. 9d. a bushel, but in May oats maintained in silos were sold for 9s. and 9s. 6d. per bushel. So they were making money out of that. I am a great believer in oats. Did you mention hay?

47. No. Most of my questions concern future precautions. I think I have covered everything I want with this witness.

48. Mr MASON: Trying to concentrate on what is being done in the past and looking at item 7, it is obvious that most of the money spent has been devoted to the dairy industry. Does the reason for this arise from the fact that the people who have had good seasons and have money on hand are the wheat and wool growers, whereas the dairy industry is in a different position? Does it mean that in the past the Government has concentrated on the dairy farmer and left all other sections of primary industry virtually to their own natural resources?—I feel you will get more information on that from the Rural Bank. However, I shall attempt to answer the question. I was interested in the dairy industry in 1935. We were then encouraging fodder conservation. The government of the day, through the government agency of the Rural Bank, decided to make advances to co-operatives so that they could put up structures, buy fodder and store it for sale to their members in times of drought. The advances were to be at one and a half per cent interest and repayable over three years. The idea was to encourage fodder conservation. That administrative action has been continued until today. Instead of the different factories getting this money in 1963, buying fodder when it was cheap and storing it, having three years to repay and selling the fodder to members now, what did they do? They got the money, bought the fodder and sold it immediately to their members. The only co-operatives today happen to be dairy companies.

49. The bulk of this has been loaded in favour of the dairy industry. The other primary industries have in effect been living on their own resources?—Yes. Might I add that the money is made available only in necessitous circumstances. Lots of dairy farmers did not get any of that money at all, so I would not say it is loaded. Perhaps they have been more favoured in getting it.

50. The largest single factor in government finance has been the £2,600,000 advance in this way. Do you consider this money has been used competently and supervised properly? Is there any suggestion that the money could have been used more effectively?—I find it difficult to answer. The factory gets an amount of money which is lent to it only after investigation by the bank. I would not know how they use the money unless I saw the books of the factory.

51. CHAIRMAN: The gentleman from the bank might be able to answer that more fully.

52. WITNESS: I assume that 99 per cent of the advances is used for the purchase of fodder. This has been extremely valuable: otherwise there would have been no money to negotiate for the purchase of fodder in bulk.

53. Mr MASON: The subsidy for road transport was virtually doubled, I take it. You could say about £200,000 was granted?—I think the figure of £177,000 is given. The actual subsidy paid is £91,617.

54. But the actual cost of transportation was doubled?—Yes, over rail, but the farmer paid half.

55. Almost £200,000 was spent on road transport?—Yes; but that was in two months only.

56. CHAIRMAN: Six weeks in fact. There was a tremendous lift.

57. WITNESS: Item No. 8 states that the £10 per ton subsidy on hay transported by road from interstate operated from 15th June to 31st July, 1965, and applied to the pastures protection districts of Gloucester, Maitland and Denman-Singleton only. The cost of this was about £90,000. This means they transported about 9,000 tons.

58. Mr MASON: 9,000 tons?—Yes, that is right.

59. Do you consider this amount had to be spent, that the railways could not handle that amount of traffic?—That is correct. The scheme was brought in after discussions with the railways. As I said before, it had a good effect on the remainder of the State. More trucks were moving in New South Wales. Fifty more trucks, which previously had been going down to Albury and places like that, were operating in New South Wales. The number of trucks increased from 175 to 225 per day.

60. You would prefer the railway questions to be left to railway authorities?—Yes.

61. Sheep farmers had to spend £2 or £3 a head to keep their stock alive, and so far there has been no way in which they could receive assistance. Very few of these provisions have applied to them?—They did not receive monetary assistance. The only assistance they received was the waiving of the road tax of threepence a ton mile. They also received the 75 per cent rail rebate and bought wheat at a fixed price.

62. Mr WATTISON: I am interested in examination of the underground water system, utilization of bore water where surface water does not exist. Do you know anything of this?—I am not too conversant with water.

63. Mr SIMPSON: I am a novice in this sphere of operations and I will have to ask you to bear with me. This drought has been continuing since last February?—Yes.

64. Any measures taken so far with free water and rebates on rail and road transport have not stopped yet?—No.

65. Any finance from the Government or any other source for re-stocking would be useless at present. There would be no use getting cattle or sheep and putting them on the property to let them die?—That is so.

65A. So that the finance for re-stocking will be needed when the drought breaks?—That is a very good statement. It is the one that concerns me. When we get a good break in the drought, what will we use for stock to eat the pasture?

66. There are records in your department of earlier droughts?—Yes.

67. Is there any regularity in the periods between droughts?—Some people who like to make statements on that say seventeen years, but personally I cannot go along with them. If they say seventeen years in Sydney, is it seventeen years also in Darwin and Perth? Rarely do we have a drought throughout Australia of the same intensity at the one time. At present Western Australia is having a marvellous year with a record wheat crop. In New South Wales we have a fair wheat crop in the south but nothing in the north. People colour their views a little by speaking of a certain area.

68. This drought is abnormal, covering a big area as compared with localized droughts. From experience of previous droughts, was any organization or procedure set up to deal with droughts from the government's point of view?—Yes.

69. You have an organization?—No organization is set up as an established organization. As far as I can ascertain, following each drought some action has been taken to alleviate the effects of the next drought. In 1902—I was not alive then, of course—people from overseas came out here. They did two things after that drought. Everybody started to fallow to grow wheat. We concentrated on our bore water for water supply. In the 1935-36-37 drought

Witness—L. J. Green, 28 October, 1965.

the government, through the government agency of the Rural Bank, brought in a number of schemes to make finance available. It was thought after that drought in the middle of the depression that money was everything.

70. Was there a drought in Muswellbrook, Merriwa and Denman about 1939? It was bad there for a number of years, very dry and dusty. Is that the drought you mean?

71. CHAIRMAN: That might have been the 1939-45 drought.

72. WITNESS: That is so. There was a short-lived drought in 1932-33-34. That is when legislation was brought in covering the government agency of the Rural Bank. I have a list of all the droughts here.

73. Mr SIMPSON: Nothing has been done by the Government or other organization to impose an obligation on farmers to conserve hay or wheat?—No.

74. There is no obligation on the ordinary farmer at all?—There is no compulsion on the farmer. There is an obligation on him for his own security. If he is wise he will conserve, but there is no compulsion on him. I would be the last one to make it compulsory for anyone to conserve fodder.

75. Farmers can go ahead year after year selling at the best price, building up their farms, installing more machinery, buying motor cars for the family and having a trip overseas now and again, knowing that in time of drought the Government will step in with free fodder from Victoria and South Australia. Does there not seem to be a short-coming there?—There may be. I do not know whether this Committee will advise a method of compulsory insurance. We must not forget that not all of the 75,000 farms in New South Wales are owned by the farmers. A lot of farmers are share and tenant farmers, and I do not see how you can compel them to conserve fodder.

76. CHAIRMAN: This is more in the realm of ways and means, of preventive measures.

77. Mr SIMPSON: Yes. It is most important.

78. CHAIRMAN: I agree.

79. Mr SIMPSON: I shall leave that aspect.

80. CHAIRMAN: Leave it until a later stage. I agree that it is the most important aspect.

81. Mr SIMPSON: According to you, wheat is the best and cheapest fodder, and has more natural vitamins than hay to keep the cattle alive. I notice that the Hunter Valley milk area needs hay as well as wheat. What is the reason for that?—You cannot feed only wheat to dairy stock and get milk from them; you must have hay. Feeding a milk cow is different from feeding a steer out in the country. You feed the steer to keep him alive. You want production from the dairy cow at the same time, so hay is essential. I was not looking at the future so much when I mentioned wheat. I have shown that we brought a huge quantity of hay from Victoria, but this

hay went to the coast only. I did not mention that a ton of hay had gone over the range. The dairy cows need hay, and the beef cows with calves.

82. There are figures of the comparative costs of wheat cartage by road and on the railways. There seems to be a terrific difference, of about £100 a ton?—£100 a ten-ton truck.

83. That is for wheat carried by rail, with about £60 subsidy being paid, the cost to the farmer being about £20?—I said that hay coming from the Victorian border to Maitland or Gloucester costs about £80 for a ten-ton truck load. It costs a little less, but that is the round figure. With the 75 per cent rebate the farmer pays about £20. He is subsidized £60 or £70.

84. The cost of road transport is about double the railway charge?—Yes. The road transport cost on hay from Victoria works out at about 5s. 6d. per mile per load. Whether the load is eight tons or twelve tons, it is still 5s. 6d. per mile per load. A lorry carries perhaps 400 bales. A bale is not like a pound of sugar. One bale weighs 40 lb, another 50 lb, and still another 70 lb. The man loading it puts 400 bales on, and the load cannot go any higher or wider: the law will not permit a larger load. He finishes up with 8½ tons. The next load might weigh 11½ tons. They still charge 5s. 6d. per mile per load.

85. Road transport is mostly done by contract?—It is all done by road hauliers.

86. On contract?—Yes. All that money—£91,000—was paid to road hauliers.

87. Does the same difference exist in the carriage of ordinary commodities, say from Newcastle to Melbourne? Does it cost twice as much to transport these commodities by truck as by rail?—I cannot answer that. There are different rates in New South Wales—fodder rates and fertilizer rates. Grocery rates are terrifically high.

88. Mr MACKIE: You can get only a certain number of bales on a transport. They charge so much per mile according to the weight. They needed the hay so desperately in the dairy areas, and they could not get enough rail trucks to meet the demand, so they had to resort to road transport to save stock. Another point is that New South Wales rail trucks are of smaller capacity than Victorian trucks. A lot of hay was sent from Victoria to individuals, but they could not get the full load on the New South Wales trucks.

89. CHAIRMAN: Mr Green, Mr Simpson still has some more questions to ask you, and I understand that Mr Jackson will be asking you a number of questions. Therefore, we would like you to come before us again at 12 noon on Thursday next?—Very well.

(The witness withdrew.)

(The Committee adjourned at 4.20 p.m. until Thursday, 4th November, at 12 noon.)

AT SYDNEY ON THURSDAY, 4 NOVEMBER, 1965

(The Committee met at 12 noon, deliberated and began taking evidence at 12.15 p.m.)

Present:

Mr L. A. PUNCH (in the Chair)

Mr W. A. CHAFFEY

Mr REX JACKSON

Mr G. C. MACKIE

Mr J. M. MASON

Mr J. B. SIMPSON

Mr W. E. WATTISON

LAUNCELOT JOHN GREEN, Chairman, Inter-departmental Standing Committee on Drought Relief, further examined:

90. CHAIRMAN: We shall continue with the evidence where we left off. Mr Simpson was asking some questions.

91. Mr SIMPSON: Apart from the farming interests which have been so severely hit by this drought, what about business people and others? Has your committee taken their plight into consideration as well as the plight of farming interest? Has it considered as well other people who might be suffering as a result of the drought—such as employees in abattoirs? I saw some figures not so long ago that Newcastle abattoir had to put off about 200 men. Has anything ever been done, suggested or recommended in the way of some assistance to be granted to these victims of the drought?—Yes. In the early days of the drought it did not affect the townspeople so much but the persons who were being most affected were farm employees, particularly in dairy districts, and also share farmers. Action was taken early to bring them to the notice of the committee. The result was that ultimately about £250,000 was made available for unemployment relief in declared drought districts. Shire and municipal councils were asked to give the position in their areas, not only for primary producers but those who were affected by the drought, even if they were working in shops and suchlike. You made the point about abattoirs. We found out in the survey that the most acutely affected people in many areas—I refer particularly to Bourke where there is no other alternative employment—were the employees in abattoirs. The £250,000 was allocated to shires and municipalities in declared drought areas where there was unemployment, no matter of what nature, brought about by the drought. The allocations varied generally between about £2,000 and £4,000. I think the maximum was at Bourke, because of the abattoir out there, and that was about £9,000.

92. I appreciate that. Is it that no consideration has been given, for example, to Newcastle, which is not a declared drought area? Would any consideration be given to employees of the Newcastle abattoir by way of grants to the local council for relief work of this kind?—Actually Newcastle is in a pasture protection board district which is declared a drought area, so we could make an allocation to that city. The amount of money allocated, from memory, was £5,000, and it was mainly allocated there because of the abattoir workers and also those workers engaged in handling wheat cargo.

93. Within the last few weeks there have been several public statements made with regard to the drought—first of all one in Parliament when Mr Renshaw moved a motion of urgency and subsequently on 14th October. Recently I saw an article in the *Daily Telegraph* of 3rd November along much the same lines as enunciated by

Mr Renshaw. Apparently the paper thought as I do, that payment should have been made, or very large grants or loans should be made, to the farmers themselves at low-interest rates to tide them over the drought and to take whatever measures were necessary—purchasing fodder, as distinct from fodder granted to them free. Mr Hunt, who is chairman of the New South Wales branch of the Country Party, blamed the Reserve Bank for the producers' plight. In the course of his remarks he said that the Reserve Bank had completely failed to realize that the banking system was not geared to provide the long-term low-interest finance needed for specific drought relief. He went on to say, "Thousands of wheat, wool, meat and milk producers will receive no income, at least for this season. On top of this burden they have been undertaking costly hand feeding for many months. Without exception, these primary producers now have no prospect of any worthwhile income for several seasons, even if the drought breaks this week." They apparently think that the federal Government or the Reserve Bank should issue substantial low-interest loans in these drought areas. Has that ever been taken into consideration by your committee and has any recommendation been made to the federal Government along those lines?—I can answer the last part of the question, yes from knowledge to hand. Representations to the federal Government have been made through the Premier of New South Wales. In regard to the action taken by the committee, the answer is also, yes there, because I assure you that one of the most disturbing and perturbing features of this drought is that although farmers, graziers, dairymen and others were able to purchase to a large extent fodder to keep their stock alive and also purchase bread and butter for themselves, to my mind many of them will not be able to finance replacements of stock. In other words, if we go to the dairy areas where a man had fifty cows and through forced sales and deaths is now reduced to thirty cows and very little income through the winter, it means to say that although he could carry fifty cows on his place because the pastures are up to average standard, he is carrying only thirty. Production is not what it should be and he is losing money. Naturally he wants to replace those missing twenty cows. It is hard enough to get them; and to get the kind he wants he would probably have to pay £40 or £50 a head. At £50 a head he must pay £1,000. Many dairymen cannot find that £1,000 and if they were able to find it, it is a burden on them having to pay a high rate of interest for replacement stock. I can give a similar story to that for the sheep man. Many sheep men have lost a large number of ewes. I think we spoke of this before. To replace those ewes they would require something in the nature of £2,000. Having spent a lot of money on fodder, with no income until next year in many parts of the State, either from wool, meat or lambs, I am afraid they will not be able to carry that burden of finding £2,000 or more just for the replacement of stock. That, I feel, is the biggest problem at the present time.

Witness—L. J. Green, 4 November, 1965

94. From your experience do you think it would be possible, or would have been possible, if such loans as suggested by Mr Renshaw and Mr Hunt had been made to have prevented the loss of stock in the first place?—I doubt whether that would have prevented the loss of stock. I must say that I know of very few men who were not able to obtain fodder to keep their stock alive. We had the unfortunate experience of a lot of aged stock dying through perhaps not the right kind of fodder. Milking cows need a lot of hay and ewes which are lambing do not like wheat only. So we lost lambs and calves but the number of stock that died from hunger would not have been so very great. I admit there were forced sales. A lot of cows and old ewes died from old age plus the conditions. We had the unfortunate experience on the far North Coast of 7,000 dying when a storm with 14 inches of rain came. I admit that their low condition from the drought brought that about, but they could have been in that condition in any other area just because of shortage of feed. I do not think myself that a greater amount of money available earlier would have made a very big difference in the number of stock lost.

95. If these low-interest-rate loans as suggested are not going to be available, would it be true to say, as it has been suggested in this article, that many of the small farmers would be forced right off their property. They say there will be no income for several seasons. That would mean several years?—I cannot agree with no income for several seasons. That would not be correct. It is estimated with beef cattle they will take three or four years to build up stock numbers. Many calves—female calves—died and so until about three years time we shall be short of breeding cows. With sheep it is not quite the same. We have quite a number of young sheep still in existence and in two years they will be breeding. If we take several as three or four years for cattle and two or three years for sheep I would agree with that.

96. The chairman of the Country Party is reporting the views of a special committee and he says definitely that thousands of wheat, wool, meat and milk producers will receive no income for this reason and it is expected that these producers will have no income for several seasons, even if the drought breaks this week. If he is correct it would mean that most of the smaller producers who have no great financial resources would be forced off their properties?—That is conceivable. One would have to examine each case individually. There might be small men able to obtain finance from some source but you might get a big man who cannot get finance; he has the land but cannot get the money. It is no use having 3,000 acres of land with no stock on it. One does not get income from that. If I might enlarge on one point and express an opinion—I might not have an opportunity to do it later on—I should like to comment on this finance for the purchase of wheat. In the last big drought in 1946 a sum of £1,500,000 was made available to primary producers in the form of a grant.

97. By whom?—Half by the State and half by the Commonwealth, from memory. One of the features of that particular drought was that practically the whole of the State had a failure in the wheat crop and some of the money was used to guarantee a yield of 6 bushels to the acre to the wheat man. If a farmer was growing 300 acres, he was credited with 6 bushels an acre, which was in the form of a grant. I am not in favour of grants unless there are specific circumstances. I think that instead of making that money available as grants in this particular drought—the pound in those days would be of much greater value and £1,500,000 then would be equal to £4,00,000 or £5,000,000 these days—

98. £5,000,000?—Yes. If that were made available for specific loans, at a low rate of interest, for the purchase of stock, I think that would be the best thing that could be done.

99. Mr JACKSON: Does your committee know of any control that the department or the Government or your committee might have on the distribution or sale of manufactured stock feed during a drought year?—I know of no control at all except under the Stock Foods and Medicines Act. If it does not come up to the standard for which it has been registered, action is taken; but there is no action or control on distribution or price.

100. Do you or does your committee consider that during the recent drought a great number of farmers were subjected to exploitation by stock feed manufacturers or agents selling stock feed?—That is a very difficult question to answer, but I made some inquiries of the stock feed manufacturers. I have in mind two of them. They provided me with some figures to show that they were charging prices that were increased only in proportion to the increase in the cost of the constituents. The price of wheat in New South Wales for home consumption is fixed and if wheat is the major part of any stock feed they do not increase the price. Wheat was available, and the price was the same. But I did instance oats. Oats were purchased by stock feed manufacturers at from 4s. to 4s. 6d. a bushel. I know the same oats from the same district were being purchased in the month of May this year for 9s. 6d. a bushel. Naturally, if 20 per cent of any stock feed were oats—and oats is in quite a number of stock feeds—they put up the price. That is one of the instances which I investigated in May because someone told me that this firm was charging exorbitant prices. I have not inquired about the position lately. As animal protein, meat meal is a valuable constituent of concentrates, particularly for poultry and stud stock. The price of meat meal is prohibitive and one cannot obtain it. This has also sent up the cost. The other day I saw some figures to show that we have imported meat meal and also peanut meal and soya bean meal, which all supply protein.

101. In other words, the committee has ascertained in certain instances that as a result of the drought there have been tremendous increases in the costs of farmers? In other words, there would be some exploitation in the distribution or sale of the fodder, as a result of its being scarce?—Yes, I would have to say that it has with all types of fodder. The farmer I am referring to was selling oats for 4s. 6d. a bushel, and the same oats were sold later on for 9s. 6d. a bushel. Hay was being sold up to a certain price, and the same shed of hay went up in price as it became scarce in New South Wales. Everyone selling fodder increased his price to what he could get for it.

102. He looked for the highest market?—Yes.

103. Having in mind that you and the other authorities consider that the recent drought was one of the worst on record, what are the most beneficial advances in recent years to counter the adversity suffered by farmers because of the drought? Keep in mind improved roads, water conservation and better means of transport and improved storage facilities. Having taken into consideration the advancement in transport, storage and other matters, what do you consider to be the advances most advantageous to the country and to the primary producer in recent years to counter the effects of drought?—I would not say that this was one of the worst droughts on record. It is only twelve months old at present but, if it extended for two or three years, then it would be one of the worst. I am thinking of the other droughts, some of which have gone on for five or six years. There

was the 1939-1945 drought and the 1895-1903 drought. This has been a very severe drought and one of the reasons it has been severe is because we have stocked up to the limit. Pasture improvement has developed over the years and, with the destruction of rabbits, most properties carried a large number of stock. We have a record number of sheep in New South Wales—about 72,000,000.

In regard to the fortunate features of this drought, I think that one of them was the ability to transport rapidly by road, over long distances, fodder that was available somewhere. I am thinking of the hay in Victoria and the wheat grown in the south coming up by rail to the north. There was mobility; this was never quite the case in any previous drought. Mobility was one advantage. Another big advantage was the record wheat harvest last year. Once again, I consider that wheat in any drought is the number one fodder. It can be used for most classes of stock as a complete fodder. For dairy cows and ewes in lamb you want some hay. We had 135,000,000 bushels of wheat. We have never had an amount as big as that before. So, we had feed for them. The fact that we could move it from the silo to the property by road was a big advantage. Collectively, mobility and the fact that we had the fodder saved the life of a lot of stock.

104. What relation has your committee or the departments with the Australian Wheat Board in regard to the sale of wheat? Is any allowance made by the board to meet such an emergency as the present drought?—No allowance, except very good co-operation. The Australian Wheat Board is the authority for selling wheat grown by every farmer in Australia, not only by farmers in New South Wales. There is a general price throughout Australia for wheat for home consumption. As soon as a man in the field harvests one bushel of wheat, it is not his property but belongs to the Australian Wheat Board. For that reason the Australian Wheat Board must sell its wheat on behalf of the wheatgrower. But the board is realistic in knowing that when the farmer whose wheat they are selling is short of fodder, that it should do all it can to help. I have had a lot to do with the personnel of the Australian Wheat Board and at no point of time have they been other than co-operative in retaining stocks at silos in certain parts of the State or in transferring wheat a distance of 500 miles from the south to the north, and doing all the work, although there is no compulsion on them. Compulsion would not have brought about any better results than co-operation has done.

105. Having in mind that the Australian Wheat Board is a nationalized instrument to promote the sale of wheat, it would be possible for it to arrange sales out of last year's record crop. This adverse drought occurred and the farmers were left, first of all, in a serious position as a result of lack of wheat for fodder. They were also faced with possible embarrassment in regard to seed wheat. What is the position there? Out of that record crop, provision would be made for seed wheat for the farmers themselves?—Yes, but the A.W.B. is an outside body or organization. I am thinking of the farmers being required to take any part in making seed wheat available for everyone in New South Wales. The practice is for the wheatgrower to keep his seed wheat and a bit more for next year. When he sows his own crop and has a failure, he gets into trouble for seed wheat for the next year.

This could eventuate as a result of the drought now, if the wheat crop fails this year, in the coming season. They will be all right in the Riverina, but in the North-west there could be a shortage of seed wheat. We do not know the

amount we will be short. In 1957, a very bad drought year throughout the State, the Australian Wheat Board was asked to hold so much wheat for seed purposes. They held that wheat over. It was farmers' wheat, that they should have been selling and when they held it over, the following autumn about four out of five farmers who wanted wheat found that they could get it from a neighbour who had a bit on hand. The quantity reserved was about four or five times as much as was required by the wheatgrowers. On that experience it is very hard to say what is required in this coming autumn by wheatgrowers in the North-west. Action has been taken by the Minister for Agriculture to approach primary producers' organizations interested in wheat-growing and to ask them to make a survey of their requirements. Action was taken with the Australian Wheat Board and also with the Queensland Wheat Board to reserve certain quantities of seed wheat. A lot of our varieties of wheat grown in the North-west are comparable to those grown in southern Queensland. They are different to those grown in the Riverina.

106. The primary responsibility of the Australian Wheat Board is to sell wheat on behalf of the farmers. Its primary function is to arrange for the sale of the wheat. If you found you had an unco-operative wheat board, what would be the legal position or the constitutional position in controlling first of all the storage of wheat to meet a drought and the storage of seed wheat, in the event of a two-year or a three-year drought, by the New South Wales Government or the department?—That is a difficult question to answer. The Australian Wheat Board is a Commonwealth body and is directed by the Commonwealth and every grain of wheat is the property of the Commonwealth, so it is their decision. I made a submission in connection with future droughts and what might be done in regard to them. My first submission was in regard to the reservation of a quantity of wheat throughout New South Wales which had been bought by either the Government or farmers' organizations, so that one could say "This is our wheat and we can do what we like with it." I mentioned buying 10,000,000 bushels at a cost of £7,000,000. Once we buy wheat from the Wheat Board, it is a simple matter to arrange for it to hold it for a period of time, maybe for years if necessary, until it is required by primary producers in a drought. If it cost 12s. 6d. to buy that wheat today and the storage charge over five years amounted to 1s. or 1s. 6d. a bushel, farmers would not need to conserve wheat on their farms for there would be a national scheme for conservation and we would have 10,000,000 bushels available for feed at what it cost, plus the storage charges.

107. There is a constitutional difficulty that should be rectified, in that there should be conservation of a certain amount of wheat to make allowance for drought and also to meet seed wheat requirements in the event of a prolonged drought. The Wheat Board could arrange sales in a record production year such as last year and we could be left in an embarrassing position because we would have no legal claim to the wheat produced in this State?—As far as I know, we have no legal claim, because it belongs to the Commonwealth Government, and they might have contracted to sell overseas. It would be a sorry state of affairs if we let all the wheat go and let our farmers be without wheat for feed.

108. This is something that could arise? They could anticipate another record year. There could be a shortage of storage facilities and all of a sudden we could have a storm. Is your committee a permanent committee?—No, it is a committee that operates only during the current drought and makes a report or recommendation for action in future droughts.

Witness—L. J. Green, 4 November, 1965

109. I think the Government is to be congratulated on forming a standing committee which was probably necessary to meet the drought position. Do you consider that there should be your committee or any other permanent committee to watch this position in view of the adverse effects, national and State, that a drought can have?—I happen to be a member of the State permanent committees dealing with floods and bush-fires. The administration of those is comparatively simple. It is either bush-fire or no bush-fire; flood or no flood. The difficulty about drought is to decide exactly where the drought is, and when it begins and when it finishes. I do not think there would be any great advantage in having a permanent drought committee. Bush-fire committees or flood committees are specific. There could be an organization which would be advisory to the Government or could handle those matters but I cannot see what it could do in a material way, as the bush-fire and the flood relief committees do. We have money and we know that a particular farmer has a severe flood or a bush-fire and we assist him. He can go to the Rural Bank and knows exactly what he has lost. In a drought it is not so much what he has lost, but what he might lose. We do not know what the position will be in six months' time. It could be a good autumn or a drought.

110. Do you consider that a committee would be beneficial from this angle, that the personnel would be there and once there was an indication that we were—

111. CHAIRMAN: At this stage Mr Green has given a submission about what has been done. I think the points you are raising are important and will be discussed very fully as we go on, but it has to deal with the future. At the moment let us keep to the submissions that he has made to the Committee to date. Mr Green will be returning later on to make submissions on what might be solutions for the future, and I think your points are very good ones for that, but are slightly off the beam at the moment.

112. Mr JACKSON: What action did the committee take to plan the control and the marketing of fodder. Did the committee recommend to the Government that there should be proper distribution and price control in the event of a State-wide drought?—It did not enter into price control in regard to this drought because I was informed that we could not do anything in connection with price control. We were more concerned to find where the fodder was and to tell people where they could get it. We located huge quantities of hay in Victoria and they sold it down there. We would not enter into discussions on whether we could or could not do anything with regard to price control.

113. Do you agree there is a great deal of understanding and sympathy by those who had fodder for sale? I think that was evident in other States and other parts of this State?—Yes.

114. Your committee experienced a great deal of co-operation?—Yes.

115. By certain organizations and primary producers?—That is correct. No matter where we went, people were sympathetic towards the farmers in declared drought areas and they were prepared to sell fodder—and I think they sold it at a reasonable price—and also in many instances to arrange transport for us.

116. Has the committee made any arrangements for the re-stocking of some of these badly affected areas in regard to the purchases of dairy cows, sheep and other animals?—No.

117. CHAIRMAN: I think you are still off the beam.

118. Mr JACKSON: I am asking what the committee has done.

119. CHAIRMAN: I do not want to restrict questions on it, but you are more or less asking Mr Green at this stage about re-stocking.

120. Mr JACKSON: No, I beg to differ. I am asking whether any action has been taken. I have either questions on the past or on the future. You said I cannot ask questions about the future. I am asking whether the committee took any action in the past.

121. CHAIRMAN: Carry on. There is a time element and we shall have an opportunity to discuss this later.

122. Mr JACKSON: I think they are important questions. I have been debarred from asking questions about the future.

123. CHAIRMAN: You have not been debarred from anything. You are only asking about measures which have been taken at this stage.

124. Mr JACKSON: Have any measures been taken to date because some farmers in serious drought areas have suffered heavy losses of animals? Mr Green has touched on this and we have a submission on the re-stocking of some of these badly affected areas. This committee can act in an advisory capacity and it may be very valuable to those people who have suffered greatly as a result of cattle and sheep dying. Could this be a function of the committee, or has it been?—Yes, it has been. One of our first submissions to the Cabinet sub-committee was in connection with finance for the replacement of dairy stock. We have mentioned that already in our discussions. In regard to the availability of stock, whether it be dairy cows, ewes, or beef cattle, that is something we have only inquired about. In Victoria there is no dearth of stock. In the Riverina there have been no losses. Fortunately a lot of the men in the Western Division transferred their stock to agistment in Victoria. From that point of view I inquired on behalf of the committee and we felt six or eight weeks ago that stock of all types was available, with the exception of young heifers, to replace the loss of dairy stock. Farmers carry dairy stock up to two or three years of age for replacement, whereas they will carry ewes for a number of years, and ewes breed more rapidly than cows. Replacement of cows will cause a bit of trouble, but I am not so worried about sheep.

125. I notice in one submission that finance has been made available. Most of this has been made available by the Treasury and through the Rural Bank. The Rural Bank has assisted greatly in this drought period. Has this same assistance been evident with the private banks?—I do not know.

126. Has your committee investigated that?—No, because I thought it was outside the scope of our activities. We were concerned mainly with getting fodder.

127. Mr JACKSON: It is probably a question for Mr Oliver.

128. CHAIRMAN: Money made available through the Rural Bank is sent through the dairy societies.

129. Mr CHAFFEY: Would you explain to the Committee the legal technicalities involved in the movement of wheat from Parkes to the north-west and how the State Government becomes involved as being the owner, outside the Wheat Board's operations? This may help the members of the Committee who are considering this matter of future reserves, as to who has got to purchase wheat and own it and hold it and accept responsibility. If you explain that, it would help the Committee in their thinking

later on when we consider our recommendations?—The price of wheat in New South Wales is fixed f.o.b. Sydney or f.o.b. Newcastle. Every bushel has its price based on that. The grower in the country gets the f.o.b. price less the freight charges from the country. The f.o.b. prices unfortunately will not be known until every bushel of wheat from the harvest has been sold and it is conceivable that it could take three years. You have a price in New South Wales and to keep it at a reasonable figure the Australian Wheat Board or the Commonwealth Government acted and said that the home-consumption price of wheat shall be so much per bushel at each silo based on, I think it is, 14s. 6d. at ports. Every wheat silo in New South Wales has a different price for wheat, and that is the local price to buy it. Let us take Parkes, where we have been shifting wheat to Edgeroi and Mount Russell. The Wheat Board were not going to spend £1,000 to send a load 500 miles to Edgeroi and sell it at the same price. They could not increase their price. The proposition was for someone to buy the wheat. This is the co-operation I mentioned before: "We shall shift the wheat up there and we shall also voluntarily sell it for you at a price which will show you no loss." The Government of New South Wales did not actually buy the wheat but it did guarantee to buy it. It was shifted by rail from Parkes, in a number of train-loads to the north-west, and sold to the farmer at a price at which he pays a proportion of the transfer fee cost and the Government pays part. But it is not Wheat Board wheat that is being sold at Mount Russell or Edgeroi, it is Government wheat. We had to buy it to get it from the silo at Parkes.

130. I wanted to make that point. When you come to think about the retaining of reserves in the future, someone must accept responsibility outside the Wheat Board. I wanted to raise that point so that it could be thought about later. Another question is to outline to the Committee the discussions that have taken place between you and officers of the Reserve Bank generally in their assessment of the over-all position to guide them in what action is to be taken in the central banking field?—I mentioned here earlier that two men from the Reserve Bank discussed with me finance generally for producers. I informed them of the drought position and I told them that my greatest fear and the committee's greatest fear was that there would not be money available at a reasonable rate of interest in the future to allow men to purchase stock for re-stocking. They spoke to me in regard to the general financial position of industry as well. They had a very good grasp of the fact that secondary industries were feeling the drought severely. I endeavoured to impress upon them that if the secondary industries were feeling the drought, it was because of the primary industries having been first affected, and that this was a reaction from the primary industries. Whether the secondary industries were making motor cars, farm machinery, or anything at all, it was largely because the primary producer either did not have the money or in many instances could not see the money coming in to enable him to carry on and buy the things that he might like to buy. I left them with the thought, after explaining all about the drought, that the first requirement was liberality in regard to finance available for the purchase of stock at what I consider to be a reasonable rate of interest. I mentioned that I thought 3 per cent or 4 per cent was reasonable. I stressed also that when they were assessing necessitous cases, they should be wide in their interpretation. They would be handling men who could not see any income until next year. I am thinking of the wheat man with his sheep, his wool and his lambs. I said that they did not want to say that this man has so much money today, so much capital, and expect him to buy stock with it, but to realize that whatever capital or finance he had would be required for ordinary expenses to carry on for at least

another ten months. I think they appreciated that point but I do not know what they will do. I gave them the complete story.

May I answer a question Mr Mackie asked in regard to Mr Brunskill. I made inquiries and I cannot find any committee that Mr Brunskill was on in about 1945-1946 but there were two very big conventions in 1935 and 1937, in which Mr Anthony Brunskill took a big part, organized by the Royal Agricultural Society of New South Wales. Mr Brunskill, who is a leading light in New South Wales in fodder conservation, placed before the conference—which was attended by Government personnel, members of Parliament and others—certain propositions in connection with fodder conservation. The records are held by the Royal Agricultural Society out at the Showground.

131. Mr MACKIE: Nothing about 1946-1947?—No. He might have been on some graziers' organization, or something like that, but I could not find any official record.

132. Mr MACKIE: I will make inquiries myself.

133. WITNESS: The Chairman asked me if I could let him have something on a fodder conservation scheme for co-operative and dairy companies and rural societies in regard to finance. I shall not enlarge upon it but will merely submit it. I have sufficient copies here. One is a fodder conservation scheme for co-operative dairy companies and rural societies and the other is a fodder conservation scheme for storage of oats lying on farms. These, coupled with the wheat scheme I mentioned before, are the committee's three schemes, which I feel could be adopted not only as sound financial propositions but also as sound fodder conservation propositions.

Motion—That the submissions be incorporated in Mr Green's evidence—agreed to.

134. CHAIRMAN: Thank you for coming along to give evidence. As we said last week, we would appreciate it if you and your committee could compile a submission along the lines of the other terms of reference of the Select Committee and make recommendations which you believe may offer a solution to overcome these problems.

At the request of the Chairman, Mr Green submitted two additional statements on measures to be considered in connection with drought control and drought relief to minimise the effect of future droughts. These will be referred to as Statements Nos. 11 and 12.

FODDER CONSERVATION SCHEME FOR CO-OPERATIVE DAIRY COMPANIES AND RURAL SOCIETIES

(STATEMENT No. 11)

The Rural Industries Agency of the Rural Bank for many years has had amongst various conservation schemes one applying specifically to co-operative dairy companies and rural societies. Generally the scheme provides for the co-operative to receive an advance to purchase fodder (hay, grain or concentrates) for storage by the society against drought. Also funds are made available on loan for erection of storage facilities.

The present limit of the loan for purchase of fodder is £10,000 (\$20,000.00) at interest of 4½ per cent per annum repayable over a minimum term of three years.

Witness—L. J. Green and A. Oliver, 4 November, 1965

For construction of storage facilities a loan of £1,000 (\$2,000.00) may be obtained at the same rate of interest repayable over fifteen years.

It is considered this scheme offers an excellent means for dairy co-operatives to purchase hay during periods of plenty and low prices for storage and use during a drought. It is possible to purchase good quality pasture hay in seasons of plenty at £5 (\$10.00) per ton. There is a rail concessional rate of 30 per cent rebate on the carriage of hay for storage for use as drought feed. If a dairy co-operative purchased say 2,000 tons of hay and stored it in a shed at a landed cost of £6 (\$12.00) per ton, it should be possible to hold this hay for a number of years and sell it at a reasonable figure to cover all costs involved. At an annual interest rate of 4½ per cent it would be eight years before the hay had a cost of £10 (\$20.00) per ton. During the present drought it cost dairy co-operatives in mid-coast districts an average of something like £25 (\$50.00) per ton to purchase and land pasture hay at the co-operative dairy companies premises.

On the basis of 1 ton of hay being ample feed for one milch cow for a period of three months, conservation of 2,000 tons of hay means that 2,000 cows could be kept in full production for three months with 2,000 tons of hay plus concentrates. Of course the quantity of hay could be reduced to a maintenance ration when the number of cows fed could be increased to 4,000 head.

It is considered that if dairy companies and rural societies were to use a scheme based on the one at present in existence large quantities of hay could be stored throughout dairy districts and we would not have the position with the last drought where hay had to be transported a distance of 800 miles from Western Victoria, both by road and rail, at a high cost in order to merely keep stock alive.

I consider the co-operative scheme for storing hay for use by dairy farmers preferable to any scheme, either by encouragement or enforcement, to store hay on individual farms. Of course every encouragement would be given to dairy farmers to make hay, or purchase it when the price was low, and to store it on their farms. However, this would be a voluntary effort, but Government Agency funds from the Rural Bank could be made available at lesser amounts under the scheme proposed for co-operative dairy companies and rural societies.

JOHN L. GREEN, Chairman,
Standing Committee on Drought Relief.
4th November, 1965.

FODDER CONSERVATION SCHEME FOR STORAGE OF OAT GRAIN ON FARMS

(STATEMENT No. 12)

Amongst many schemes administered by the Rural Industries Agency of the Rural Bank to encourage fodder conservation by farmers is one which permits finances to be made available for purchase and storage of various types of fodders on farms. Included in this particular scheme is provision for purchase of grain silos and oat grain to store in them. The cost of a 2,000 bushel capacity grain silo erected on the farm would be about £300 (\$600.00). Oat grain would be grown by the farmer or could be purchased by him in times of plenty at a cost of about 5s. (50c) per bushel. If required to purchase both the grain silo and oat grain the total cost to a farmer in the first year would be £800 (\$1,600.00). Of course, most farmers in wheat-growing districts would grow their own oats so the only monetary outlay would be for the silo.

Allowing 1 lb of oat grain per day as the maintenance ration for a dry ewe the 2,000 bushels of oats stored would feed 800 dry ewes for three months. This is probably the cheapest form of farm produced feed for sheep, and oat grain can be safely stored in an iron silo for very many years. It does not deteriorate, and all the farmer has to do is to keep out rain and protect by fumigation against vermin.

In addition to making funds available for purchase of grain silos and oat grain to store in them, there has been a section in one of the Rural Industries Agency schemes which permits a farmer obtaining a monetary advance against the oat grain he has produced and stored himself for use in a drought. At one time the advance was 4s. per bushel at an interest rate of 4½ per cent. This meant that a farmer with 2,000 bushels of oat grain stored in a silo could obtain an advance of £400 (\$800.00) using the oat grain as security.

I consider a scheme for providing finance to farmers for purchases of grain silos and oat grain to store in them as being the best on-farm scheme for conservation of a type of fodder that can be held for many years without loss or damage, and be invaluable for feeding to all classes of livestock, particularly sheep. If the farmer grows his oats for conservation, the cost of the scheme on the basis of £300 (\$600.00) for each 2,000 bushel capacity silo is low and on the national basis would not require a big financial outlay.

JOHN L. GREEN, Chairman,
Standing Committee on Drought Relief.
4th November, 1965.

(The witness withdrew.)

(The Committee adjourned at 1.7 p.m. until 2.15 p.m.)

ALBERT OLIVER, Under-Secretary and Comptroller of Accounts of the State Treasury, sworn and examined:

135. CHAIRMAN: Mr Oliver, the other day you forwarded to the clerk of the Committee submissions on behalf of the Treasury, which have been circulated to all Committee members. I do not know whether every member has had an opportunity to study them in detail, so I suggest that we incorporate the whole of your statement, including annexures. You might care to run through it yourself also.

136. Mr OLIVER: Very well, Mr Chairman. The submission deals with matters that fall only within the administration of the Treasurer. The Treasury knows quite a deal about what is happening in other government departments, of course, but my submission relates only to the matters I have mentioned. The prime role of the Treasury is to provide the funds needed to meet the cost of approved drought relief measures where such cost forms a charge against Consolidated Revenue Fund. There are other costs that are charged against funds which are under the control of other Ministers.

Funds have been provided in respect of approvals of a long-standing and continuing nature and in respect of approvals for specific purposes associated only with the current emergency as follows:

(1) RAIL FREIGHT REBATES ON FODDER MOVED TO DECLARED DROUGHT-STRICKEN AREAS.

Railway by-law No. 1183 makes provision for fodder for drought-stricken areas to be subject to a rebate of 50 per cent of normal charges subject to certain conditions.

Usually the Treasury meets half this cost except where the fodder is moved within 100 miles of Sydney or Newcastle when the whole cost is borne by the Treasury.

On 20th May, 1965, approval was given to the extension of the concession to cover wheat and certain wheat products railed for feeding starving stock. Until then the concession did not apply to wheat.

The by-law rebate was increased by administrative action to 75 per cent following a decision of Cabinet on 25th May, 1965, the increased cost forming a charge against the Treasury. This has been done irrespective of whether it is within 100 miles of Sydney or Newcastle, or beyond.

On 14th October the scheme was extended by the relaxation of conditions relating to the use of the railways by applicants for rebate.

Statement "A" attached covers this concession in more detail.

(2) RAIL FREIGHT REBATES ON THE CARRIAGE OF WATER FOR STARVING STOCK AND FOR DOMESTIC USE.

Where insufficient rainfall has resulted in the failure of local water supply, approvals have been given as necessary in individual cases for the Treasury to meet part of the costs of water supplied by rail on the following basis:

(a) in excess of 7s. 6d. per thousand gallons of water supplied for essential domestic use by consumers connected to the town water supply system; and

(b) in excess of 15s. per thousand gallons of water supplied for essential domestic use by consumers not connected to the town water supply or for stock watering purposes.

During the recent and current dry period, Treasury assistance in accordance with paragraph (a) above has been granted to the towns of Merriwagga, Tullibigeal, Peak Hill, Burcher and Byrock.

On 11th October, 1965, the Treasurer approved of a recommendation by the Minister for Agriculture that the rate applicable for stock watering purposes apply to the carriage of water by rail for such purposes throughout the declared drought areas of the Western Division of the State. The general conditions applicable to this scheme are outlined in Statement "B". The usual practice of the Treasury is to seek the advice of the Minister for Public Works, who is the recognized water supply authority, on the quantities that are reasonable in the circumstances. The Treasury does not make generally the decision on quantities.

(3) ADVANCES TO DAIRY COMPANIES TO ASSIST WITH THE PURCHASE OF FODDER.

The general basis of this scheme as at present operating is set out in Statement "C" attached. Briefly, it provides for advances at low interest rates, 1½ per cent, to assist dairy farmers to purchase fodder requirements in times of emergency such as the present drought.

The scheme is administered through the Rural Bank using Government Agency funds and, to 15th October, 1965, approvals had been given to advances totalling £2,261,000.

To assist the bank to finance these advances, £600,000 was made available from the Consolidated Revenue Fund in June, 1965, and a further amount of £1,000,000 has been provided in the current financial year.

(4) SCHEME TO FACILITATE THE PURCHASE OF WHEAT ON TERMS FOR USE AS STOCK FODDER.

As a result of representations to the Prime Minister concerning the use of wheat as a stock fodder, the Australian Wheat Board offered to sell wheat on terms not exceeding twelve months to an approved State Government agency subject to certain conditions.

On 8th June, 1965, Cabinet approved of the scheme detailed in Statement "D" being administered by the Rural Bank.

It was agreed that the cost of administrative charges and any necessary working capital to finance the scheme would be provided by the Treasury and that losses, if any, would be met by the Government subject to the proviso that, should losses be of any consequence an approach to the Commonwealth Government for assistance would be made.

As the liability of the bank for the guaranteed repayment to the Wheat Board will not emerge until the expiration of the twelve months' credit term, the Treasury has not yet been called upon to provide any funds and, apart from the cost of administration, a call on Treasury funds will only arise if applicants are unable to make repayments within the approved period.

(5) SUBSIDIES TO COUNTRY ABATTOIRS TOWARDS CAPITAL CHARGES ON THEIR LOAN INDEBTEDNESS.

Certain abattoir county councils operate abattoirs at Forbes, Moree, Guyra and Mudgee under an arrangement involving the Treasurer in meeting losses incurred in the first five years of operation up to an amount in each year equal to the amount of loan instalments payable on outstanding capital.

Although this subsidy is not a specific measure for drought relief, the effect of the drought on abattoir operations has been such that increased losses are expected to raise the call on the Treasury subsidy scheme to over £100,000 in 1965-66. Committee members will notice in the financial statement an increase of £75,000 over last year's figure. There is no doubt that it is directly related to the shortage of stock available for slaughter.

(6) MOVEMENT OF DONATED FODDER FROM INTERSTATE SOURCES.

Gift fodder was made available from South Australia for farmers in the Dungog-Stroud areas and from Victoria mainly through "Operation Goodwill".

This fodder was moved mainly by road although some was conveyed by rail. The whole cost of rail freight is to be a charge to the Treasury. Victoria agreed to meet 75 per cent of the State's normal rail freight charges for the fodder moved by rail through Victoria. The Treasury has not yet received a bill, but it knows that one will be presented. The cost of road transport is being met from an item included on the estimates of the Minister for Agriculture.

(7) ROAD TRANSPORT OF EMERGENCY SUPPLIES OF WATER TO WANAARING IN THE WESTERN DIVISION.

The costs involved in the road transport of approved quantities of water in excess of 7s. 6d. per 1,000 gallons to Wanaaring is to be met by the Treasury during the period of the present emergency. The arrangement is subject to a maximum subsidy of £2 12s. 6d. per 1,000 gallons. For each 1,000 gallons of water moved by road the people at Wanaaring contribute 7s. 6d. and the Treasury £2 12s. 6d.

(8) FUNDS PROVIDED FOR DROUGHT ACTIVITIES AND RELIEF MEASURES ON THE VOTES OF DEPARTMENTS OTHER THAN THE TREASURY.

A number of decisions for drought relief measures have involved the Treasurer in the provision of funds from Consolidated Revenue Fund for application in accordance with schemes administered by other departments.

Witness—A. Oliver, 4 November, 1965

It is presumed that the Committee will obtain information on such measures directly from the departments concerned.

However, the schemes for which funds have been allocated are summarized briefly as follows:—

(i) Minister for Local Government—

The Consolidated Revenue Fund Estimates for 1965-66 include the provision of £250,000 for "Grants to Councils and other authorities for special purposes associated with drought problems in their areas".

(ii) Minister for Agriculture—

The Consolidated Revenue Fund Estimates for 1965-66 include the provision of £250,000 under the heading "Drought Relief—Cartage on Gift Fodder, Road Transport Subsidies, etc." to meet costs associated with the following—

- (a) Movement of gift fodder by road from Victoria and the Snowy Mountains area;
- (b) Special road transport subsidy of £10 per ton on hay from interstate to Gloucester, Maitland and Denman-Singleton Pastures Protection Districts from 15th June to 31st July, 1965. This was a special scheme to assist the Department of Railways, which was in some difficulty through having to shift large quantities of fodder by rail.
- (c) Subsidized movement of wheat by rail for stock fodder purposes to northern areas of the State;
- (d) Road transport subsidy of 6d. per ton mile on wheat, other grains and concentrates transported by road for over fifty miles from nearest rail-head in declared drought districts of the Western Division.

Provision was also made in the Estimates of the Minister for Agriculture for an amount of £10,000 for "Expenses in connection with Cloud Seeding".

(9) SUMMARY OF EXPENDITURE AND PROVISIONS RELATING TO DROUGHT RELIEF MEASURES SET OUT ABOVE.

The full cost of the measures taken to provide drought relief has not yet emerged but the following summary indicates provision so far made for charges against the Consolidated Revenue Fund:—

	Expenditure 1964-65 £	Budget Provision 1965-66 £
Advances to Rural Bank to support scheme of fodder purchases by dairy companies	600,000	1,000,000
Freight concession on fodder and water for starving stock, etc. . .	49,971	200,000
Drought relief—Cartage on gift fodder, road transport subsidies, etc.	5,000	250,000
Expenses in connection with cloud seeding	—	10,000
Grants to councils and other authorities for special purposes associated with drought problems in their areas	—	250,000
Assistance to abattoir county councils in respect of debt charges	—*	75,000*
	£654,971	£1,785,000

* Increase in provision over previous year's cost.

Indications are that the budget provision for 1965-66 will need to be supplemented in some cases. In addition, the special approval to the subsidy of the carriage of water by road to Wanaaring will involve the provision of funds up to £19 a week from Treasurer's Advance Account but details of the total amount likely to be involved are

not yet known. I have included payments actually made. No attempt has been made to assess costs and loss of revenue and other indirect effects of the drought, for I have felt that these matters do not come within the committee's reference. I have been looking rather at what has to be done to alleviate the drought.

(10) EXISTING FODDER CONSERVATION SCHEME.

Apart from the specific schemes having particular application to the present emergency, a Fodder Conservation Scheme financed from Government Agency funds with the Rural Bank has been in existence for a number of years. For the information of the Committee a summary of this scheme is set out in Statement "E". This scheme, which has been in force for a number of years, enables farmers to obtain low-interest advances from the Rural Bank out of Government Agency funds to assist them to conserve and store fodder for eventualities such as we have had. What I have given is a short summary of the effects of the drought as at this moment. Committee members will find more detail set out in Statements "A" to "E", which follow:

Statement A

Rail Freight Rebates on Fodder Moved to Declared Drought-stricken Areas

(i) By-law No. 1,183 under the Government Railways Act, 1912, as amended, provides *inter alia*, for the allowance of a rebate of 50 per cent of freight on consignments of fodder for starving stock in declared drought areas, the cost of the concession to be borne equally by the Government and the Commissioner where the consignment is forwarded to a station 100 miles or more from Sydney or Newcastle, and wholly by the Government in respect of journeys within 100 miles of Sydney or Newcastle.

It is prescribed that rebates will be allowed only to a person who has used the New South Wales Government Railways or the railways of an adjoining State for the carriage of wool, livestock, and goods during the twelve months preceding the date of the consignment on which application for rebate has been made to such an extent or in such a way as in the opinion of the Chief Traffic Manager's Assistant (Commercial) warrants, in the case of any particular application therefore, the allowance of a rebate, and who gives the Commissioner an undertaking that, in consideration of the granting of the rebate, he will for a period of at least twelve months from the date of the receipt by him of such rebate when consigning any of his wool, livestock and goods, for the carriage of which New South Wales Government Railways facilities or those of an adjoining State are reasonably available, make use thereof, and that if he fails therein he will, on demand repay to the Commissioner the amount of the said rebate.

(ii) The definition of "fodder" under the railway by-laws for rebate purposes included hay, straw, chaff, green fodder, ensilage, oats, maize, barley, turnips and sheep nuts.

On 20th May, 1965, the Treasurer approved of the existing concession for the transport of fodder for starving stock being extended to include wheat purchased from the Australian Wheat Board and bran, pollard and other wheat products which are certified by a veterinary officer of the Department of Agriculture as being used for feeding starving stock in a proclaimed widespread drought-stricken area.

(iii) On 25th May, 1965, Cabinet approved of the following recommendations by the Minister for Transport:—

- (a) That the rail freight concession be increased from 50 per cent to 75 per cent on the movement of fodder to declared drought areas during the current period of widespread drought.
- (b) That in the case of such movements being made within 100 miles of Sydney or Newcastle, the cost of the rebate be borne by the Treasury.
- (c) That in the case of movement of fodder 100 miles or more from Sydney or Newcastle, the 75 per cent rebate to be met in the following manner:—
 - 25 per cent by the Department of Railways.
 - 50 per cent by the Treasury.

(iv) On 14th October, 1965, Cabinet decided that, in the application of the rebate scheme on the carriage by rail of fodder for starving stock during the period of the present emergency, the condition as to the past and future use of the railways by the person claiming the rebate shall not be applied in respect of that part of the rebate which is met by the Treasury.

Statement B

Rail Transport of Water for Stock Watering purposes and for domestic use by Graziers

Following receipt of a report from the Minister for Agriculture the Treasurer approved of the Treasury meeting rail transport costs in excess of 15s. per thousand gallons of water railed under emergency drought conditions to graziers in a declared drought district of the Western Division, subject to the following conditions:—

- (1) the concession to operate in respect of water transported by rail on and from Monday, 11th October, 1965;
- (2) graziers to furnish a statutory declaration satisfactory to the Commissioner for Railways that the water on his holding has failed because of drought conditions and that the water is required for stock watering purposes and essential domestic use;
- (3) the concession to apply to quantities of up to a maximum of 20,000 gallons per week to each individual holding—the full rail charges on quantities in excess of 20,000 gallons per week to be met by the graziers; and
- (4) the quantity of water to be carried at any particular time to be conditional upon the capacity of the railways to meet the demand.

Statement C

Advances to dairy companies to assist with the purchase of fodder

This scheme of relief to assist dairy farmers at present operating through the Rural Industries Agency of the Rural Bank was commenced following Treasury advice of 16th December, 1964, to the bank which related to the area from Camden Haven River to Dungog and in the Upper Macleay area.

As the effects of the drought extended, further areas were progressively included by the Treasurer's direction to the Rural Bank and now comprise the following:—

Casino, Kyogle and Bonalbo areas.
Nambucca River District.
Upper Macleay area.

Grafton.
Camden Haven River—Dungog area.
Upper and Lower Hunter areas.
Tenterfield.
Armidale.
Tamworth.

Area more or less bounded by the centres of Coorabong, Morrisset, Wyong, Gosford and Wiseman's Ferry, and including balance of Maitland Pastures Protection District not previously included in Upper and Lower Hunter districts.

Wollongong-Kiama area.

Moss Vale Pastures Protection District—Kiama to Nowra, Kangaroo Valley, Robertson, Moss Vale, Bowral, Mittagong, Liverpool, Campbelltown, Camden, Penrith, Richmond and Windsor.

Nowra to Victorian Border.
Goulburn.
Orange.
Tumut.

Advances are made direct to dairy companies by the Rural Bank to finance fodder purchases for their suppliers who are in necessitous circumstances and unable to obtain requirements through normal commercial channels. In this regard, a company uses its discretion and is solely responsible to the bank for repayment and executes an agreement with the bank to this effect.

The company also gives an assurance that it will obtain an undertaking from suppliers to repay on terms agreed upon.

The agreement referred to contains a provision that, subject to the bank being satisfied that the company has taken all reasonable precautions in providing assistance and has done its utmost to secure repayments, it will be relieved of responsibility for irrecoverable debts not exceeding in the aggregate 10 per cent of the loan.

Advances are made at an interest rate of 1½ per cent, the maximum period for repayment normally being three years. However, on 20th May, 1965, the Rural Bank was advised that the Treasurer had approved of the period for repayment being extended to five years in the Dungog and Gloucester areas in respect of those cases where a company considered that payment cannot be made in a lesser period, subject to review from time to time in light of current conditions with a view to reducing the period where practicable. The bank was also advised that it may exercise discretionary powers to extend similar treatment to other areas if application is made.

Statement D

Outline of Scheme to Enable Drought-affected Landholders to Purchase Wheat for Stock Fodder on Terms

1. Scheme to be administered by the Rural Bank.

2. Eligibility.—Landholders (including share farmers and lessees) of moderate means who are in necessitous circumstances through drought; who are in working occupation of their holdings; who derive their main source of income from primary production; and who are unable to finance their stock fodder requirements through normal commercial channels.

3. Extent of Assistance.—Authority to be given to obtain reasonable requirements (up to a value approved by the Rural Bank) of wheat for stock food purposes for sheep, cattle and pigs from the Australian Wheat Board without direct payment to the board.

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Debits to be raised by the bank against borrower upon receipt of value of deliveries from the Wheat Board.

Freighting arrangements to be borrower's responsibility.

4. Terms of Payment.—Persons assisted to make payment to the Rural Bank on terms offered by the Australian Wheat Board, viz. payment to be effected within twelve months, with interest at 4½ per cent per annum.

The Rural Bank to be empowered to accept payment in instalments over a period of twelve months or in a lump sum at end of twelve months as circumstances may indicate to be appropriate.

If payment not effected within original period of twelve months, bank to be empowered to consider application for extension of repayment period for a further twelve months, with interest at the same rate of 4½ per cent.

5. Security.—Security to be at the discretion of the Rural Bank, with liberal interpretation by the bank where emergency circumstances exist.

Provision to be made for borrower to be entitled to arrange for payment to be made from any wheat pool amounts which may be due to him where this is appropriate. (Wheat Board has indicated it would probably be agreeable to this.)

6. Financing.—Administrative charges to be met by the State.

Working capital to be made available to the Rural Bank, if necessary. (This should only arise if borrowers fail to make repayment within terms of twelve months.)

Any loss on scheme to be met by State Government, subject to the proviso that, should such losses be of any consequence, an approach be made to the Commonwealth Government for sharing on a £-for-£ basis.

Statement E

Summary of Fodder Conservation Scheme operated from Government Agency Funds with the Rural Bank

ELIGIBILITY:

(A) Landowners, lessees or established share farmers who—

- (a) are farmers of moderate means dependent on farm returns for their principal source of income;
- (b) have reasonable security of tenure;
- (c) are of good character;
- (d) have, or can satisfactorily arrange for necessary facilities for growing, storing and/or conserving fodder, as the case may be;
- (e) can satisfy the bank that they will use advances to the best advantage with the object of increasing fodder reserves or improving pastures.

As a matter of policy, loans for improvements are not made to tenant farmers and, in following this practice, the provisions of the Agricultural Holdings Act have not been lost sight of. The view is taken that advances for improvements should be the liability of the owner, any consequential variation as regards rental or division of proceeds to be a matter of mutual arrangement between the parties.

(B) Co-operative Dairy Companies and Rural Societies may apply for loans of up to £1,000 for the erection of storage facilities and up to £10,000 and £2,000 respectively for the purchase of approved types of fodder for storage against drought.

PURPOSES:

- (i) For purchase of fodder for storage as drought reserve (maximum advance £1,000);
- (ii) against approved silage, prime quality grain (maize, barley, oats), hay (oaten, wheaten, lucerne, pea vine, grass), or cereal straw already conserved;
- (iii) to enable any of these types of fodder, except pea vine, to be grown and conserved;
- (iv) for sinking pit or trench silos;
- (v) for pasture improvement and purposes directly associated therewith such as clearing and fencing;
- (vi) for erection of sheds, overhead silos, or other storage facilities. Generally, advances to erect concrete overhead silos will be dealt with through the Advances to Settlers Agency.

The bank must be satisfied that all stored fodder and/or that to be purchased is of prime quality, and that it will be adequately protected against weather, vermin, stock, etc.

SECURITY:

The security required depends on the particular circumstances. Loans for improvements or where, for other purposes, the amount applied for is in any way substantial must be covered by mortgage (not necessarily a first mortgage) over land or by some other acceptable security.

When security includes a Bill of Sale over the hay conserved such hay is to be insured against damage by fire in the joint names of borrower and the bank.

Assignments of milk or cream proceeds covering monthly instalments are obtained from dairy farmers.

Fodder in respect of which advances are made must not be used or disposed of during the currency of the loan without the bank's consent and written undertakings to this effect must be furnished.

REPAYMENT:

Maximum term .. purposes (i) to (iv) ..	3 years
Maximum term .. purposes (v) ..	7 years
Maximum term .. purposes (vi) ..	15 years

INTEREST RATE:

Four and a half per cent per annum.

137. CHAIRMAN: Mr Oliver, are there any comments that you would like to make on any of the annexures, without dealing with them in detail? I think every member of the Committee has them and can study them in relation to your submissions. However, are there any points that you would like to make in relation to the various annexures?—No. They are fairly clear. There is a point in relation to Statement D in relation to the purchase of wheat for stock fodder on terms. It will be appreciated that this scheme was, in large measure, developed around terms proposed by the Australian Wheat Board. It was developed to fit in with the terms that the Australian Wheat Board proposed, so that farmers could buy wheat for stock fodder on terms.

138. Paragraph (i) on Statement A deals with the payments by the Treasury of all the cost of consigning fodder for starving stock within 100 miles of Sydney. Why is that included?—To be frank, I am not too sure. It goes back far into the State's history the idea being that the Department of Railways would assist those who patronized its service. I think the basic reason for the Department of Railways coming in on this scheme in

the first place was to help its customers. It gave them a concession. Subsequently the cost of doing so was supplemented from Government funds. I cannot say that these are facts. The question then arose about what should happen about the person who is within the limited range of Sydney to Newcastle. The concession was extended and now we have a concession of fifty per cent irrespective of distance. The cost of transporting freight is shared on this basis.

139. Is it really a book entry and does it not make any difference to farmers who take advantage of the by-law and receive a rebate of fifty per cent on freight for fodder consigned to declared drought areas?—It is a book entry showing who meets the cost.

140. The increase in the rail freight concession from fifty per cent to seventy-five per cent—seventy-five per cent by the Treasury and twenty-five per cent by the Department of Railways—is that being treated in the same way?—Over 100 miles, yes, and within 100 miles the Treasury meets the full seventy-five per cent. Quite frankly, much of this cartage has occurred within the 100 miles radius. The Gloucester-Stroud area is within 100 miles of Newcastle and, as a result, the Treasury has met the biggest proportion of the cost of the concessions in the Hunter Valley.

141. Mr MACKIE: Seventy-five per cent of the cost?—The Treasury has met seventy-five per cent of the rail freight charge.

142. CHAIRMAN: The Treasury has outlaid a little more than £2,250,000 in advances to dairy companies. Is there no limit on this source of funds for the dairy companies?—Not to my knowledge. Applications are made to the bank and when it finds that its resources are not enough, it approaches us for additional money.

143. Over the years has there ever been any refusal of funds, provided the application was properly supported?—I cannot speak from personal knowledge about what occurred in previous years. I am not familiar with what happened then but I believe that to be the position. I think this is the first time when we have made finance available in this magnitude. So far as I am aware whenever the bank applied for funds and they were needed, they were made available. I am not aware of any limits being placed on it.

144. The charge on the Consolidated Revenue Fund last year for advances to the Rural Bank to support the scheme of fodder purchases by dairy companies was £600,000 and the amount budgeted for this year is £1,000,000. Money was already in the Government Agency Fund?—Yes. They are revolving funds. The £1,000,000 has been paid over to the bank this year.

145. I am referring now to the movement of fodder. You have mentioned that Victoria agreed to meet seventy-five per cent of the usual freight charge for fodder moved from Victoria. Was it only in respect of the gift fodder that was donated by farmers in Victoria?—Only gift fodder, and only gift fodder moved by rail. The New South Wales Government met the whole of the cost of the road movement of gift fodder from Victoria and through New South Wales.

146. Right from the point of loading?—Yes.

147. Is no concession ever given on the Victorian railways in respect of fodder purchased by a stock owner?—I cannot answer that with certainty. I shall have to find that out.

148. I notice that £10,000 is set aside for cloud seeding. Has any amount been budgeted for this task in the past? Has any money ever been set aside previously by

the Treasury for cloud seeding or for artificial rain-making?—I do not think that it has been for this purpose. However, at one stage we did make some funds available for experimental work. It was for experimental work rather than, as in this case, a direct attempt to make rain. So I think the real answer ought to be, no, not to my knowledge.

149. I recall something like it being done in the North-west in about 1956 or 1957.

150. Mr MASON: I think it was done by the Commonwealth Scientific and Industrial Research Organization.

151. WITNESS: I think it was the Commonwealth Scientific and Industrial Research Organization and the Department of Agriculture, but I am not sure of my facts.

152. CHAIRMAN: I have a final question to ask about the fodder conservation scheme. Though I think it is a very practical scheme if it can be made to work, the machinery for farmers to obtain funds is by application to the Rural Bank. Do you feel that this source of finance is sufficiently open that many farmers can take advantage of it? For example, could you give me any estimate of how much money has been lent out over the years in this way, or whether there has been any limit on the amount made available in this way?—There has been no real limit on the aggregate amount. I think mention is made of a limit on individual advances of £1,000 for the purchase of fodder. My understanding is that the scheme has not been availed of to any marked extent. Whether this has been due to recent seasons being fairly good and farmers not wishing to rely on it, I do not know, but I believe that not a great call has been made on it. There has been some call but not a great call. Mr Bowyer of the Rural Bank, who I understand will be a subsequent witness, will be able to give you much more information on this point than I can. The bank administers it, not the Treasury. When they do not have enough money to administer it they call upon us. It is a revolving fund, as you know.

153. Does that mean that Mr Bowyer makes application to the Treasury for a very large sum of money for this fodder conservation scheme and the Treasury on all occasions is willing to meet him?—If I may say so, the question is somewhat difficult to answer.

154. Mr MACKIE: That is for any stock?

155. CHAIRMAN: There would be a limit of £1,000, as is indicated by Mr Oliver in his submission.

156. WITNESS: May I answer the question in this way, that any request by the bank to the Treasurer, as the responsible Minister, would have to be considered by him in relation to relative needs and available funds. On past experience, all requests for funds have been met. Whether this would continue to be so if the demand became suddenly very heavy I could not say. There are definite limits on how much the State can make available to the bank for this purpose. This amount would have to be determined in relation to available funds.

157. Would you consider that the Treasury is rather sympathetic on a measure like this? Why I ask this question is that during the current drought several schemes have been put forward on the basis that the best type of insurance for any government, whichever party is in power, is prevention rather than cure. With that in mind, if more money were made available and it were made easier for the farmer to obtain it for the conservation of fodder, do you think that the Treasury would, under its existing policy, be willing to go along with the scheme?—I think the Treasury as a department would be willing

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to support any scheme—this is general Treasury practice—that brings about reasonable stability in this type of situation. However, I am not sure that the Treasury would agree to Government funds being entirely substituted for the financial sources that are usually available to the agricultural and pastoral community for primary production purposes. I think it should go without saying that reasonable fodder conservation is, or should be, a normal business approach for the farmer. The man concerned—at least this is my personal view—should ordinarily finance reasonable pasture storage and conservation from his own capital. I think this view is supported by income tax concessions, but I am not sure of that. If you ask me whether I feel that the State Treasury should support without reservation a scheme to enable anybody to get Government money for this type of purpose, my answer must be that I think we would have to have regard to what other uses the money we were diverting to such purposes could be put, or in fact what we would have to refrain from doing to make such money available. This answer may sound complicated, but I do not think I can give a clear, straight forward reply to the question.

158. Mr SIMPSON: My idea was that if you give an incentive to a farmer to store a little extra fodder it cuts down on the Government having to supply alternative measures of relieving the position by road transport concessions and rail concessions?—The Treasury would view such a scheme in principle as being desirable, but whether Government funds should be substituted for private financial institution funds is a matter that needs careful thought.

159. About £2,000,000 has gone from the Treasury forever?—Not all of it. The first item of £600,000 and then £1,000,000 have been made available to the Rural Bank. Money has been made available from the bank to dairy companies and farmers by way of advance. There is a concessional rate of interest but the loan is repayable. It is undoubted that there will be losses, but what the percentage will be I do not know. The bulk of the money would be recoverable, but over what period is a matter of conjecture. At present the bank has discretion to keep the advances open for about five years.

160. CHAIRMAN: That is the maximum?—Yes.

161. Mr SIMPSON: The interest on the money lent by the Rural Bank is $1\frac{1}{2}$ per cent. Any difference between that and the ordinary rate of interest on loans to clients is lost by the bank?—No, the interest recovered by the bank would be payable to the Treasury, but the Treasury meets the administration costs of this and I would not want to say whether one balances the other or not. An interest rate of $1\frac{1}{2}$ per cent covers little more than the administrative charges. Some bank funds have been provided from general loan account, and are bearing interest at ordinary rates. Some are provided from consolidated revenue and are not directly interest-bearing, but to the extent they involve the use of State cash there is a loss of interest paid on the cash you would otherwise have. They are not directly interest-bearing so far as the State is concerned.

162. We have been told that this drought has been going on for about twelve months. Suppose it were to go on for three, four, or five years, as droughts have in the past. What is the Treasury's capacity to carry on business?—The ability of the State Budget to provide reasonable assistance is fairly clear. It could mean a diversion of financial resources from other activities. The State can provide a limited amount of assistance but once the assistance gets beyond the figures we have here it becomes a real problem for the State.

163. If the drought went on for another five years you would reach a stage in Government financing where you would have to take some money from other State allocations such as education, housing, health, main roads and so on?—This is so. The State has a given pool of revenue. It has no access to finance outside this pool unless it uses capital money, which is a poor principle; so it is normally has only the pool which cannot be enlarged. You make a series of choices as to how the money is to be allocated from the pool, and if drought relief takes precedence something else has to lose.

164. If the drought went on for five years some other instrumentality such as the federal Government would have to come into it?—The federal Government has resources much beyond those of the State, and has available the tremendous economic weapon of central banking control.

165. Much of the evidence we have had from recognized authorities has shown that we have a history of droughts of varying intensity that have lasted for many years. I suppose that in each one of those the State Treasury has had to provide such funds as you have enunciated. Has the Treasury given any thought to overcoming that situation by having any special fund for this purpose?—Casting my mind back over what has happened since the last war I remember that there was a serious drought period in about 1948.

166. There was one in 1945-46?—Yes, and I think there was one in 1948. In 1956 we had a bad wheat year but I am not sure whether it was a bad drought year.

167. Mr MASON: It was a flood year?—Yes, it was a bad wheat year but not a drought year. Apart from that, and the period 1956-57, from 1948 to date we have not had general drought conditions. We have had dry spots in individual areas. One of the dangers of a fund system that will operate in almost all emergencies is that you have to lock up financial resources which might be better employed in other directions during good years. Also the feeling would be, in terms of State Government finances, that they are big enough to handle from year to year the odd emergencies like fires, floods and droughts that do crop up. From the total pool of State resources it is possible to cater for the normal emergency. It is only when we get to a large-scale problem that we have difficulty, and behind us we always feel that we have the resources of the nation and not only those of one State.

168. Mr SIMPSON: The State, not having the power to put an excise on industry would have to look to the federal Government for assistance. Suppose the State, or the producers, agreed to a levy on the sale of a product and deposited the income from the levy in a fund. That would remove the disability of the money being held up, because the fund could be invested?—There would be no difficulty in the administration of the fund or the investment of its resources.

169. Has anything of that nature been suggested to the Treasurer?—Not to my knowledge.

170. You mentioned income tax. The people in the pastoral industry get substantial income-tax concessions—above the ordinary members of the community—based on five-year averaging of income?—Yes, five-year averaging of incomes. This is not within our province, but it is general knowledge. Normally there are low income years in primary industry, and they have the principle of average incomes over five years at the option of the pastoralists.

171. If drought, flood or fire damages property in one year they get recompense from the federal income-tax law over the other four years?—I do not think the word "recompense" is the right one. I think the losses are recognized and the average, in principle, lightens the tax burden.

172. Does any other section of the population get such concessions?—Most losing businesses were able to bring to account these losses in their income-tax assessment. I do not know whether this system prevails now; I think the law was altered recently. I think the averaging of incomes is different from bringing into account losses. The farmer or pastoralist may make £3,000 a year for three years and £1,000 a year for the next two years. It is the average rather than that he is making a loss which is the benefit that he receives. That is a recognition of the completely uncontrollable seasonal conditions.

173. Quite a number of big pastoral properties are owned overseas?—I do not know.

174. If they were would they be eligible for the same concessions as the ordinary cockie farmer on the North Coast as far as taxation and relief measures that the Treasury has provided are concerned?—With regard to income-tax concessions, I believe so; but there may be some matters affecting them that I do not know of. They are not eligible for all relief measures. While the Government has decided upon freight concessions and that they should apply without the means test, this is not so in the case of fodder acquisition.

175. Come to the item of £10,000 aerial seeding of clouds. Before the last general election the *Daily Telegraph* stated that an expenditure of £39 on cloud seeding would get rid of the drought. What is your opinion of the £10,000 for aerial seeding of clouds?—The sum of £10,000 is the amount that the Minister for Agriculture sought, being the amount in his judgment that he believed was needed for the purpose.

176. MR JACKSON: Following the question asked by Mr Simpson in regard to the 10,000, what assistance was given by the Commonwealth authorities, including the Commonwealth Scientific and Industrial Research Organization in relation to rain-making?—The Treasury has not come into this matter. It is a matter for the Minister for Agriculture and for experts in this field. The Treasurer was asked to provide funds for experimentation over a reasonable period. Without checking the details of the request, I am not familiar with what was to be done.

177. The Treasury would have to say how the £10,000 was to be used?—Not in detail.

178. We have not the necessary facilities and would have to apply to the Commonwealth for those facilities?—I understand that some of the money will be involved in chartering aircraft and in buying the necessary equipment to carry on this work, but I have not the details in my mind.

179. Has the Treasury given consideration to the application of a disaster levy on rural production similar to the levy on wheat farmers in respect of swine fever. This is a small contribution but it goes into a fund to meet the disaster that might occur with an outbreak of swine fever, when the farmer has to destroy his animals. Has any consideration been given to establishing a tax which would bring in money to deal with a drought?—Not to my knowledge.

180. Would it not be possible to apply such a levy to farm production?—That is a difficult legal question. I doubt it. It would depend on its form. I think there has been a deal of legislative difficulties in connection with this

in the past. Perhaps one such arrangement could be levied with the approval of the Commonwealth under the Commonwealth constitution which says that a State may put on a bounty or impose a levy with the approval of the Commonwealth.

181. CHAIRMAN: That is a matter of Government policy.

182. Mr JACKSON: But the Treasury would have to levy it?—This is completely a matter of Government policy.

183. With regard to the assistance given by the Treasury, if your department receives applications is a means test applied? Otherwise people with strong financial backing could receive assistance just the same as a struggling farmer?—No applications are made to the Treasury. Each scheme has been approved from time to time by the government of the day. There are no applications to the Treasury. In the advances from the Rural Bank there is a type of means test. The advances are for people in necessitous circumstances. The concession in regard to the carriage of fodder by rail is universal. Anybody who carries fodder for drought-stricken cattle gets the concession.

184. What about advances to dairy farmers to assist them with the purchase of fodder?—According to the Rural Bank's statement "C", advances are made direct to dairy companies by the Rural Bank to finance fodder purchases for their suppliers who are in necessitous circumstances and unable to obtain requirements through normal commercial channels.

185. Because of administrative charges in relation to the scheme for the purchase of wheat on terms for use as stock fodder, the State entered into this scheme with the Australian Wheat Board—following representations to the Prime Minister?—Yes.

186. Does the Treasury envisage costs?—There must be a slight cost of administration. It is part of the rural industries agency at the bank, and it will be absorbed into this. What it will be will depend on the number of advances and the investigation and so on. We do not expect it to be great.

187. Funds for drought relief amounting to £250,000 were made available to local-government authorities. Was a means test applied there?—No, the purpose of grants to councils is to assist them to create employment opportunities in their areas. The Minister for Local Government has been receiving requests from councils who nominated specific works that they wanted done. The Treasury has not come into the administration.

188. This is purely for unemployment assistance?—No, for employment-giving activities.

189. Associated with rural industry?—The main emphasis has been to councils in drought-affected areas.

189A. Mr WATTISON: I refer to item 7 on page 3, road transport—emergency supplies of water to Wanaaring in the Western Division. On page 5 we read "Indications are that the Budget provision for 1965-1966 will need to be supplemented in some cases. In addition the special approval to the subsidy of the carriage of water by road to Wanaaring will involve the provisions of funds up to £19 per week from Treasurer's Advance Account". Where is the water taken from?—I am not sure where they are taking it from, I thought they were taking it from about Bourke.

190. It is a fair distance?—It is from the Darling somewhere, I believe, but I am not sure.

Witness—A. Oliver, 4 November, 1965

191. Nineteen pounds a week is involved. Is that water for the township?—Yes, the approval is 7,000 gallons a week and this is subject to review because there is an unknown number of aborigines in the area, and the council was asked to supply the information. I think they have done so now.

192. Does the carriage of water apply to pastoralists with no surface water on their properties?—No, this refers to town supplies.

193. Pastoralists make their own arrangements?—Item 7 covers that at 15s. a 1,000 gallons on rail. There is no subsidy for the movement of water by road to pastoralists.

194. Primary producers who have used as much of their capital as is possible for the purchase of fodder and cannot continue, have to go to the banks. Is there any means test on obtaining assistance from the Rural Bank?—If they approach the bank for a general advance?

195. Yes?—I do not know; it is a matter of banking policy and not a matter for the Treasury.

196. In the past the Treasury has made funds available to industries, particularly the dried fruits industry in respect of flood, hail and storm damage. The loans are repaid over a period of years at a small rate of interest. Does the Treasury make that provision in similar terms in respect of primary producers. If you have five good years you pay your rate of interest plus capital and if you have a lean year the payments are suspended until the next year. Are those provisions applied to primary producers?—I understand that the type of scheme administered by the Rural Bank has been specific. If orchardists suffer damage from a bush fire they can borrow money at concessional rates from the Rural Bank. There have been one or two cases of floods but there has been no general scheme where any individual can approach the bank for this concessional assistance. Normally it applies to a special scheme for a national disaster. A severe drought has always been considered something—

197 Mr SIMPSON: An act of God?—Not quite an act of God.

198. Mr WATTISON: Something recurring?—A recurring phenomenon rather than a sudden flood or bushfire which it is almost impossible to guard against. These have been emergencies of a different character and so far as I am aware there has never been any general scheme whereby any farmer can get bank assistance at concessional rates.

199. CHAIRMAN: Victoria agreed to meet seventy-five per cent of the State's normal rail charges for fodder moved from Victoria. It is mentioned that this fodder was received from South Australia. What concessions were given?—New South Wales paid the whole of the rail freight from South Australia.

200. Mr MASON: I refer to statement C. Are you able to tell us how those areas were determined? It started with some and gradually these numbers were extended. I notice there are areas which are not included in this list where there are dairy companies operating under very grave difficulties?—The Minister for Agriculture formally declares an area.

201. For this purpose?—For this purpose.

202. This is not related to the P.P. boards?—Not necessarily.

203. Are you aware on what grounds or how he did this?—My understanding is that it had regard to the dearth of natural fodder in the area and other drought factors.

204. CHAIRMAN: They must make a written submission to the bank—make application to the bank—and it is considered with the Department of Agriculture.

205. WITNESS: I thought the purpose of the question was to find out how we defined the areas. The normal procedure is that the Minister for Agriculture will write to the Treasury saying "based on my reports I come to the view that this area should be declared drought stricken"—I think that is the word he uses. Once this is so, the Treasury approves of the rail concessions on fodder applying and if necessary the Rural Bank being allowed to make advances under the scheme if applications are made.

206. Mr MASON: Have you any idea how many applications were refused?—Applications for declaration of a district?

207. Yes?—I do not know.

208. I am speaking specifically of dairy companies?—How many made application to the bank and were refused?

209. Yes?—No. The bank handles that administration.

210. Were all dairy companies notified of this provision and this assistance that would be made available if they were so declared?—I do not know, but I would be surprised if they were. It has been a scheme of very long standing which all dairy companies, I believe, are aware of.

211. At page 4 we have a reference to road transport subsidies. These were specifically given to the areas of the Gloucester, Maitland and Denman-Singleton pastures protection districts. Would you have any idea of the number of applications received from other areas outside those areas for this type of assistance? I am of opinion that a very great number of other areas sought this assistance?—That is the £10-a-ton subsidy?

212. Yes?—From memory I do not think any application was made to the Treasury. This was a special Government decision for a special purpose recommended by the Cabinet subcommittee on drought relief. There could have been applications to the Minister for Agriculture but I do not personally know of any although this does not mean that there were not some.

213. None came to the Treasury?—Not that I am aware of. I have been Under-secretary since only 22nd September. Some of these matters I may not know of my own knowledge.

214. We have a list of all the things that have been done and it might be helpful if we had some picture of what could not be done. That is really why I was asking this question. I am under the impression that in my own area there were a lot of people in necessitous circumstances who applied, but it was restricted to this area. I was wondering if there was any statistic as to the number of other places that applied. You do not know?—If it is permissible for me to comment, Mr Chairman?

215. CHAIRMAN: Yes.

216. WITNESS: It should not be overlooked that the general rail freight concession, I think for 75 per cent, was applying at this time and the basic purpose of this £10-a-ton subsidy scheme for road transport was to take the pressure off the railways and to enable them to provide

Witness—A. Oliver, 4 November, 1965.

relief in other areas. I am not aware of the relative costing, but I think you will find the £10-a-ton subsidy for road transport was not necessarily more beneficial than transport by rail.

217. Mr MASON: I think farmers had to pay twice as much as they had to pay by rail.

218. CHAIRMAN: When the £10 subsidy was applied hay was landed in these districts at slightly over the rail freight. Allowing for conditions, it was a comparable cost of getting it by rail from places in Victoria to these three pastures protection boards with the £10-a-ton subsidy?—That was broadly the intention.

219. CHAIRMAN: It was a little dearer by road than by rail.

220. Mr MASON: We have no idea of those that made application but could not be assisted. In paragraph (B) of statement E, under eligibility, we find this statement: "Co-operative dairy companies may apply for loans" and so on. Does this apply to all dairy companies or only those in the restricted areas alone?—No; this applies throughout the State. This is a general scheme which has been in existence for some time.

221. And not in fact related to current procedure?—No. This normally applies in good seasons. This scheme applies with conservation.

222. Do you as Under-secretary for the Treasury have any idea of the number of applications that have gone to the various banks from people on the land right across the areas, who had not been able to get provision from their bank in the normal course of events? Has there been any attempt to take out these statistics or to find out this information from the banks?—That would not be available to the Treasury. I understand the Reserve Bank has been attempting some such collation. I am not aware of its results.

223. The drought sub-committee as such has not sought this information?—I do not know. I am not directly concerned with it.

224. You are not on it?—No. I have a representative on it but as far as I am aware the Cabinet sub-committee has not sought that information. There has of course been a statement by the Prime Minister to the effect that the Reserve Bank was watching the position and that action had been taken to permit the trading banks to lend for drought purposes outside the normal restrictions which are applied by the Reserve Bank to the trading banks.

225. You do not know of any statistics that are available or have been compiled for this purpose by the State?—No.

226. Mr MASON: Thank you, that is all.

227. Mr MACKIE: Most of my questions have been answered in answers to previous questions. This advance of 1½ per cent applying to dairy districts—no advances had been made to other primary producers?—Not through that scheme.

228. This has been solely restricted to dairy companies?—That is so.

229. There has been no assistance whatsoever from the Commonwealth up to date or any moneys made available for drought relief to the State?—There have been no moneys made available. The Prime Minister has stated that he will sympathetically consider some approach for general assistance if the State can substantiate it is beyond its resources, at a later stage.

230. I notice that in regard to the conservation of fodder these loans are restricted to £1,000?—Yes.

231. And they are for the purpose of purchase of fodder for storage—various types of fodder—but there is no provision there for plant?—When you say plant, you mean harvesting machinery?

232. Fodder conservation plant?—(No answer.)

233. Mr WATTISON: Silos?

234. Mr MACKIE: No. I maintain this is one of the big problems of the dairy industry. They purchase their fodder and do not conserve enough fodder themselves. There is no provision for a man to expend £1,000 on buying plant and then making his own fodder reserve. For instance you say, "against approved silage". You do not buy silage, you must make it on your own property and you must have the plant to do that?—I am not sure how the bank would look at an application of this nature. This is fairly general. Paragraph (iii) says "to enable any of these types of fodder except pea vine to be grown and conserved. If you enable them to be grown you need some plant.

235. Mr MACKIE: Plant is not included?—No. I am not sure how a bank interprets this provision. Mr Bowyer may be able to help you.

236. £1,000 would not buy much plant today?—No, that is so.

237. In that item of £250,000 made available for unemployment relief to councils—how much of that money has been used today for that purpose? Would you have any idea?—I am not sure how much has been actually used but I know that most of it has been allocated.

238. Most of that money would be expended by councils—I think Mr Simpson asked this question—for council work such as kerbing and guttering and that sort of thing, where the ratepayer would contribute to the cost of the work. That is the usual way of expending that money?—I am not too sure of the details of that.

239. It is on council work?—Basically council work but park improvement and a whole series of work could be council work.

240. They get the maximum for the money? (No answer.)

241. CHAIRMAN: With a high labour content?

242. Mr MACKIE: That is correct.

243. WITNESS: I think it covers drainage schemes and that type of thing which may not ordinarily involve contribution by the ratepayer.

244. Mr MACKIE: Mr Simpson mentioned overseas companies. Would they be entitled to the same tax concession as any other rural or primary-producer company? They would be entitled to the same tax concession and they would also pay the same tax as Australians would be taxed?—I believe that would be so, but frankly, I do not regard myself as an expert on Commonwealth taxation. We are a little out of that field.

245. This is dealing with taxation again, but would you agree that a double taxation rebate on fodder conservation would be an incentive to the primary producer?—I would agree with that.

246. The question was raised whether any other people get concessions along these lines. Export industries are given a double taxation deduction on the cost involved in establishing an export industry?—They have certain payroll tax concessions also.

Witnesses—A. Oliver, 4 November, and S. Bowyer, 15 November, 1965

247. Mr MACKIE: It applies there as well as it does to the primary industries. That is all I have to ask. Most of my other questions were covered by previous questions.

248. CHAIRMAN: I thank you, Mr Oliver, for the comprehensive document submitted to us which we have here today; it will be most helpful in our later deliberations. We have heard Mr Green of the Department of

Agriculture and the next witness will be Mr Bowyer from the bank. We should be able to co-ordinate the opinions of the three witnesses and see what has so far been done. We shall be considering other ideas later.

(The witness withdrew.)

(The Committee adjourned at 3.35 p.m. until Monday, 15th November, at 2.30 p.m.)

AT SYDNEY ON MONDAY, 15 NOVEMBER, 1965

(The Committee met at 2.30 p.m., deliberated and began taking evidence at 2.55 p.m.)

Present:

Mr L. A. PUNCH (in the Chair)

Mr W. A. CHAFFEY

Mr REX JACKSON

Mr J. M. MASON

Mr J. B. SIMPSON

Mr W. E. WATTISON

An apology was received from Mr Mackie

SIDNEY BOWYER, Inspector, Rural Industries Agencies, Rural Bank of New South Wales, sworn and examined:

249. CHAIRMAN: For the record, would you please identify yourself and state your position with the Rural Bank?—W. My title is inspector, southern division, and also inspector, Government Rural Agencies. There are quite a few of them.

250. We received this submission from you the other day. Unfortunately, it appears that a couple of copies to members of the Committee went astray in the post, and they have not had an opportunity to study it. Perhaps you would care to run through the statement, Mr Bowyer, and elaborate on any points you wish.—W. Yes. My statement reads as follows:

The Rural Bank of New South Wales, through its Rural Industries Agency as agent for the State Government, is administering two schemes of assistance formulated with the object of enabling farmers in necessitous circumstances to obtain fodder during the prevailing drought. The Rural Industries Agency also administers two permanent schemes associated with drought relief, i.e., the provision of essential cropping requirements to certain cereal growers and the conservation of fodder.

Although it does not deal solely with drought relief, the Advances to Settlers Agency also provides for advances to landowners for various purposes, including the purchase of stock for dairy farmers.

This would be relevant in relation to restocking after the drought. Although applications for assistance are not heavy at present, an increase is expected in future.

Advances are provided by the bank under the Farm Water Supplies Act for works for farm water supplies and irrigation, but the applications are made to and approved by the Water Conservation and Irrigation Commission.

The bank also is responsible for the collection of debts incurred by settlers in respect of bores sunk by the Water Conservation and Irrigation Commission under the Irrigation Act.

Details of the schemes directly administered by the bank are:

DROUGHT RELIEF SCHEME—FODDER ADVANCES TO DAIRY COMPANIES

This scheme was implemented following government approval in December, 1964, in respect of the area from Camden Haven River to Dungog and in the Upper Macleay area. The Government approved of advances being made in additional areas from time to time as the effects of the drought spread and the following are the areas which up till now have been included in the scheme.

Casino, Kyogle and Bonalbo areas.

Nambucca River district.

Upper Macleay area.

Grafton.

Camden Haven River-Dungog area.

Upper and Lower Hunter areas.

Tenterfield, Armidale, Tamworth.

Area more or less bounded by the centres of Cooranbong, Morisset, Wyong, Gosford and Wiseman's Ferry, and including balance of Maitland Pastures Protection District not previously included in Upper and Lower Hunter districts.

Wollongong-Kiama area.

Moss Vale Pastures Protection District—Kiama to Nowra, Kangaroo Valley, Robertson, Moss Vale, Bowral, Mittagong, Liverpool, Campbelltown, Camden, Penrith, Richmond and Windsor.

Nowra to Victorian border.

Goulburn.

Orange.

Tumut.

Advances are made direct to dairy companies to enable them to finance the fodder requirements of eligible dairy farmers who deliver produce to them. Advances are not made by the bank to farmers individually.

The companies make their own arrangements with individual farmers and decide who are in necessitous circumstances. There is no privity of contract between the farmer and the bank.

Witness—S. Bowyer, 15 November, 1965

Companies are solely responsible to the bank for repayment of advances received. However, provided the bank is satisfied that a company has exercised all reasonable precautions in the granting of advances and has done its utmost to collect all amounts owing in respect of such advances, the company will be relieved of liability for repayment of irrecoverable amounts not exceeding in the aggregate 10 per cent of the total advance it received.

No tangible security is called for, but each company assisted executes an agreement covering the terms and conditions of the advance.

Interest on advances is charged at the rate of 1½ per cent per annum.

A farmer is regarded as being in necessitous circumstances if he is unable to finance his fodder requirements from his own resources or in the usual commercial manner.

The scheme provides for repayment of advances generally in periods of up to three years and advances as approved were made repayable by twenty-four equal monthly instalments of principal plus interest to date of payment, commencing on 31st January, 1966. Following government approval in May last extensions of these periods up to five years have been allowed to some companies in respect of debts incurred by farmers in those cases where the companies consider payment cannot be made in a lesser period. However, the position is to be reviewed from time to time.

Advances under this scheme have been granted to fifty-two companies. As at 8.11.1965 the total amount approved was £2,265,934.

DROUGHT RELIEF SCHEME—WHEAT FOR STOCK FODDER

Under this Scheme, which was approved by the State Government in June last, primary producers affected by drought are assisted to obtain wheat for stock feed from the Australian Wheat Board. The Board, a Commonwealth instrumentality, is supplying wheat on terms at wholesale home-consumption price (14s. 8d. per bushel f.o.r. natural port which approximates 13s. per bushel bulk and £2 2s. per bag) in consideration of an undertaking given by this Bank that payment together with interest at the rate of 4½ per cent p.a. will be made within twelve months. The Bank is acting as agent for the Government which will make good any loss sustained.

Further particulars of the Scheme are:

Eligible Applicants

Landholders, share farmers and lessees of moderate means who are in necessitous circumstances through drought; who are in working occupation of their holdings; who derive their main source of income from primary production, and who are unable to finance their stock fodder requirements through normal commercial channels.

Assistance Available

Orders on Australian Wheat Board to deliver to applicants wheat to a value approved by the Bank to feed sheep, cattle or pigs.

Payment of any freight charge is the applicant's responsibility. No advance is available for this purpose.

Payment Period Allowable

Payment is required within twelve months, together with interest at the rate of 4½ per cent p.a.

If circumstances arise which prevent the debt being repaid by the farmer within twelve months, an extension of time up to a further twelve months may be considered. However, this does not affect the Bank's obligation to repay the Wheat Board within twelve months.

Security Required

Equitable mortgage over land, stock, chattels, etc., or wool lien, crop lien, assignment, etc.

Assurances are also required from wool firms, banks, or other institutions which control income that the debt will be paid either by advance or release of proceeds within twelve months.

As at 8th November, 1965, orders have been issued for wheat to a total value of £23,949 to be delivered to sixty-three applicants.

CEREAL GROWERS SCHEME

This Scheme, which has been in operation since 1920, provides for the granting of assistance to established cereal growers who, as a result of losses sustained through drought or other causes as set out below, are in necessitous circumstances and unable otherwise to obtain essential cropping requirements.

In view of the excellent yields obtained from the 1964 crops, only a few advances have been made under the Scheme this year. It seems likely, however, that more farmers will seek assistance for 1966 cropping.

Brief particulars of the Scheme are:

Eligible Applicants

Landholders, sharefarmers and lessees who have reasonable prospects of carrying on and of repaying a loan from the current season's returns and are—

- (i) Established in the industry as growers of wheat, oats, barley, rice, maize or linseed,
- (ii) Possessed of the necessary power and plant to sow and harvest the crop in proper season,
- (iii) In necessitous circumstances because of crop failure due to drought, hail, pests or other comparable factors over which they have no control,
- (iv) Unable to finance their operations from their own resources or through the usual commercial channels.

Purposes of Advances

Advances may be granted for seed, super, fuel for working and sowing the crop area, duplicates, repairs, household stores, etc. Advances are not available for payment of outstanding accounts, interest or rates, or for the purchase of machinery, or payment to hire purchase firms or mortgagees.

Necessary harvesting and marketing assistance may also be granted when a reasonable estimate of the crop yield can be made.

Security Required

Preferential crop liens are required in all cases. Mortgage over land, bill of sale over plant or other acceptable security may also be required, dependent upon the circumstances of the applicant and the amount of the advance.

Repayment Period Allowable

Repayment is required from proceeds of crops for which assistance is granted.

Interest Charged

Interest is charged at the rate of 4½ per cent per annum.

FODDER CONSERVATION SCHEME

This Scheme, which has been in operation for more than twenty years, is designed to encourage the establishment of fodder reserves on farms and at local centres.

Details of the Scheme are:

Eligible Applicants

Landowners, lessees or established sharefarmers who—

- (a) are farmers of moderate means dependent on farm returns for their principal source of income,
- (b) have reasonable security of tenure,
- (c) are of good character,
- (d) have, or can satisfactorily arrange for, necessary facilities for growing, storing and/or conserving fodder, as the case may be,
- (e) can satisfy the Bank that they will use advances to the best advantage with the object of increasing fodder reserves or improving pastures.

AND

Co-operative Dairy Companies and Rural Societies may apply for loans of up to £1,000 for the erection of storage facilities and up to £10,000 and £2,000 respectively for the purchase of approved types of fodder for storage against drought. Fodder loans to Dairy Companies may be used to finance fodder deliveries to their suppliers for storage on the farms as drought reserves.

Purposes of Advances

- (i) For purchase of fodder for storage as drought reserve (maximum advance £1,000).
- (ii) Against approved silage, prime quality grain (maize, barley, oats), hay (oaten, wheaten, lucerne, pea vine, grass), or cereal straw already conserved.
- (iii) To enable any of these types of fodder, except pea vine, to be grown and conserved.
- (iv) For sinking pit or trench silos.
- (v) For pasture improvement and purposes directly associated therewith such as clearing and fencing.
- (vi) For erection of sheds, overhead silos, or other storage facilities.

Witness—S. Bowyer, 15 November, 1965

The Bank must be satisfied that all stored fodder and/or that to be purchased is of prime quality, and that it will be adequately protected against weather, vermin, stock, etc.

Fodder in respect of which advances are made must not be used or disposed of during the currency of the loan without the Bank's consent and written undertakings to this effect must be furnished.

Security Required

The security required depends on the particular circumstances. Loans for improvements or where, for other purposes, the amount applied for is in any way substantial must be covered by mortgage (not necessarily a first mortgage) over land or by some other acceptable security.

When security includes a Bill of Sale over the hay conserved, such hay is to be insured against damage by fire in the joint names of borrower and the Bank.

Assignments of milk or cream proceeds covering monthly instalments are obtained from dairy farmers.

Repayment Period Allowable

Maximum term—purposes (i) to (iv)—3 years.

Maximum term—purposes (v)—7 years.

Maximum term—purposes (vi)—15 years.

Interest Charged

Interest is charged at the rate of 4½ per cent per annum.

Details of advances made under the scheme up to 30th June, 1965 are shown in the following table. During recent years, advances have been granted mainly for pasture improvement.

Year	No. of Advances	Total Amount of Advances £
1943-44	1	112
1944-45	1	100
1945-46	7	1,481
1946-47	2	258
1947-48	15	2,544
1948-49	2	749
1949-50	Nil	608
1950-51	3	817
1951-52	8	8,335
1952-53	116	45,785
1953-54	67	31,022
1954-55	60	27,954
1955-56	109	59,551
1956-57	164	82,726
1957-58	88	36,728
1958-59	83	39,780
1959-60	66	27,253
1960-61	84	41,904
1961-62	78	38,541
1962-63	106	70,381
1963-64	119	84,737
1964-65	120	95,662
	<u>1,299</u>	<u>£697,028</u>

Advances to dairy companies are included in the above figures. Separate details have not been kept but it appears that only £7,800 was advanced to two companies.

(See page 42, question 368—company names.)

ADVANCES TO SETTLERS AGENCY SCHEME

Eligible Applicants

Dairy Promotion Loans: Landowners or settlers taking up land for dairy farming who are of moderate means and who are dependent on farm returns for their principal source of income. Share or tenant dairy farmers who can arrange for an undoubted guarantee may be considered for advances to purchase stock and plant as enumerated below.

Permanent Improvement Loans: Landowners of moderate means who are dependent on farm returns for their principal source of income.

Purposes of Advances

(a) Dairy Promotion Loans—

Purchase dairy stock and farm horses.

Purchase lime spreaders, mowers, hay rakes, hay balers, forage harvesters, ancillary trailers.

Purchase milking machines and minor items of recognized dairying equipment, e.g. separators, cans, vats).

Purchase small items of plant such as ploughs, harrows, cultivators, chaff cutters and hammer mills.

Provide necessary improvements, including dairy and bails (to be erected to the requirements of the Milk Board if in milk zone, or the Dairies Supervision Act if outside the milk zone), and a dwelling to house a share dairy farmer but not otherwise.

N.B. Advances are not available for tractors, farm refrigerators, refrigerated bulk milk vats, trucks or other items of machinery not mentioned herein.

(b) Permanent Improvement Loans—

Ringbarking, suckering, clearing for cultivation.

Felling or rolling scrub.

Erection of rabbit-proof and other fencing.

Extermination of rabbits within netted enclosures.

Water conservation and the purchase of irrigation plant (in the main and particularly where substantial amounts or problems of a technical nature are involved, intending applicants are advised to approach the Water Conservation and Irrigation Commission for their requirements under the Farm Water Supplies Act).

Construction of silos. Concrete overhead silos must be erected in accordance with plans and specifications approved by the bank and under the supervision of the bank's architect, who must select the site and pass the work before payment is made to the contractor.

Security Required

Mortgage, not necessarily a first mortgage, over land together with such additional security, if any, as may be decided. Each case is dealt with on its merits, and, unless there is a very substantial equity in the land or a first mortgage is held, collateral security will be called for.

When advances are granted to purchase cows a stock mortgage is taken which is usually made to cover also the cows already held. Bills of sale are taken over plant purchased. Assignment on Milk Board or dairy society is required from dairy farmers.

Repayment Period Allowable

Dairy Promotion Loans: By monthly instalments over maximum periods of ten years for stock and plant and thirteen years for improvements.

Permanent Improvement Loans: By annual instalments which all fall due on 31st January over a maximum term of thirteen years.

Interest Charged: Interest is charged at the rate of 4½ per annum.

251. WITNESS: In elaboration of that statement, I might say that the Rural Industries Agency administers four agencies directly related to drought relief. They concern the fodder advances to dairy companies, the drought relief wheat scheme, the fodder conservation scheme, and the cereal growers' assistance scheme. The advances to settlers agencies scheme has some relation to the matter in so far as it provides for the purchase of stock for dairy farmers. As to the scheme for fodder advances to dairy companies, in time of drought the Government declares areas to be drought-stricken. On the recommendation from the Department of Agriculture the bank was advised that certain areas, which are set out in my statement, are drought areas for the purpose of this scheme. Then we deal with applications from dairy companies in those areas for the purpose of assisting them to purchase fodder for their suppliers. They make application to the bank. We ask them to indicate the number of suppliers—the number of those that they consider to be in necessitous circumstances, the number of stock involved and so on. The valuer has a talk to the company to give the bank some guide as to how it arrived at the amount sought, and the company supplies us with its latest balance-sheet. On that information we deal with the application and, in general terms, the application is almost always approved.

The money is then made available. The company signs an agreement to repay and gets an undertaking from each man to repay the amount owing to the bank. The company takes an assignment to cover the payments which, in the cases I have set out in my statement, as a general rule commence in January, 1966, for a period of two years. In some instances that period has been extended.

Money is paid into a trust account and is used as required. If the company wants a further amount a similar procedure is followed. This procedure is streamlined, and no more documents are required. We have reached the stage where it is a simple matter to make the money available. The company undertakes to pay, and provision is made in the agreement that if the company has made the advances and has taken all reasonable steps to recover the amount owing, up to a gross amount of 10 per cent can be written off. The rate of interest is 1½ per cent. The suppliers receiving this assistance are expected to be in necessitous circumstances, that is, unable to finance the purchase of fodder from their own resources or through normal commercial channels. The decision whether a farmer is in necessitous circumstances is in the hands of the company concerned. Companies go about making this decision in different ways. It is a matter for their own administration to decide which farmers are necessitous. There is not much more I can say about this matter. The advances approved to date under this scheme total £2,265,934. At this moment there is a lull in applications. We have received only one small one in the last month. I cannot say what the outlook is for the future. There have been no further requests of any consequence for assistance under this scheme.

The drought relief scheme for stock fodder arose in the following way. The Prime Minister arranged with the wheat board to give twelve months' terms, and we were then authorized to give orders on the wheat board to applicants who could arrange to repay within twelve months. This brought us for the first time into the field of dealing with graziers in any drought relief scheme. We find that in many instances, the grazier's income is controlled by wool firms, and the only way in which we could ensure that payments might be expected within twelve months was to get the wool firm to agree to repay it from the next income, or, if that was not convenient because the next income was soon to be paid, then within the next twelve months. In general, the wool firms, as a matter of principle, were not willing to fall into line with this, and most of our advances have been made where graziers and wheatgrowers have had money in the wheat pool. In some isolated instances we got the required assurance from wool firms, but they were very few in number. Overall, the amount involved in this scheme is only £23,000 for sixty-three applicants. The amount in each case has been relatively quite small—a few hundred pounds at most. The wheat board has been helpful to us in the administration of this scheme.

The cereal growers' scheme has been in operation since 1920. It arose out of the drought in 1919-20 when a rural industries board was set up to administer assistance to wheatgrowers. Subsequently it was taken over by the rural industries branch of the Department of Agriculture and later transferred to the Rural Industries Agency of the Rural Bank. Eligible applicants are those who are already established in the industry as cereal growers possessed of the necessary plant, in necessitous circumstances because of some disaster and unable to finance their operations through their own resources or usual commercial channels. Advances may be granted for seed, superphosphate, fuel for working and sowing the crop area, household stores and so on, but provision is not made for any outstanding accounts, interest or rates or the purchase of machinery.

The bank has to make sure that it has an agreement with the landholder in the event of anything going wrong that share farmers and lessees are permitted to harvest their share of the crop. We arrange with mortgagees and machinery firms that no action will be taken by them. This has been done in an endeavour to ensure that a man will be allowed to finish his season of cropping. Farmers are provided with stores during the period. The bank takes preferential liens. If a large amount is involved the bank tries to get some other form of security. In most instances it is a bill of sale or a mortgage, neither of which is usually a first-class security.

The fodder conservation scheme was introduced in 1944 with the avowed object of encouraging fodder conservation. When first established it was part of a scheme between the Commonwealth Government and the State Government. The Commonwealth was to pay in £100,000 and the State was to pay in £50,000. However, they could not reach any agreement on the scheme and eventually the Commonwealth withdrew its offer and left it all to the State. The State set up the fodder conservation scheme which, according to our records, has never achieved the purposes for which it was designed. The main purpose was to purchase fodder for storage and to make advances against approved silage and so on. In 1944 a big publicity campaign was undertaken over the radio. *The Magazine of the Air* session put it on. In addition, leaflets were sent to all farming organizations. In 1947 the same campaign was undertaken. Indeed, one instalment of *The Lawsons*, the radio serial which preceded the present serial *Blue Hills*, was made available to popularize the scheme, but as you will see from the figures in my statement, advances made from 1944 to 1947 were negligible, notwithstanding this publicity. The increase in the amount advanced from 1952-53 dates from the time that pasture improvements became popular. I am referring here to details of advances under the scheme as set out in my statement. From 1952-53 onwards the big majority of advances have been for pasture improvement and hay sheds. I have hardly seen an application for other purposes in the last few years—only the odd one. Indeed, I do not remember seeing an application to conserve fodder against drought for years. I come now to the advances to settlers agency scheme. This provides for the purchase of certain items of machinery for dairy farmers which are related to fodder conservation, such as lime spreaders, mowers, hay rakes, hay balers, forage harvesters and ancillary trailers. In addition, it provides for the purchase of dairy stock for re-stocking purposes after a drought. That is about all the additional comment I have to make on my statement, Mr Chairman.

252. CHAIRMAN: Thank you, Mr Bowyer. I have one or two questions to ask you. Is there any limit to which the bank will go in advances to individual companies under the drought-relief scheme for fodder?—W. None whatever, so far as we are concerned.

253. The wheat for stock fodder scheme was introduced earlier this year to provide wheat as fodder. Do you feel that has been a successful scheme, from the point of view of stock owners?—W. No.

254. Why not?—W. It has not been successful in the sense that we could not get the wool firms who control the income to give us an assurance that we would get the money back in twelve months. The firms control the incomes and everybody knows that a lot of money is owed to them. Although this money was to be used to feed the sheep over which the firm had security, I think it preferred to provide the money itself. It was

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not a great amount. It would not run into more than £300 or £400 in most instances. In view of the amount already owing to these firms I believe they preferred to finance it themselves rather than give the bank the required assurance.

255. You do not think more wheat could have been made available to those who wanted it by some other form of assistance or by some widening of this scheme?—W. Over a long-term period, yes, but that was not possible under this scheme. There was an obligation on the bank to repay the whole of the amount to the wheat board over twelve months. Nobody had any idea of its implications and the eventual cost to the Government. If the money had been handed out to everybody without limitation it might have amounted to a large sum. It was impossible to estimate what the total might be. As it had to be repaid within twelve months it was our duty to ensure that satisfactory arrangements were made to get it back within that time.

256. When speaking about the fodder conservation scheme and the purposes for which it was established you said that to your knowledge no request has been made for advances for these purposes for some years. Do you know why greater use is not made of this fund?—W. No, except that farmers are not interested. There is no apparent reason. I have read a lot about the history of this fund and I was very impressed with its broad aims during the time it was publicised. As I have said, it was publicised throughout the State. We forwarded leaflets to all farmers' organizations and to all the co-operative companies. Nevertheless, the response was negligible. Apparently farmers did not feel disposed to avail themselves of it. There is some argument as to whether fodder conservation is an economic proposition, but I could not offer any comment on that.

257. Do you include in those comments paragraphs (v) and (vi) of purposes of advances, as set out in your main statement, or had there been loans for pasture improvement?—W. Ninety-five per cent of these advances would be for pasture improvement and would possibly include some hay sheds. Fencing and clearing is associated with it where somebody has subdivided his land.

258. In spite of the publicity which the scheme must have received in the early days of it, do you think it has been easy for any farmers who wanted to apply for money for any of these six reasons to obtain it in recent years?—W. He would have no difficulty, provided he was eligible—that is, he must be a man in primary industry, not necessarily necessitous, who is making his living from the farm. It would be almost a formal matter to apply and get a loan. There would be no difficulty about it at all.

259. There would be no limit to the amount that could be made available over the whole of the State in advances up to these limits mentioned in your statement?—W. The limits are set out there.

260. But I am speaking of the over-all limit?—W. There has never been any suggestion of an over-all limit. There are some limits set down in my statement. In general terms there is no specific limit in individual cases other than to keep the total commitment in individual cases for all these agency advances, in the neighbourhood of £1,500, to spread the money as far as possible. There is a limit of £1,000 in respect of advances for purchase of fodder for storage for drought reserve. At the commencement of the scheme there was no provision for an advance for the purchase of fodder. It was envisaged originally to cover those who had grown fodder on the farm. The maximum under that heading was then fixed at £500, and later increased to £1,000. In my experience I have never seen such an application.

261. It appears to me that despite the publicity twenty years ago to popularize the scheme, most present farmers are not aware of it or for some reason are not prepared to apply for assistance under this scheme. I believe that if they were aware of it they would avail themselves of it, for they could do with this help.—W. Previously they were told of the scheme and they did not respond, except for advances for pasture improvement. It is well known that advances are available for that purpose.

262. There is no obligation upon a farmer who might bank with a private bank but who wants to get this money from the Rural Bank to alter his account?—W. No. It does not matter if he is not a borrower but merely a customer of another bank and has a farm worth £25,000 and no debt to another bank. This does not interfere with the banker-client relationship of any bank. We are most particular about that.

263. Under the advances to settlers scheme what happens if a person wants to amalgamate two properties—if a man wants to take over his neighbour's property?—W. Do you refer to dairy farmers taking up land?

264. Yes. There is no limit?—W. Though I do not say that this was the intention, in most ordinary commercial deals the buyer of a dairy farm includes the £1,500 from the bank and the balance is provided as consideration money. If somebody wants to buy a dairy farm he decides that he will get £1,500 from the Rural Bank to purchase the cattle. This provision began in the days of the depression and it was designed to provide employment in the dairy industry, which was in a bad way then. However, it has now grown to the stage where it is just part of an ordinary transaction between two men who want to sell and buy a dairy farm. Quite often the purchaser asks for the £1,500 to buy the stock.

265. Has the Rural Bank expended a great deal of money on this scheme. You do not mention any figure in your statement.—W. I could not tell you that offhand. I referred only to a small part of the scheme. However, the bank is in a position to finance anything required of this scheme. There is no suggestion of a shortage of funds.

266. If a farmer anywhere in the State wanted to absorb neighbouring land he would be able to get additional loans?—W. If he were eligible, yes, for the purchase of stock for a dairy farm.

They are the only questions I have to ask. Have you any questions, Mr Chaffey?

267. Mr CHAFFEY: Yes. According to your submission, only two companies have availed themselves of the fodder scheme. Where are they located?—W. I think one is on the North Coast. That is the only one I know of. It might be at Singleton, but that might be wrong. I will get that information for you.

268. Is the distribution of these applications limited to any particular parts of the State?—W. I think not. They are pretty well distributed. Those tabulated figures in my statement are mainly for pasture improvement. Probably more are from applicants on the tablelands where there is pasture improvement. You would not get them from the far west. They would be mainly inland areas where pasture improvement has made such a spectacular advance.

269. What about the dairy industry?—W. That would cover nearly all the North Coast. There are not many applications from the South Coast.

270. Mr WATTISON: Regarding advances to cereal growers, what are the rates of interest on the repayment?—W. The rate is four and a half per cent. It is a seasonal loan for cropping for the year.

271. Say a farmer meets with a reverse in his crop, could he apply for an extension?—W. Yes, and we would probably give a further advance.

272. This system is similar to what you are doing in regard to vine fruits?—W. Yes. If a man suffers from adversity we will probably assist him again for a further year, and defer his payments for this year.

273. I am interested in the case of a farmer who is banking with another bank and applies to you for an advance. He could apply to the Rural Bank for assistance and participate in any of the forms of assistance that you give?—W. Yes.

274. Would your bank take a lien on his assets?—W. We might take a second charge over his assets, second to existing charges. That would depend on the scheme operating. Generally with cereal growers we take a lien over the crop. In the Advances to Settlers Agency we take a second mortgage and give notice to the other bank that we have taken that second mortgage. His relationship with us does not interfere with his relationship to the other bank.

275. Mr MASON: Let us deal with the drought relief scheme, the fodder advances to dairy companies?—W. Yes.

276. You were advised of the drought areas?—W. Yes.

277. By whom were you advised?—W. By the Treasury, and the Treasury is advised by the Department of Agriculture.

278. You did say that a number of applications were received?—W. Yes.

279. This scheme is still in operation?—W. Yes, there has been no suggestion that funds are not available.

280. I have been asking questions about how these areas were determined and I have not received very satisfactory answers. However, the scheme is still open and if an area can be established, not falling within the groups you have mentioned, then money would be available?—W. Yes. Sometimes dairy companies have applied to us for advances in respect of certain areas. We will say that we have not received advice from the Treasury that the area comes under the scheme. We then say "We suggest that you approach the Department of Agriculture which makes the recommendation to the Treasury." If the application is satisfactory the Treasury advises us and we proceed.

281. You do not know the number of applications that you have had to refer back in this way?—W. Very few. Dairy companies all know the drill. This has been going on for years.

282. It is not a new scheme?—W. No, but we have had nothing of this magnitude before. We have not advanced so much money before.

283. The scheme was implemented following Government approval in 1964?—W. Before re-implementation we had drought relief schemes from time to time. This only happens when the Government decides that the time has come to implement a scheme, and it is on the same lines as the previous drought relief scheme. However, this time we streamlined it a bit.

284. The dairy companies were notified when this was implemented?—W. Yes, the dairy companies initiated the request.

285. The wheat for stock fodder scheme is a new scheme?—W. Yes.

286. If a man is in a bad way he would have no hope of getting assistance under this scheme because he is depending on the wool firms to stand by him?—W. If his wool firm was financing him, that is so. His wool firm would eventually provide stock feed for him rather than watch his stock die.

287. These farmers went back to the wool firms?—W. Yes, because the amounts were small.

288. You have sixty-three applicants. Have you any idea how many applicants you received in all?—W. No, I cannot give a firm reply to that because we ask the managers to arrange these things before the applications come down to us. There was too much to-ing and fro-ing going on and we found it necessary for the manager to do all the things necessary—previously we approved it and found the wool firm would not agree. Under a revised procedure where the wool firm could not assure repayment the application did not reach us.

289. Do you think a large number of farmers would have sought this help?—W. I have no idea. There are managers all over the State and we left it to them to get the consent of the wool firm. That is as far as it went.

290. The cereal growers scheme will be more important in the future than it has been in the past?—W. It has been important in some areas in the past.

291. So far as this drought is concerned?—W. Yes, we are getting applications now.

292. There is no mention in the conditions of eligibility of current indebtedness to the bank, and so on. Will that be taken into account?—W. You mean whether the bank has refused to assist him?

293. Say a farmer has an account with the Commonwealth Bank and is working on a considerable overdraft. Say that man applies for assistance from the Rural Bank?—W. There is no difficulty in his getting assistance if he cannot get it from his own bank. His position with his own bankers is relevant because if he had £3,000 at credit he would not be likely to get the advance. However, in any of these agency applications, or any applications, if there is any doubt we lean to the applicant. Where a man cannot get assistance through normal channels he can get it from us. He has no trouble getting a loan if he cannot get one from his own banker or otherwise.

294. With regard to the fodder conservation scheme, I share the concern of many of us at the failure of farmers to take advantage of this scheme. Would local managers be well informed about this scheme now?—W. Yes, very well informed.

295. In the list of eligible applicants of the statement there is no mention of current indebtedness to another bank?—W. No.

296. Would this apply?—W. No, a man may have no debts or some debts, but may still be eligible so long as he is a farmer of moderate means whose main source of income is his farm. Even in a difficult financial situation we have to be reasonably satisfied that we have a prospect of getting the money back. We cannot make State money available on a Kathleen Mavourneen basis.

297. Mr SIMPSON: Your bank is the agent for the Government and for the expenditure of Government moneys?—W. Yes.

298. Do other banks have an agency similar to yours?—W. No.

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299. Where farmers have to assign assets for advances have you any regard to defaulters?—W. People unable to meet their payments—in the long run sometimes we have had to realize on our securities but it has not been common.

300. Who examines applicants on their assets when they apply for advances? You make money available through dairy farmers' co-operative companies. Do they examine individual applicants?—W. The scheme is very uneven in its application. Some companies ask for a financial statement and others do very little, but leave it to the executive to decide whether they are eligible.

301. Say an individual farmer has been turned down by the dairy company, he would be able to bring his case before the bank?—W. Yes, but we have no scheme to assist individuals and if a farmer is turned down by the dairy company he would have difficulty elsewhere.

302. Repayments have to be made within twelve months, or within another twelve months?—W. Yes, in respect of the wheat scheme.

303. We have had droughts that have extended for five, six and seven years; what happens then?—W. The drought relief wheat scheme commits us to the Australian Wheat Board to repay in twelve months. We were only able to arrange to obtain the wheat by undertaking to repay the money in twelve months.

304. Have you any explanation for the failure of farmers to take advantage of the fodder conservation scheme?—W. No, I do not know why they do not take advantage of it—it may be because they regard it as uneconomic to store fodder.

305. It is in the mind of the bank that dairy farmers should have stacks of hay in reserve for a drought period, but the farmers think it is not worth while?—W. Many dairy farmers are averse to borrowing and they store hay out of their own resources. They have not taken advantage of the cheap money offered to them to do so.

306. Do you know of farmers who would not conserve fodder for a problematical drought?—W. No.

307. Advances would enable farmers to get money to construct dams on their properties?—W. Yes, there is a farm water supply scheme for which we supply the money. That is the farm water supply scheme to which I referred in my statement. Advances are provided by the bank under the Farm Water Supplies Act for works for farm water supplies and irrigation, but the applications are made to and approved by the Water Conservation and Irrigation Commission. We provide the money, when the commission approves it, and collect repayments over a fifteen-year period or so.

308. Do you know of the opinion of the Hunter Valley Research Foundation that every farm should have its own dam?—W. Yes.

309. Is money available for this purpose?—W. Yes, in the farm water supply scheme. A settler can apply to the Advances for Settlers Agency for money for farm water supplies. Where the matter has technical aspects we refer it to the Water Conservation and Irrigation Commission. However, Mr Smith has said that there is a large amount of irrigation equipment lying unused on farms because it has been put in without proper advice. Therefore, unless the application is for the extension of an existing system, we refer it to the Farm Water Supplies Branch where technical advice is available.

310. In the present drought would it not have been advantageous for farms to have dams?—W. The Farm Water Supplies Act covers that. However, there is a great backlog of applications for farm water supplies.

Where it is a straightforward matter we have been trying to help in the Advances to Settlers Agency. However, with larger works we think it is necessary to get proper advice from the Water Conservation and Irrigation Commission.

311. There is a big list of applications for farm water supplies?—W. Yes, the Water Conservation and Irrigation Commission is working seven days a week on them and is establishing centres all over the State to try to meet the needs of the farmers.

312. Would not the establishment of farm water supplies be more in the way of increasing production rather than drought relief?—W. No, I think it is also for the relief of drought and to make farms drought-free. However, it does have advantages in the working of the farm.

313. According to the table we have before us most advances were for pasture improvement?—W. Yes.

314. That would be related directly to the economics of the farm?—W. Yes, and for mitigating the effects of drought. There is also provision for water conservation and the purchase of irrigation plant. The Farm Water Supplies Act provides for drought prevention and the economic working of the farm. This is really a substantial drought prevention measure. Under the Farm Water Supplies Act the farmer can put in a dam as well as irrigation and can also arrange to pump from a river.

315. I refer now to advances to share farmers. What are they?—W. It makes no difference if a man is a share farmer, in respect of cereal growing. However, we have to ensure that there are reasonable prospects of the crop coming our way. We always seek some form of security, either collateral or a guarantee or something of that order. We assist lessees and share farmers and so on. The fodder conservation scheme is a long-term thing and a share farmer has not a reasonable tenure so we have to get some form of security.

316. Do the schemes that you enumerated cater for a big drought like the present one?—W. To the extent that they do not include graziers, no.

317. Do you think that the assistance given to the dairy farmers through your bank can cope with the situation?—W. Yes, it is not designed to replace other finance, but I think it has achieved satisfactory results in enabling dairy farmers to carry on. There is also provision for further finance for restocking when the time comes.

318. Mr JACKSON: Is the Rural Industries Agency a permanent instrument of the bank?—W. Yes, it is set up by legislation.

319. It is controlled by the bank?—W. Yes.

320. It is responsible not to the Government but to the bank board?—W. Yes, except that we are agents for the Government and carry out Government policy. However, the administration is conducted by the bank board. I am responsible to the bank board for the administration of it. The schemes are approved by the Government, the funds are kept separate and the Government provides the funds.

321. Government funds are made directly available to your agency and not to the bank for re-allocation to your agency?—W. Yes, direct to the special section of the bank which is the Government Agency Division.

322. The directors of the bank have autonomy?—W. Yes.

323. There is no ministerial control?—W. No.

324. You are directly employed by the bank board but subject to ministerial direction from the Government?—W. So far as the agency is concerned. We are the agents for the Government and carry out the Government's policy. The Government has approved of every one of these schemes.

325. The Government is supplying funds to the agency?—W. Yes.

326. If the Government directed the agency to carry out a certain function which the bank board thought should not be carried out, what would you do?—W. I would be responsible to my board—that is, the Commissioners of the Rural Bank.

327. Government policy could be stopped by the board?—W. I would not answer that question; I do not know. All I can say is that so far as I am aware the bank acts as agent for the Government and carries out its policy. I am personally responsible to the bank board, and whatever they tell me to do I do.

328. You are employed by the bank?—W. Yes.

329. The agency is controlled by the bank but is directly responsible to the Government for implementing Government policy?—W. Yes. I am also inspector of the southern division of the bank. As far as the bank is concerned the agency funds are Government funds and have nothing to do with the bank funds.

330. There is sufficient money available for the four schemes?—W. Yes.

331. There is no shortage of funds?—W. No.

332. A person associated with rural industry who wanted to conserve fodder could not complain that there are not sufficient Government funds to make provision for the conservation of fodder?—W. No.

333. Providing there is sufficient guarantee of repayment?—W. There is no limitation placed on that aspect at all.

334. Is your agency in a position to assist all sections of primary producers?—W. It all depends whether they come under the scheme. The fodder conservation scheme makes no distinction between landholders but the cereal growers' assistance scheme is only for cereal growers. The drought relief scheme is not for all sections. Assistance for dairy farmers is obviously for dairy farmers. In the main, the Advances to Settlers Agency makes no distinction. There is a special emphasis on dairy promotion, but anybody can come in under the provision for advances for permanent improvements if they are eligible.

335. Within the confines of the set-up of the Rural Industries Agency there are enough schemes and there is sufficient scope to provide funds for conserving fodder and for assistance in the event of drought to protect all sections of the rural industry?—W. It all depends what assistance you speak of. There is no provision to assist graziers except within the limits of this scheme. We have no general provision to assist graziers—there never has been in the history of government agencies, except under the drought relief wheat scheme. Graziers can apply for fodder conservation loans but they have never been included in any scheme enabling them to apply for an advance for restocking or anything of that sort.

336. Therefore, if a stud grazier wanted to put in an irrigation scheme to irrigate a section of his property, or if a grazier wanted to put in some water storage facilities, what could he do?—W. He would be eligible to apply to the Water Conservation and Irrigation Commission.

337. You have an association with the commission in that regard?—W. We provide the money. We are just the financial agents of the conservation people. The commission gets the application and considers the man's eligibility. It grants the loan and then tell us so that we can make the money available.

338. Is your agency represented on the recently formed Government standing committee on drought relief?—W. No, it never has been.

339. Would it be desirable for you to be represented on that committee, in view of your important function?—W. That is a matter of Government policy.

340. What reasons do you advance for the agency making money available direct to companies and not to individual farmers under the scheme for fodder advances?—W. They are historical reasons. I should say that it would be for more expedition. The dairy companies were known to be very responsible organizations and it is much easier to give them the money direct, as they are dealing every day with these suppliers, rather than involve the delay in the bank dealing with individual applicants. I think that was the motive behind the idea.

341. Have both the companies that have availed themselves of this provision been co-operative companies. It is a long time ago. I have not seen an application from a dairy company. I think there was one not long ago.

342. CHAIRMAN: You are going to get that information for the Committee.—W. Yes. I think they are both co-operatives.

343. Mr REX JACKSON: The scheme was implemented in 1964.—W. That is not the one that you were speaking of. You were talking about the fodder conservation scheme.

344. I am speaking about the drought relief scheme for fodder advances to dairy companies?—W. That involves the two companies that you asked about, under the fodder conservation scheme.

345. Under the drought relief scheme you make money available for fodder advances to dairy companies for distribution to dairy farmers?—W. Yes, to purchase fodder.

346. These dairy companies would all be co-operatives?—W. Not necessarily.

347. They could be stock-feed companies?—W. No. They are dairy societies. Peters would be one. They are organizations which are supplied by dairy farmers. Some private companies are involved.

348. No dairy farmer would be excluded?—W. No, because the scheme goes up right up and down the coast.

349. Mr MASON: There would be some?—W. There might be an odd one. There would be some dairy farmers in Berrigan, for example. They do not want it in an irrigation area.

350. Mr REX JACKSON: If a dairy farmer did not deal from a company that has worried itself about these fodder advances, what would be his position? This is where I feel there is some flaw in the scheme. The advances are made to the companies rather than to individual dairy farmers?—W. Yes. In years gone by there was an individual scheme, but not under the present scheme. There is no permanent scheme for providing for individuals.

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351. This is only a scheme introduced when the drought became evident?—W. Yes, and the Government did not provide for individual dairy farmers to be dealt with by the bank. Provision was made only for the bank to deal with dairy companies.

352. What is the position with the dairy farmer who wants to avail himself of this assistance? He must apply to a company?—W. Yes. The company with whom he deals.

353. And the company has to make an application to the government?—W. The dairy company knows generally that a percentage of its suppliers are in necessitous circumstances and it asks for, say, £50,000, which it doles out. It provides for each man to get his share of fodder. Sometimes the company buys it, but there is provision whereby the farmer can buy it from his normal produce merchant.

354. This money is repayable as a loan?—W. Yes.

355. And what is your security?—W. The agreement with the company. There is no contract between the farmer and the bank.

356. Is the company's obligation to get the money back from the farmer?—W. Yes. The company gets an undertaking from the supplier to repay it.

357. In regard to bank assistance with lower interest money, do you find many applicants who normally trade with private banks?—W. Plenty of them.

358. You do not know of any scheme under which the private banks are making special concessions or reduction in interest for drought relief?—W. No.

359. The private banks are not in any way deviating from their normal interest rates or making special funds available for drought-stricken farmers?—W. I cannot say.

360. You have no knowledge?—W. No.

361. Do you know of any similar agencies in Victoria or other States similar to your agency?—W. No.

362. I thought you might have knowledge of what was done in other States during a drought?—W. I know in a general way that they have introduced similar types of assistance, but I do not know the details.

363. Mr SIMPSON: Could I ask another question? According to your statement, Mr Bowyer, 164 advances

were made in 1956-57, under the fodder conservation scheme. Was that during a drought period?—W. I do not think so. There was no drought then.

364. One hundred and twenty advances were made in 1964-65. That would take in a proportion of the present drought?—W. Yes.

365. In 1963-64, 119 advances were made. There was no drought then?—W. No. As far as these figures are concerned, with increasing drought conditions there will be fewer applications for advances for pasture improvement. There might be some for fodder conservation, but these others will tend to drop.

366. If the drought terminated within the next six months you might have more applications as a result of your experience over the last eighteen months?—W. You might. Memory is short.

367. CHAIRMAN: You were talking about the money made available to these dairy societies by the Rural Bank and said they could not get it other than through a society. There is still the avenue open to them under the fodder conservation scheme, by which they could get the money straight from the bank?—W. Only to conserve against drought—not for current feeding. That is the difference.

368. When you receive a copy of your evidence, Mr Bowyer, perhaps you would like to include the names of those two companies in it.—W. Yes, I will do that.

The names of the two companies assisted under the fodder conservation scheme are—

- (1) Macleay River Co-op. Dairy Co. Ltd, Kempsey.
- (2) Tenterfield Co-op. Butter Factory Society Ltd.

369. Thank you for your evidence today. It has answered all the queries and I am sure cleared up in our minds many aspects of the assistance that is given by the bank. I think its work has been progressive and valuable in many areas over the past twelve months. I am sure the bank has earned the appreciation of everybody in the rural community.—W. It is nice to hear you say so. If there is any further assistance I can give I am only too ready to give it.

(The witness withdrew.)

(The Committee adjourned at 4.5 p.m. until Wednesday, 24th November, at 7.40 p.m.)