

CHAPTER NINE

ACQUISITION

"Mr. Sheahan said that owners who wish to sell part of their land to local residents or relatives could do so now, but if they did not do so they should make it available to the Crown for disposal by ballot".

Sydney Morning Herald, 10 June 1947, p.4.

Although the Commonwealth and the Principal States experienced difficulties in maintaining a good working relationship, they were united in their recognition that the acquisition of appropriate land for settlement would be a formidable task. Soldier settlement following World War I demonstrated that the placement of soldiers on marginal or virgin crown land was a policy guaranteed to produce a high failure rate. It had been a dramatic demonstration of the tragic result of farming unsuitable land. As a consequence, the recommendations of the RRC emphasising that good farm land was an essential factor for success, plus the lack of unalienated land in the twenty inches rainfall belt in Victoria and New South Wales in 1946, provided the motivation for the acquisition of existing farms for war service land settlement.¹

¹ 1 inch equals 25.4 millimetres.

This policy was justified on the grounds of increased production by breaking up large established land holdings, and thus farming the land more intensively. Although many argued that this was based on a false premise, it continued to be a popular viewpoint in the immediate post-war years.² In addition, it would provide a more equitable socio-economic distribution of proven farm land. "If we make available such land ... we shall be doing something better than was done last time when so many were placed on arid areas", F.J. Cahill, Member for Young, told the New South Wales Parliament.³ In order to present a case study of the new scheme, New South Wales has been selected as this state has been ignored by previous scholars. This chapter argues that disputes between the Commonwealth and New South Wales acted as a curb to state enthusiasm during the establishment years of WSLS, in line with the Principles of Operation. However, the on-going legal battles between the large landowners and the New South Wales Government were detrimental to an efficient implementation of the scheme at a bureaucratic level. Nevertheless, the anxieties created by litigation in that state did not influence the ex-servicemen's viability once placed on blocks. Indeed, a reduction in the number of settlers provided the men with opportunities which would not have been possible if increased settlement had taken place and resources were stretched to the limit. It could be argued that the difficulties experienced at a state level relieved Commonwealth-State tension.

² *SMH*, 9 October 1945, p.2, Letter to the Editor from A. Wright, Canberra. He stated that the small farmer was gone forever, and that subdivisions may be detrimental to production.

³ *NSWPD*, 28 October 1943, p.642.

If abundant land had been acquired freely in New South Wales, it would have placed the Commonwealth in the invidious position of having to veto settlement on the grounds of "opportunity" despite the fact that suitable land was available.

During the course of the war, wealthy landholders anticipated inflated values and sought more land in order to gain profit. The Minister for Lands in New South Wales in mid-1945 confirmed that small landholders were selling their farms to the owners of large estates.⁴ Undoubtedly, legislative intervention would be required in order to protect land for servicemen, as the scheme could not depend on chance and good luck. There was an added concern that some large landholders appeared unmindful of their national duty so as to safeguard their individual rights. The attitudes of extreme patriotism which swept through Australian rural communities in 1918 were sadly lacking. Instead, in 1946 the fear of farm resumption prevailed.

J.B. Chifley had warned Cabinet as early as October 1942 that speculative pressure was growing and a repeat of the inflationary trends which occurred with repatriation and re-establishment following World War I was anticipated. In addition, there was an over optimistic view of future prospects on the land, stimulated by a new dairy subsidy. Chifley recommended control of land values and rents to discourage rampant speculation.⁵ The RRC also resolved that wartime pegging of prices should be maintained for at least five years from Armistice, but that it should undergo periodic review.⁶ As a result, Cabinet appointed a sub-committee to examine methods by which undesirable price increases of country properties throughout Australia could be prevented. Inflated land values were one of the major causes of rural indebtedness by soldier land settlers after World War I.⁷

⁴ *CPD*, 26 July 1945, A.N. Fuller quoting the NSW Minister for Lands, J. Tully, p.4601.

⁵ Cabinet Minute Land Values, J.B. Chifley, 15 October 1942, Australian War Memorial Archives (AWM), 219-22.

⁶ *Ibid.*

⁷ *Ibid.*, Control of Land Values, 12 December 1944. Professor Giblin had made a submission to the Treasurer on a proposal for a Capital Gains Tax which was rejected.

Following a request from some states, and the concurrence of all, the Minister for Post-war Reconstruction announced to the House in July 1945 that Cabinet had agreed to issue a regulation under the National Security Act to prevent the transfer of country land which might be useful for settlement.⁸ This new regulation, did not eliminate the problems of obtaining land. Instead a freeze on the value of land at 1942 prices created many new difficulties.

New South Wales was guardedly optimistic that landowners would volunteer their properties to the Government. After all it was "our bounden duty to look after the men who have been prepared to shed their blood for us all" said the Member for the city electorate of Lane Cove in an effort to mobilise national responsibility.⁹ Meanwhile, when it became obvious that World War I acts of benevolence were markedly absent, the Minister for Lands went around New South Wales searching for suitable farms.¹⁰ Three hundred large landholders were approached. Another two hundred were sent tactful letters but not many replies were received.¹¹

⁸ *CPD*, 20 July 1945, J. Dedman, p.4345.

⁹ *NSWPD*, 20 September 1944, H.P.J. Woodward, p.34.

¹⁰ *Ibid.*, 26 September 1944, Lieutenant Colonel M. Bruxner, Member for Tenterfield, p.82.

¹¹ *SMH*, 28 September 1945, p.3.

Generous actions which did occur were lauded. Headlines in the *Sydney Morning Herald* of 29 March 1946 proclaimed the good news that Mr Martin McIlrath of Sydney had donated a 5,793 acre property in the Cootamundra district.¹² "Mr. McIlrath's action is a splendid expression of gratitude to the men of our fighting forces, and a magnificent example to all men of goodwill".¹³

Similar examples of community spirit were desperately required. The *Sydney Morning Herald* named Sir Keith Murdoch as one of the large landholders who had not made an offer to the Government.¹⁴ Presumably pressured by this publicity, only a month later came the announcement that Sir Keith's property "Wantabadgery" near Junee had been reduced to 5,000 acres whilst 13,000 acres would be allocated to WSLs.¹⁵ Clearly, a great deal of patriotic duty was being asked of some large landholders because they were left with comparatively small acreages. According to the recollections of settler Maisy Hartwig of the Wantabadgery estate, Sir Keith accepted that the ex-servicemen needed farms. One morning, when the Hartwigs had just arrived on their block and were living in a shed with dirt floors, Sir Keith Murdoch arrived at 7 a.m. wearing a top hat and in his hand a walking cane. He was chauffeured in an impressive limousine. Despite this image of grandeur, Lou and Maisy Hartwig asked if he would like some tea.

¹² *Ibid.*, 29 March 1946, p.1. Very few press releases concerning settlement were published on page 1, which gives some indication of the importance attached to this story.

¹³ *Ibid.*

¹⁴ *Ibid.*, 21 March 1946, p.4.

¹⁵ *Ibid.*, 24 April 1946, p.4.

Gladly he accepted. "He came in and sat on our bags of wheat and I made a cup of tea and it was very lovely, and he admired us for what we had - at least it was clean and tidy and the flowers were all booming and the cows were drinking out of the trough beside the shed and everything was very good".¹⁶ The Hartwigs valued his encouragement and his visit.

Unlike Sir Keith, however, many owners were extremely unwilling to sell their properties to the New South Wales' Government at what they considered "give-away" prices. They were angered by the fact that soldier land settlement was restricted to the land valuation ruling at 10 February 1942 whilst private sales were being conducted on an inflationary spiral of between 10 and 25 percent. As a consequence, large landowners set a price far higher than the state could legally pay. They argued that the Government was taking away their property on unjust terms when the owner had acquired the land legally.¹⁷ Leslie Haylen, the Federal Member for Parkes, had little sympathy for their cause: "Good land is being taken from fat gentlemen who have far too much land already", he claimed.¹⁸

One such gentleman was F. Hughes who had land totalling 250,000 acres in the Riverina and Walgett areas of New South Wales. Despite his extensive holdings he had not made one acre available for settlement. Nor was he co-operating with the Irrigation Commission in their bid to gain 2,000 acres of additional land to add to blocks which had been proven as far too small. Hughes had lodged an appeal to the High Court which meant further delay and procrastination.¹⁹ Determined companies and landholders were able to stall the sale of their land for long periods of time because they would claim the valuer had failed to establish a true 1942 figure. An extreme shortage of qualified surveyors and valuers exacerbated the delay.

¹⁶ Barbara Pillans' interview with Maisy Hartwig, "Combe Martin", Wantabadgery Estate, 28 September 1990.

¹⁷ *NSWPD*, 27 October 1954, W.E. Dickson, Member for Temora, p.1285.

¹⁸ *CPD*, 23 February 1949, p.589.

¹⁹ *NSWPD*, 26 October 1948, A.G. E sticknap, Member for Murrumbidgee, p.157.

The landholders mounting passive resistance were described as "sitting cherishing a forlorn hope that they might ... be able to keep their land and get rid of this government at the next election".²⁰ In their desire to settle ex-servicemen, the New South Wales Government failed to recognise the level of animosity which was building up between the state, companies and private holders.

Some landholders with genuine reasons for selling their land became frustrated with the excessive delays and acts of favouritism exposed by some of the decisions emanating from the Sydney Land Sales Control Office. Accountable to Treasury, this branch had to approve any land transaction under the post-war Regulation. Since 1944 the office had been administered by Frederick Lush in his position of Delegate to the Treasurer and Officer in Charge. A Royal Commission enquiring into the "misconduct and impropriety against Mr. Lush" claimed that he had been overcome by the flattery of men who offered lavish hospitality and proclaimed him an honoured guest in order to obtain favoured treatment in their land dealings.²¹ Lush's propensity for good food and wine added to the animosity between the landholders and bureaucracy. Three examples of excessive and unnecessary delays in land transactions in the Tamworth area of New South Wales were documented by the Royal Commissioner.²² In each case the Commonwealth Actuary had to over-ride Lush and authorise the sale. The Royal Commission was an embarrassment to the Commonwealth Labor Government, and gave the Opposition an opportunity to criticise the Prime Minister on this issue.

²⁰ *Ibid.*, J.W. Sheiffert, p.29.

²¹ *Royal Commission to Inquire into and Report upon Certain Transactions of the Sydney Land Sales Control Office and the Canberra Land Sale Control Office of Treasury*, Mr Justice Kirby, 15 September 1947, p.6.

²² Estate of the late Mr Gill of Kootingal, near Tamworth; land at Binnaway to be purchased by the Tom Pye Pastoral Co. and the purchase of replacement land at Quirindi by A.T. O'Donnell.

Unquestionably land acquisition and sales in 1946 to early 1947 in New South Wales were in a state of crisis. Due to the fact that in April 1946 only nine estates had been purchased the Minister for Lands threatened resumption, a course of action he was loathe to implement because the owner could take the Government to the Land Valuation Court. In this situation any negotiations would cease.²³ Other suggestions for improving settlement figures were sought. As early as 1946 the *Herald* had stated that the 1942 valuation should be rescinded. A return to the World War I methods of settlement came with the Minister for Lands' suggestion that ten million acres of land in the Western Division of New South Wales should be made available for settlement.²⁴

The most sustained and realistic suggestion was that the Commonwealth should allow New South Wales to locate single unit farms. The Commonwealth-State Agreement had contained the Ballot and Promotion methods of land settlement. But the New South Wales validating legislation of 1945 contained a third category where a soldier could be financed for a single unit farm when he possessed 20 percent of the capital for a deposit.²⁵ This category had not been implemented. Nevertheless, Victoria had amended their legislation to settle ex-servicemen outside their Agreement with the Commonwealth.²⁶ By December 1947, Victoria had settled 800 families on single unit farms, but only 300 under the main scheme. Some thought that by denying single unit farms, the country was losing many fine men from the land as large tracts suitable for subdivision simply were not available in New South Wales. Ex-service men's organisations unofficially supported the concept, as did shires and councils in their anxiety to gain any financial benefits which the settlement of ex-service men on farms might bring to their districts.²⁷

²³ *SMH*, 19 March 1946, p.3.

²⁴ *Ibid.*, 14 June 1947, p.5.

²⁵ *New South Wales Official Year Book 1941-44*, p.841.

²⁶ *CPD*, 12 October 1949, J. Dedman, p.1323. Dedman said he was always willing to approve single farms so long as they came under the provisions of the Agreement.

²⁷ Although the RSL stood steadfastly with the Commonwealth, some branches stated that single farms should be made available.

The Commonwealth was loathe to cave in to pressure without a fight, despite the fact that it offered a plausible answer to the land crisis in New South Wales. Their main concern was the Rural Reconstruction Commission's stern warning that this category of settlement had accounted for a large percentage of failures in the 1920s. The Federal Minister reiterated that the "Government and I oppose an individual returned soldier being able to choose a particular farm".²⁸ The Minister would sanction individual farms which were then put to ballot.²⁹

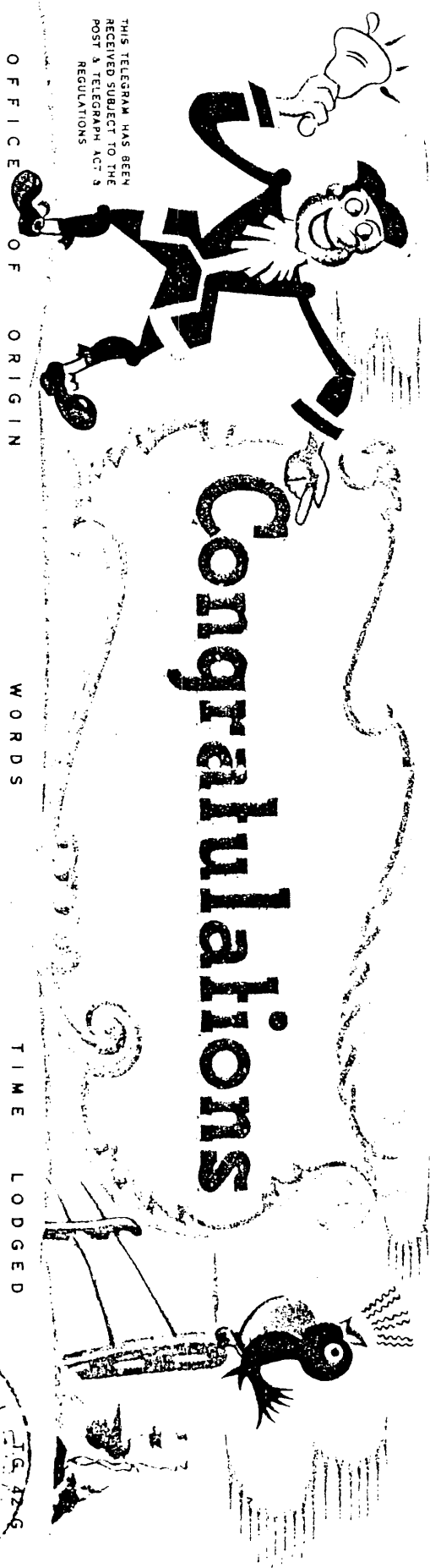
Political pressure was intensified for the Federal Minister and the WSL Division to reconsider their stance on individual farms known as the single unit. Dedman feared that New South Wales might take the Victorian example and settle individual farmers outside the Commonwealth-State Agreement. Finally, he was reassured that Commonwealth approval for every settlement block gave some protection against unviable propositions. A breakthrough in the stalemate came in late 1947 when the Promotion Scheme in New South Wales was amended so that one soldier instead of three could apply under this category. There were two methods of settlement prior to December 1947 when the Promotion Scheme was amended to allow the individual to be settled on one farm only. First, the Ballot method, where land was acquired by the New South Wales Government after Commonwealth approval, subdivided and advertised in the *Gazette*. Approved applicants holding current qualification certificates were placed in the ballot. Successful applicants at the ballot related their luck to winning the lottery as indicated by the telegram sent to Mick Walton when he drew a block on Grampian Hills Estate near Scone.

²⁸ *CPD*, 19 June 1946, J. Dedman, p.1597. This was to protect the Commonwealth from funding the father and son situation.

²⁹ *Ibid.*, p.1598.

145 (a)

**Telegram congratulating Albert Walton's success in the ballot
from Dalgetys Agency**



THIS TELEGRAM HAS BEEN RECEIVED SUBJECT TO THE POST & TELEGRAPH ACT'S REGULATIONS

OFFICE OF ORIGIN

WORDS

TIME

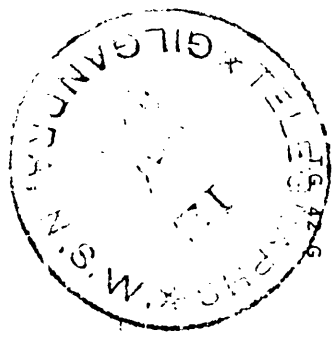
LODGED

2 SCONE NSW 15 11 30A

ALBERT R WALTON
RISING FARM
GILGANDRA NSW

5/11

CONGRATULATIONS ON YOUR SUCCESS IN GRAMPIAN HILLS BALLOT
DALGETYS



12 55PLD

The Promotion method was when three or more ex-servicemen gained the consent of the owner of land to apply to the Minister to acquire the property on their behalf. It was this latter method which was amended to incorporate single unit farms. In addition Promotion blocks could be obtained from leased land. The *Herald* proclaimed triumphantly "Now after wasting two years the Commonwealth has agreed to bring single unit farms into the scheme".³⁰ By late 1949 when the Federal Minister had accepted single units, he was able to announce with some pride that 468 single unit farms had been approved nation wide, "the majority of which are in New South Wales".³¹

Following the resolution of the single unit farm issue, the problem of price control for land at 1942 valuations was the primary focus. Price control had merit if it could be implemented throughout the society. But the fact that private buyers were able to negotiate above the ruling 1942 valuation was not helpful in obtaining land, nor in controlling inflation. Clearly, each successive year saw an increase in values and an upsurge in discontent on the part of the landholders who firmly believed that they were expected to take on a greater share of the repatriation burden than was expected from other sections of society. In their attempt to instigate a more equitable division of land, Labor administrations failed to address the inequality created by inadequate compensation. As a consequence, the New South Wales Government experienced great difficulty in negotiating land sales.³² Indeed, a cold war had developed between the Department of Lands and the landowners. The Graziers Federal Council of Australia took up the issue and placed their grievances concerning the Land Settlement Agreements before the Federal Minister.

³⁰ *SMH*, 11 December 1947, p.7.

³¹ *CPD*, 12 October 1949, J. Dedman, p.1327.

³² Cabinet Minute, 16 August 1949, concerning the New South Wales Premier's address at the August 1947 Conference, AA, A.606/1 R2-1-7.

146 (a)

Owner fights land resumption

The State Government is threatening to confiscate this property for LESS than I paid for it 27 years ago

Signed R. Johnson

Sydney Morning Herald, 13 February 1951, p.4

The State Court

is returning to you

this property

for \$55 that I paid for it
27 years ago

W. J. Jones

1. The owners of properties resumed in accordance with the existing State legislation for WSLs are placed in an invidious position by reason of the restriction contained in the WSLs Agreement ... In ordinary transactions for the sale of land, the vendor and purchaser are free agents.

2. A grazier who is forced to give up the whole or portion of his property against his will, will only be entitled to compensation at 1942 values, whereas the owner of a property resumed by the Crown for public purposes could receive a higher scale of compensation. The effect of this is to force dispossessed owners of land to make a contribution not demanded by other members of the community.³³

In April 1948 the Prime Minister and the Minister for Post-war Reconstruction had sanctioned the appointment of a committee of officers to examine and report on the provisions of land sales on behalf of the Principal States.³⁴

³³ Report of Committee of Officers, Acquisition of Private Lands for Settlement, 6 May 1948, AA, A461. B394/1/3 Part 5.

³⁴ W. McLaren (WSLS Director) to Secretary, Prime Minister's Department, 14 April 1948, AA, A461. B394/1/3 Part 6.

The newly appointed New South Wales Minister for Lands, W.F. Sheahan, supported the option of a fixed percentage for New South Wales. He firmly believed that "prices would skyrocket" if controls were lifted completely, and he favoured limited controls over land values on a "common sense basis".³⁵ Sheahan was an energetic administrator, infuriated by any problem which might restrict his goal of achieving settlers on farms in New South Wales. He was frustrated by delays imposed by the administrative structure of Commonwealth-State control, and angered by recalcitrant landowners who were attempting to sabotage the scheme because it did not address their own interests. However, he did feel the time had arrived for a relaxation in price controls if any land was to be made available, and the Labor Government saw legislation as an essential method of achieving fair terms.³⁶

The New South Wales War Service Land Settlement and Closer Settlement Amendment Bill of 1948 was defined by Sheahan as "an appeal to patriotic people to make more land available".³⁷ Clause Seven of the Act specified that an additional 15 percent over and above the valuation as at 10 February 1942 would be paid to landholders who voluntarily and "without procrastination" offered their land.³⁸ But the added percentage would not apply if the property was resumed. Sheahan admitted that it was a blatant attempt to provide an incentive for landowners to offer their land to the Government: "I am not ashamed of this policy or of this type of legislation", he claimed. "Surely the man who offers the land and receives only the same value for it ... is entitled to some compensation for his willingness"?³⁹

³⁵ *NSWPD*, 23 June 1949, p.2840 and *SMH*, 12 June 1948, p.4.

³⁶ *Ibid.*, 8 December 1948, p.1194.

³⁷ *Ibid.*, 30 November 1948, p.868.

³⁸ *Ibid.*, 8 December 1948, p.1194.

³⁹ *Ibid.*, p.1188.

Some members were concerned about the added liability which would be imposed on the settler because of a higher valuation on his land.⁴⁰ Sheahan pointed out that the RSL was in agreement with the proposal, so much so that they would gladly pay the extra annual rent in order that war service land settlement could be speeded up. Even though New South Wales had 935 settlers on farms in mid-1948, more than in all the other States combined, it was very few in comparison with the 150 applications received each month at June 1947.⁴¹

Another controversial area addressed by Clause Two of the legislation was included because of complaints and awkward questions in the House regarding the exclusion of qualified applicants from the ballot by local land boards. Without doubt the expertise of land boards was enhanced by local representation and their knowledge of local problems. Still, as settlement increased, the land agents who were selected to sit on the boards were accused of bias in favour of local lads.⁴²

⁴⁰ *Ibid.*, 30 November 1948, Member for Lismore, W. Frith, p.871.

⁴¹ *Ibid.*, 8 December 1948, W. Sheahan, p.1188. Victoria had 183 settlers, Queensland 90, Western Australia 191, South Australia 96. It was hard to erase the notion that qualified applicants did not necessarily equate with the amount of land settled.

⁴² *Ibid.*, 9 December 1948, J.B. Renshaw, p.1319. In addition they could out-vote the Departmental chairman.

Initially the Boards had excluded men with no capital from the ballot in New South Wales. The Labor government instructed the land boards "that no returned soldier possessed of the qualification certificate should be denied admission to a ballot merely because he had small means as this was in direct conflict with the Commonwealth-State Agreement."⁴³ In early 1947 when criticism that men were being excluded from the ballot was made public, F.G. Weinthal of Warialda wrote to the *Herald* pointing out the reasons for the exclusion of qualification holders in the ballot draw for Gragin near Warialda. Weinthal was a member of a Joint Delegation from the RSL invited to witness the ballot draw. In his letter he stated the reasons for the exclusion of 61 applicants in this particular ballot; unsuitable experience, advanced age, a long absence from the land, and no great personal financial hardship sustained as a result of their service or alternatively no service in the war.⁴⁴

⁴³ *Ibid.*, p.1318.

⁴⁴ *SMH*, 29 April 1947, Letter to the Editor, F.G. Weinthal of Warialda, p.2.

Personal hardship was the reason for many exclusions. Nevertheless, determination of this category was frequently subjective and accusations of favouritism continued. The Minister for Lands was forced to take drastic action in early 1948 when 593 out of the 961 applicants were excluded from a ballot. He removed one of the state's three chairmen of Lands Boards from any soldier settlement decisions.⁴⁵ So concerned was Sheahan about allegations of abused power by land boards that he threatened to set up a special Land Board to deal with all war service land settlement ballots.⁴⁶

It was the circumstances surrounding the allocation of a "Wantabadgery" ballot block to C.L.S. Falkiner, son of Otway Falkiner whose company controlled 342,000 acres of prime land, which forced Sheahan to implement change. In bold headlines *Smith's Weekly* proclaimed "Wealthy Grazier's Son Gets Soldier Ballot".⁴⁷ This claim was a grave embarrassment to the State Labor Government as men who appeared to have greater need for land had been rejected from the ballot in favour of Falkiner.

The Minister acted quickly, requesting that Falkiner should come to see him in Sydney. He was annoyed by the reply which read that Falkiner had already taken up his block and could not come to Sydney. Sheahan believed that the local Gundagai Land Board had been negligent because it failed to investigate Falkiner's complex financial affairs when it was apparent that the circumstances of his family would make this necessary. It was only after Falkiner was installed on the block that it was revealed that he possessed many shares in F.S. Falkiner & Sons Pty. Ltd.

⁴⁵ *Ibid.*, 20 February 1948, p.3.

⁴⁶ *Ibid.*, 8 March 1948, p.2.

⁴⁷ *NSWPD*, 9 December 1948, Member for Vaucluse, Lieutenant-Colonel W. Robson, p.1304.

The extent of Falkiner's share holding was 40,000 pounds plus nine shares at 250 pounds each, an annual director's fee of 1,000 pounds plus an additional 600 pounds.⁴⁸ Falkiner's financial circumstances were complicated as he had an encumbrance on his assets to the value of 54,000 pounds. This case illustrated the difficulties faced by land boards as they made their judgements on applicants. Did Falkiner's notable family automatically exclude him from further scrutiny from the Land Board, or alternatively, was his connection to the landed gentry a positive signal to the Board that he would achieve success on a farm? Neither of these scenarios were acceptable to the Labor Party and Sheahan had no alternative but to make a statement to the House revealing that the Gundagi Land Board refused to deal with the matter, and any referral to the Land and Valuation Court would be useless owing to the fact that they could not accept any new evidence.

Clause Nine of the New South Wales War Service Land Settlement and Closer Settlement Amendment Bill of 1948 sought to regain credibility for the scheme. It generated heated debate because this legislation singled out an individual for exclusion from a ballot block which had been gained through the legitimate process.⁴⁹ Nevertheless, if Falkiner could gain inclusion in the ballot, it certainly raised the question as to why other, seemingly more deserving cases, were excluded. Sheahan outlined the details of five applicants. First there was Mr Walker who had been a farmer until enlistment. He was excluded from the ballot because he leased 750 acres at St Marys and therefore it was considered that he had no real need for further land. Three other applicants were excluded on similar grounds.

⁴⁸ *Ibid.*, 8 December 1948, W. Sheahan, p.1206.

⁴⁹ Clause Nine disallowed an application by C.S.F. Falkiner made on 7 April 1948 for a closer settlement lease of portion 179, Parish of Bilda, County of Clarendon and allowed the application of W.J. Elworthy. No compensation other than for any improvements was payable and this may be determined by a WSLS board or by the Land and Valuation Court on appeal by Falkiner from the decision of such board or on reference by the Minister of such decision to such court.

While another single applicant was told he did not have "equal priority" with the other married qualifiers.⁵⁰

Clearly, the Minister believed that a person with large holdings in a land company was ineligible for WSLS and the case provided the opportunity to define Government policy in this regard. The Commonwealth-State Agreement and the 1945 enabling Act protected the ex-serviceman who lacked capital. It was never envisaged that an applicant with substantial means and prospects would seek employment under the scheme. Nevertheless, the real culprit of this embarrassment was the local Gundagi Land Board. Clause Seven of the amending legislation sought to remedy this, and past grievances, by means of the establishment of one or more WSLS Boards to take the place of Local Land Boards. The new structure would have a returned officer from the Department of Lands, together with one nominee from both the RSL and the New South Wales Legion of Ex-servicemen and Women. Sheahan anticipated that one or two Boards, consisting entirely of ex-servicemen, would eliminate injustices and lead to more consistent judgements. The three Victorian Commissioners in charge of settlement in that state were all ex-servicemen and applicants felt well-served. The Victorian method of greater elimination at the qualification stage, together with a merit system of allocating farms, worked well. In comparison with Victoria, New South Wales endeavoured to devise an egalitarian system which required constant readjustment in the early years.

Although Sheahan did not waste any time in taking legislative action in order to resolve the problems which had emerged, there was one issue which continued to frustrate the smooth operation of the scheme in New South Wales.

⁵⁰ *NSWPD*, 8 December 1948, p.1199.

Tension and allegations of foul play in land acquisition continued despite the 15 percent addition to the 1942 valuation. Many settlers did not want to sell their land and therefore continued to get 1942 compensation when approached by the State Government. When the owners of the "Ghoolendaadi" sheep station near Gunnedah lost their protracted court battle they were offered 5 pounds an acre instead of the current valuation of 11 pounds 10 shillings an acre, thus losing 248,000 pounds.⁵¹ The "Bullagreen" estate near Gilgandra sold their land for 4 pounds 12 shillings an acre, and they were obliged to sell 2,000 acres of their property to the Government leaving under 4,000 acres for the owner.⁵²

Undoubtedly, the landowners had reason to fight, especially after other states such as Victoria had de-regulated land sales control. The owners of blocks acquired for ballot were more vocal in their condemnation of the Government, despite the fact that prices paid for Promotion blocks were comparable. Many of the problems lay with "the fearsome confiscation body" said the replacement Minister for Lands, J.B. Renshaw in 1951.⁵³ This indicated that the land owners were angered by the State Government's acquisition of their land rather than by the notion of selling part of their farm. In the case of acquisition for ballot, the cursing owner often was left with a very small slice of the original property.

The pastoral company, P.J. Magennis Pty. Ltd., determined that they would fight the resumption of their 14,235 acre property near Yass, New South Wales. Stunned disbelief was the reaction of the new Federal Liberal Government of R.G. Menzies when he heard that the High Court of Australia's majority ruling 4-2.⁵⁴

⁵¹ *SMH*, 9 June 1951, p.2.

⁵² *Ibid.*

⁵³ *Ibid.*, 21 June 1951, Letter to the Editor from the Minister for Lands, p.2.

⁵⁴ On 20 December 1949.

P.J. Magennis Pty. Ltd. had sought an injunction to restrain the State Government's action in any resumption, but they also sought to restrain the Commonwealth from paying money for the land out of consolidated revenue. The War Settlement Land Settlement Agreement Act of 1946 was declared invalid because it failed the Commonwealth Constitutional stipulation in Clause 51 that land should be acquired on "just terms".⁵⁵ Chief Justice Sir John Latham said in his judgement that although the Commonwealth Government was constrained by Clause 51 of the Commonwealth Constitution, the states were not. However, as land for settlement was for a Commonwealth purpose the Act was invalidated.

While the states pondered their position, Sheahan suggested that the Commonwealth should call a conference of the Principal States as early as possible. He urged the Commonwealth to disregard any possible Appeal to the Privy Council as it would take approximately eighteen months to two years, in which time settlement would completely cease in New South Wales.⁵⁶ Renewed co-operation and mutual trust between the Commonwealth and the Principal states resulted from this threat and the meeting between the new Commonwealth Minister responsible for Re-establishment, P. McBride, the Commonwealth Parliamentary Under Secretary, Sheahan representing New South Wales, R.C. Guthrie from Victoria and T.A. Foley, Queensland.⁵⁷ The legal determination had provided a uniting force. On 25 May 1950 they were able to announce the terms of a new Agreement which would replace the Agreement declared invalid by the High Court.⁵⁸ In addition, the delegates took the opportunity to rationalise the procedure of dual control.

⁵⁵ New South Wales State Archives Office, 3 volumes, GR/3/6693.

⁵⁶ *SMH*, 26 January 1950, p.4.

⁵⁷ P. McBride was Federal Minister for the Interior.

⁵⁸ WSLS and Closer Settlement Validating Act 1950 New South Wales legislation. See also *SMH*, 25 May 1950, p.16.

It was agreed that joint Commonwealth-State inspections would take place where a decision could be made that day to build up undersized holdings already in existence to living areas, and that the value of holdings allotted to settlers should not exceed values paid by the states when subjected to price control.⁵⁹ Therefore, a great deal of the rivalry which had hindered the Commonwealth's early negotiations with the states was eliminated. 1950 marked the second stage of settlement, and a somewhat less tempestuous decade for administrators. But for New South Wales the problem of land sales continued because the state would not give up its policy which promoted ex-servicemen but one which grossly disadvantaged landholders.

Only one day following the communique of intent by McBride, Sheahan was served a writ from the "Blink Bonnie" estate near Forbes challenging the validity of the State Government's legislation for acquiring land under WSLS. However, the Supreme Court ruled in New South Wales' favour, enforcing the fact that the State Government "could resume land at 1942 values for soldier settlement or any other purpose".⁶⁰ This was "guaranteed to arouse public concern" claimed the Secretary of the New South Wales Graziers' Association and Country Party Leader, Lieutenant Colonel M. Bruxner. The Editor of the *Sydney Morning Herald* took up the issue in its Editorial of 1 September 1950: "The McGirr Government ... has been taking grossly unfair advantage of its power in order to acquire land far below market value".⁶¹

⁵⁹ *Ibid.*

⁶⁰ *Ibid.*, 28 July 1950, p.5.

⁶¹ *Ibid.*, 1 September 1950, Editorial, p.2. Also letters from landholders in response, 7 September 1950, 9 September, and 23 October. Editorials, 20 September 1950, 23 October and 9 June 1951.

Landholders who had responded to the Government's cry for land in the 1940s were rewarded for their patriotism by missing the exceptional wool price of the 1950-51 wool selling season. While ex-servicemen on farms enjoyed their "sudden metamorphosis into affluent graziers", those who had sacrificed their land in favour of ex-servicemen felt that they had been cheated twice.⁶² Renshaw's announcement that legislation removing the ceiling on amounts paid to landowners was to go through Parliament in the next session gave landowners some hope for belated justice. But New South Wales had experienced five years of bitter struggle, exasperating the Minister for Lands Sheahan's efforts to get settlement underway. The landowners had sought legal justice in every court from the Land and Valuation Court of New South Wales to the Privy Council. Clearly, the scheme would have experienced less trauma if settlement had only occurred by way of Promotion and Single Unit farm settlement. It was the acquisition of large acreage for ballot which created such tension. The New South Wales government endeavoured to preserve their capital outlay on land under the guise of protecting the settler from inflated costs. They were destined to incur the wrath of the large landholders when it became apparent for all to see that it was no longer a fair policy to buy land at 1942 valuations.

New South Wales did gain benefits from Sheahan's swift legislative action to stem accusations of malpractice by Land Boards in allegedly rigging the ballot. Unlike his counterpart in Victoria, he endeavoured to work according to the Agreement between the Commonwealth and the Principal States. He was rewarded by settler numbers but thwarted by legal challenges. A shortage of suitable land was a common problem in all states as nearly half a century of closer settlement had preceded this scheme. The battle for acquisition was intense in New South Wales.

⁶² *Ibid.*, 22 July 1950, p.2.

In Victoria, the Soldier Settlement Commission was respected for its dedication to ex-servicemen wanting land settlement. Yet, when it became obvious that price control was unfair it was removed in 1947. This decision was favourably received in comparison with the controversial gesture made in New South Wales.⁶³ The Agent states of Western Australia, South Australia and Tasmania had relatively peaceful establishment periods in comparison with New South Wales. Most settlement in the Agent states took place on crown land, made possible by the newly adopted methods of pasture improvement. Acting as agents for the Commonwealth, these less financial states were grateful for the infusion of Commonwealth funding which encouraged agricultural development.

To a degree, the struggle in New South Wales was confined to a Ministerial level with Sheahan versus Dedman, Sheahan taking on the large landholders and Sheahan struggling to rectify apparent malpractice within Land Boards. The ultimate result was that the excessive enthusiasm for settling ex-servicemen on the land in New South Wales was tempered by internal action rather than by Commonwealth intervention. Surprisingly, the early settlers in New South Wales prospered as most ex-servicemen were producing wool or fat lambs, and the conflict between the administration and the landholders did not interfere with their progress once placed on a block. This contrasted with the World War I scheme where a large percentage of the men were settled on unsuitable crown or virgin land which was allocated in tiny portions for uses such as poultry, market gardening and fruit growing. Very quickly, this was proved a false economy. World War II settlers were advantaged by the allocation of land which met the stringent standards of WSLS and the desire of all governments to work towards a successful outcome. Sadly, a fair deal for war service settlers was at the landholders' expense.

⁶³ NSW added 15 percent to the 1942 value if the land was volunteered to the government. If the Government had to acquire the land then the 1942 value remained.

CHAPTER TEN

THE 1950s PRICE BONANZA

"Soldier settlers should free themselves as soon as possible of their debt ... so they could become masters of their properties".

Minister for the Interior, P.A. McBride, *Sydney Morning Herald*, 15 February 1950.

War Service Land Settlement after World War II was blessed with good fortune as it was launched at the beginning of a period of sustained growth. This fact had a profound impact on the settlement experience of most ex-servicemen, and eliminated many of the problems which plagued the first experiment. Enhanced prices for primary industries provided an enormous boost to settlers in their establishment years, in comparison with the low and erratic returns received in the 1920s for the commodities from soldier settlers such as fruit, vegetables, and dairy products. Problems which had frustrated the first settlers, like the rabbit pest and deficient soils, were minimised by the scientific research undertaken by the Council for Scientific and Industrial Research (CSIR), agricultural colleges and university institutes.

While the adoption of mechanical harvesters and tractors revolutionised the farming capacity of the grain and cereal grower.¹ The conditions of the scheme were more equitable and considerable financial gains were made from the inflated value of the WSLs farms if eventually a lease was sold.² Therefore, in sharp contrast with World War I where nearly 30 percent of settlers left their farms in despair, many World War II ex-servicemen found that their hard work was rewarded because their farms were created at a "time of prosperity unparalleled in Australia's past".³

As early as 1954 the Minister for the Interior announced that no more land would be acquired for settlement in Agent states, even though the scheme was widened to incorporate returned men from Korea and Malaya in that year. Settlement in Principal states was finalised in 1960.⁴ Nevertheless, despite the fact that the scheme was in operation for only thirteen years, the Commonwealth Governments of the period could feel satisfied that they had honoured a commitment to the men.⁵ Yet the images of personal struggle experienced during the earlier period have reduced substantially the acclaim which should have been bestowed.

¹ The Council for Scientific and Industrial Research (CSIR) was established in 1926. In 1949 it was reconstituted to become the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

² Settlers had to wait ten years before the lease could be transferred on the consent of the Minister, except in the case of the death of an ex-serviceman. In this situation the widow or son could take over the commitment.

³ R. Ward, *A Nation for a Continent*. Melbourne, 1977, p.290 and Justice Pike, *Report on Losses Due to Soldier Settlement*, 1929 cited in J.M. Powell, 'The Mapping of Soldier Settlement: A Note for Victoria 1917-29', *Journal of Australian Studies*, No.3, 1978, p.51.

⁴ S. Copley, *A Comparative Study of Soldier Settlement in South Australia and Victoria 1943-50*, BA Hons thesis, Flinders University, 1979, p.80.

⁵ Labor and Liberal-Country Coalition Governments administered the scheme federally; Labor until 1949 followed by the Liberal-Country Coalition.

Post-World War II, the Australian short term failure rate was a mere eight percent, and was usually confined to a particular area, for instance in the Colleambally Irrigation area near Wentworth on the Murrumbidgee River of New South Wales.⁶ The longer term failure rate for original settlers was 10-11 percent approximately.⁷ This compares with a figure of only seven out of every ten settlers still on their land in 1929.⁸ It should be remembered that the World War I figure would have been far greater without on-going debt restructuring and industry subsidies which were initiated in an attempt to bolster the remaining 71 percent of soldier settlers between the wars.

Commonwealth Governments from 1947 to 1960 maintained realistic expectations concerning the outcome of war service land settlement. As outlined in Chapter Seven, in 1944 the RRC provided comprehensive guidelines for land settlement, and reinforced the notion that it must be implemented on the basis of sound commercial farm practice. Governments were mindful that stability on war service farms would involve a large public cost, and the Commonwealth's decision to reduce the scale of the scheme proposed by the Rural Reconstruction Commission was influenced by these increased estimates.⁹ Therefore the expenditure of 8,600 pounds for each of the 12,036 settlers by 1976 was considered a large but necessary expense.¹⁰ It was justifiable and affordable only because 12,036 settlers represented a large reduction in the numbers from the World War I figure of 37,561 farms.¹¹

⁶ M. Vellacott, *War Service Land Settlement in Victoria 1945-60*, B. Litt. thesis, ANU, 1983, p.84 and B.R. Davidson *European Farming in Australia*, New York, 1981, p.367.

⁷ P. Dennis, J. Grey, E. Morris & R. Prior, ed., *The Oxford Companion to Australian Military History*, Melbourne, 1995, p.557.

⁸ P. Ashton and K. Blackmore, *On the Land - A Photographic History of Farming in Australia*, Sydney, 1987, p.124.

⁹ M. Vellacott, *op. cit.*, p.11.

¹⁰ *Ibid.*, p.85.

¹¹ Dennis, Grey, Morris, & Prior, ed., *op. cit.*, p.557.

A costing comparison with World War I is difficult due to the relatively tiny blocks of land allocated and the prevailing attitude of minimal funding in 1917. As detailed in Chapter Three, the Commonwealth determined that a maximum of 1,000 pounds per settler would be made available. The inadequacy of this Commonwealth funding allocation was clarified in June 1923 when it was declared that the average cost for land, improvements and stock for British migrant land settlement in Australia was estimated at 1890 pounds.¹² Therefore, it appears that the primary focus of the Federal Government was to restrict Commonwealth expenditure on land settlement to an unrealistic minimum in the faint hope that this might curb the numbers of soldier settlers placed on farms by the states.¹³ In sharp contrast, the Federal Government after World War II did accept that successful settlement would be costly, but this time the Commonwealth could restrict the number of eligible ex-servicemen. Nevertheless, given the inflation of the 1950s, and the ever present fear that city ex-servicemen would feel that their country counterparts received favoured treatment, the funding for settlers could be described as adequate but certainly not excessive in its generosity.

Commonwealth recognition that WSLS funding allocations after World War II should be more realistic was an important factor which favoured the settlers' ultimate outcome. Considerably reduced was the crippling personal debt which caused many World War I settlers to quit their land. Under the World War I scheme the recommended interest rate for loans against improvements was three and one-half percent, rising by half of one percent per year until it reached the current rate.¹⁴

¹² Ashton & Blackmore, *op. cit.*, p.124.

¹³ *NSWPP*, Vol. 1, 2nd Session, 1922, *Report: Conference of Commonwealth and State Ministers*, 22 January 1919, p.2.

¹⁴ Every state, except NSW and Tasmania, adopted slight variations. Victoria 5 percent, South Australia exempted the first year then 2 and one-half percent, the

As previously stated in Chapter Three, the states legislated according to their own interests and many interpretations of the Commonwealth's recommendations were introduced as a result.¹⁵ Unlike the scheme introduced after World War II when the level of repayment was determined after commodity prices had stabilised, the World War I settlers were expected to repay their capital debt in the establishment period at high rates of interest, along with the added difficulty of fluctuating commodity prices.¹⁶ Victoria and New South Wales imposed relatively short periods of debt repayment with 20 and 25 years respectively.

The introduction of Perpetual Leasehold Tenure in every state except Victoria in 1945 meant that qualified ex-servicemen could gain land security without a large increase in their capital debt for the cost of the land.¹⁷ In New South Wales, rent interest on the lease was fixed at two and one-half percent per annum. Advances for stock and plant had an interest rate of three and three-quarter percent with variable instalments. A structural loan for farm sheds and a dwelling was funded separately at an interest of two and one-half percent. Interest only was payable for the first five years, with a loan duration of 35 years.¹⁸ In order to control the amount spent on housing, a ceiling was imposed at 1,000 pounds until 1947; 1,500 pounds until 1950 and 2,000 pounds until 1952 when an additional 500 pounds was available under special circumstances on a short term loan.¹⁹ The World War II living allowance was fully funded by the Commonwealth and paid for the first twelve months.

second year rising to the ruling rate; Queensland 3 and one-half percent the first year rising to 5 percent; Western Australia 5 and 6 percent according to the item purchased.

¹⁵ See my Appendix 4.

¹⁶ Dennis, Grey, Morris, & Prior, ed., *The Oxford Companion*, *op. cit.*, p.559.

¹⁷ See Chapter Eight for details of Victoria's scheme which made freehold title affordable. The Menzies Government passed legislation so that Perpetual Lease could be converted to freehold tenure.

¹⁸ *NSW Department of Lands Reports*, 1947-52.

¹⁹ *Ibid.* A shortage of building materials and qualified builders' labourers caused prices to rise. Some settlers complained about the house allowance because it was the same amount whether you had one child or numerous children.

Unlike the first scheme's sustenance payment, this financial allowance was a gift. Settlers were allocated a remission in the payment of rent and interest on advances and other working capital during the assistance period, one year from the date of taking up the allotment. The New South Wales Department of Lands held a lien on any income generated by the farm as a protection against early mismanagement, and any income was distributed by the Department to the settler's debt accounts at the end of the first year. Clearly, the introduction of Perpetual Leasehold tenure, which removed a large capital debt from WSLs repayments in every state except Victoria, with fixed low rates of interest and the allocation of a non-repayable living allowance by the Commonwealth, were welcomed as fair innovations. This was an important factor in the improved retention rate on farms by WSLs ex-servicemen during their establishment years after World War II.

The generally buoyant economic conditions prevailing in agriculture during the 1950s and 1960s was an important contributor to the improved financial position of settlers. WSLs in Australia was implemented during a period of heightened economic and social idealism as discussed in Chapter Seven. But these attitudes were not confined to Australia. The United States' entry into the war symbolised the desire by Western countries for a new world order, free from authoritarian rule. The allies believed that this new order would eliminate the years of economic struggle which preceded World War II. Moreover, it was accepted that economic stability would not be an automatic consequence of war, and that leadership would be required. A United Nations' Conference at Hot Springs in the United States of America was organised as a result of the signing of the Atlantic Charter in 1941 by President Roosevelt and the British Prime Minister, Winston Churchill.²⁰

²⁰ 'Simply ... how Bretton Woods Reordered the World', *New Internationalist*, July 1994, p.14.

The Conference made resolutions for the post-war world which, according to Wadham, were of "immense agricultural importance".²¹ Indeed, the Conference confidently resolved that the world should be "free from want of food".²² The mechanism to implement this ideology was the Food and Agriculture Organisation (FAO), a specialised agency of the United Nations.²³

War weary western countries eagerly sought a method of economic co-operation in order to achieve their goal of post-war stability at the Bretton Woods Conference in July 1944. United States' economists rejected proposals put by John Maynard Keynes to establish a world reserve currency administered by a central bank.²⁴ Instead, they claimed that European trading blocks and the "fortress" mentality which universally prevailed before and during the war were retarding growth and thus employment opportunities. They believed that demand for goods and employment were interdependent, and the elimination of tariff barriers would stimulate trade. Furthermore, they were determined to keep the power base in the United States.

Yet some Australians were still nervous. Australia had a relatively immature economy based on primary production, and it had undoubtedly derived substantial benefits from Imperial Preference and the tariffs imposed in the late 1930s.

²¹ S.M. Wadham, *Australian Farming 1788-1965*, Melbourne, 1967, p.68.

²² *Ibid.*

²³ The United Nations was established in October 1945.

²⁴ *New Internationalist*, *op. cit.*

Restrictive trading enhanced Australia's balance of trade and allowed strong debt repayments.²⁵ As a result of protection, a substantial manufacturing base had developed which allowed wartime self sufficiency in the industries of iron, steel, ship-building, munitions and chemicals.²⁶ Farmers gladly sent their wool, meat and butter to Britain under Imperial purchasing arrangements for the duration of the war, with twelve months' agreements for dried and canned fruit, cheese and eggs. They also derived cost of production benefits from controlled prices on the home front during the course of the war.

However, the wartime Federal Treasurer and post-war Minister for Post-war Reconstruction, J.B. Chifley, recognised that Australia could not stand alone. He believed that the success of his centrally based economic and social reforms was dependent upon Australia being included in this new economic order. Chifley convinced the Federal Labor Party and the Parliamentary Caucus to ratify the 1945-7 Bretton Woods Monetary Agreement for increasing international trade, despite the fact that there was concern about perceived interference in domestic policies which this Agreement might induce. Ratification entitled Australia to become a foundation member of the World Bank and the International Monetary Fund, and to participate in the reconstruction of international trade under the banner of the United States.²⁷

²⁵ D. Pike, *Australia - The Quiet Continent*, Melbourne, 1962, p.209.

²⁶ G. Bolton in *A New History of Australia*, F. Crowley, ed., Melbourne, 1974, p.460.

²⁷ F. Alexander, *Australia Since Federation*, Melbourne, 1967, p.164.

United States economic reconstruction was based on the United States' dollar which was backed by the gold standard. Other currencies were fixed to this standard accordingly. Hence Australia's economic reliance on Britain was partially severed and transferred to the United States. No longer was the Commonwealth dependent on British loan funding for WSLS as Prime Minister Hughes had acknowledged in 1916-18.

The 1947 Geneva Conference endorsed further reforms with Australia agreeing to reductions in tariffs and Imperial Preference. Initially, these changes created an environment for reform. But by the late 1960s the stability, which Bretton Woods was to create, was collapsing because of United States trade deficits and the pressure caused by the growth of Third World economies. Nevertheless, Australia's participation in the growth of Western economies in the 1950s was a stimulus to trade and of enormous benefit to primary producers. According to J.F. Crawford, "Domestic and international policy gave primary industry a basis for development".²⁸ The golden age for farmers in Australia had begun. Ex-servicemen were poised to participate in a very different economic climate than the one experienced by our first soldier settlers.

The momentum commenced for wool growers with the 1950-51 wool selling season representing a pinnacle of financial gain far beyond their wildest dreams. March 1951 saw the peak index price for greasy wool of 190.5 pence per pound (lb.).

²⁸ J.F. Crawford, in *Australia*, H. Grattan, ed., Berkeley, 1947, p.202.

This was nine times higher than the opening post-war price, and nineteen times the closing pre-war amount.²⁹ The following table recording the average price for wool in pence per lb. clearly indicates that a substantial boost in price was retained throughout the 1950s in comparison with the years between the wars when prices received by growers remained depressed.

TABLE 10.1

WOOL PRICES - ANNUAL AVERAGES MEASURED IN PENCE PER LB.
OF GREASY WOOL

1918	16.00	1938	13.14
1920	16.00	1940	14.59
1922	13.00	1950	84.00
1924	24.00	1951	175.00
1926	17.25	1952	89.00
1928	20.79	1954	94.00
1930	10.55	1956	65.00
1932	9.59	1958	70.00
1934	16.43	1960	60.00

Source: *Australians: Historical Statistics*, Vamplew, ed., p.223.

The price was artificially boosted by the defence purchasing arrangements of the United States for the Korean War as well as the traditional requirements of the United Kingdom. Due to the fact that Australia was the leading wool growing country with one sixth of the world's flock, it was well placed to gain considerable benefits from this price bonanza.³⁰ New South Wales was the largest producer of wool in comparison with the other states, and the majority of soldier settlers in that State had been placed on farms in the pastoral zone. Throughout Australia, graziers and soldier settlers with merino sheep could not believe their good fortune when they received their proceeds from auction at the 1950-51 Australian wool selling season.

²⁹ *Official Year Book New South Wales*, 1959, p.1025.

³⁰ R.D. Watt, *The Romance of the Australian Land Industries*, Sydney, 1955, p.141.

The Commonwealth sought to enforce saving by holding 20 percent of export income from wool as a reserve against future taxation.³¹ Inevitably, any farmer or soldier settler with the capacity for wool growing went into production. Between 1946 and 1960 sheep numbers rose from 96 million to 155 million.³² Many in the sheep-wheat zone of New South Wales opted for wool production which rose from 191,536 kilograms of greasy wool in 1948 to 310,344 kilograms in 1959.³³ This led to an over-supply of wool by the early 1960s and was detrimental to Australia's wheat crop. Nevertheless, the large number of wool producing WSLs farms did benefit from the post-war demand for wool, and this provided time to counter the growing interest in wool substitutes such as filament rayon fibres. The following table indicates the types of agriculture and grazing undertaken by WSLs farms in New South Wales in 1953. In addition, many properties raising fat lambs were tempted by the high price of wool to acquire merino ewes. This would provide additional farms in the wool producing category.

TABLE 10.2

TYPES OF FARMING IN WHICH NSW SOLDIER SETTLERS WERE ENGAGED AS AT JUNE 1953

	Approx. No Farms
Wool growing and breeding	523
Fat lamb raising	617
Mixed farming, wheat and sheep	426
Dairying	283
Miscellaneous: beef cattle, lucerne and cane growing	23
	<u>Total: 1,872</u>

Source: *New South Wales Department of Lands Annual Report, 1953.*

³¹ G. Bolton in *A New History of Australia*, F. Crowley, ed., Melbourne, 1974, p.502.

³² *Australian Agricultural Review 1991-92*, Melbourne, 1991, p.57.

³³ *Australians: Historical Statistics*, Vamplew, ed., p.83.

169 (a)

**The first wool clip going to auction
c. early 1960s**



Wheat producers had to wait until the 1960s for their golden decade. But settlers on mixed farms producing wool and wheat were advantaged because wheat returns rose at a time when wool prices were on a decline. In 1950 the wholesale price per bushel was \$6.67, rising to only \$15.03 in 1960. However, in 1965 the price reached an astonishing \$147.10 and \$170.70 in 1970.³⁴

The reason wheat was so depressed in the early post-war years goes back to the Great Depression when farmers and soldier settlers suffered great hardship. Additionally, the wheat industry was disorganised and lacked leadership. Chapter Five outlined the disastrous outcome of the 'Grow More Wheat' campaign of 1930 and the resulting debts of growers in New South Wales estimated at more than 40,500,000 pounds. By 1933 this debt had risen to 52,003,000 pounds with an Australian debt of approximately 153,540,000 pounds.³⁵ When Scullin's Wheat Marketing Act was rejected by the Senate, as previously outlined, almost 12 percent of farms were sold up in New South Wales and by 1939 approximately 1,800 growers were on carry-on finance under the control of the Farmer's Relief Board.³⁶ In New South Wales many of the problem farms were the 2,000 soldier settlers from the Hillston-Lake Cargelligo district who were settled on 3,000,000 acres after World War I. The NSW Rural Reconstruction Board was empowered to pay up to 300 pounds to encourage those ex-servicemen with non-viable farms to leave the land.³⁷

³⁴ *Ibid.*, p.223. Price per bushel quoted in dollars.

³⁵ E. Dunsdorfs, *The Wheat Growing Industry in Australia 1788-1948*, Melbourne, 1956, pp.225-7, cited in P. Ashton, 'Reconstruction of New South Wales' Wheat-Growing Industry 1930-84', *Journal of Australian Institute of Agricultural Science*, 1984, pp.143-4.

³⁶ *Ibid.*, p.145.

³⁷ *Ibid.*

Stabilisation of the industry commenced in 1939 with the establishment of the Australian Wheat Board under the Wheat Acquisition Regulation. The Board was responsible for the purchase, storage and distribution of each crop.³⁸ Acreage restrictions were imposed the same year, together with a guaranteed price for all wheat grown up to 140 million bushels. With restrictive production and stable marketing the financial position of wheat farmers gradually improved. A survey of fifteen established farms which were not WSLs, was undertaken by the Department of Agriculture between 1946-47 and only three had a net income of less than 300 pounds.³⁹ This was considered a good result as they were experiencing severe drought. Nevertheless, WSLs farms growing wheat had the added burden of purchasing equipment. Consequently, the cautious attitude of the Commonwealth in relation to New South Wales in ensuring that wheat production was undertaken only in conjunction with wool, indicated adherence to the pledge that the marketing opportunity must exist before settlement was approved.

Fat lamb production was recommended for a number of farms in New South Wales due to its growth potential in 1945. Large exports of frozen mutton and lamb were shipped to Britain before World War I but this had declined between the wars. It was not until 1942-43 that the 1913 level of 205 million pounds was reached.

³⁸ *Australians: Historical Dictionary*. Aplin, Foster & McKernan, ed., p.154.

³⁹ B. Davidson, *op. cit.*, p.334.

TABLE 10.3

EXPORTS OF FROZEN LAMB

Year	Quantity in pounds (weight)	Value in pounds
1954-55	94,982 000	10,191,000
1956-57	53,262 000	4,773,000
1958-59	91,191 000	8,151,000

Source: *Official Year Book of the Commonwealth of Australia*, 1960, p.966.

The downturn in production and value raised could have been influenced by the excessive rain received in 1955.

Although the increase in these export figures appears slow during the 1950s, it must be remembered that a growth in the local consumption of mutton and lamb in Australia was taking place simultaneously. Whereas the Australian consumption for mutton between 1946-49 averaged 154 million tons, this had grown to 246 million tons by 1958-59. The growth in the local market for lamb was even more impressive averaging 86 million tons between 1946-49 and reaching 142 million tons in 1958-59.⁴⁰ With growing meat consumption on the home market, together with increased export potential, the producers of fat lambs and mutton fared quite well.

⁴⁰ *Official Year Book of the Commonwealth*, p.966.

Overall rural production grew in quantity and value in the decade following WSLs. The following table shows steady growth in the value of rural production during the 1920s compared with the 1945-55 escalation in values.

TABLE 10.4

RURAL PRODUCTION - GROSS VALUE - STATES AND TERRITORIES IN \$M

Year	Value
1916	344
1920	445
1925	558
1930	422
1945	601
1950	1,538
1955	2,208
1959	2,510

Source: *Australians: Historical Statistics*, Vamplew, ed., p.84.

Gross value is the value placed on recorded agricultural and pastoral production at the wholesale price realised in the principal market.

This large increase was due in part to the mechanical revolution which gave the farmer mechanical milking machines, harvesters and tractors. While the purchase price of a tractor was much higher than that of a horse, the increased amount of land which could be farmed by one man made it a very profitable investment. The number of tractors on farms rose steadily as a result. In 1939 there were 12,926 tractors in New South Wales and 89,390 in 1974.⁴¹

The phenomenal growth in the value of returns from Australian agricultural and pastoral industries in the 1960s was not due entirely to improved global economic opportunities and technological advances in farming mechanisation.

⁴¹ *New South Wales Official Year Book*, 1976, p.793.

The war provided the stimulus for a changed society, just right for the implementation of scientific innovation. Post-World War II farmers had received better educational backgrounds than their World War I counterparts. Another key factor for innovation was that in the late nineteenth and twentieth centuries, research into pasture improvement had been undertaken which would alter grazing and agricultural practice post-World War II in a most spectacular fashion, particularly in the high winter rainfall areas to the south of Western Australia, in South Australia, Victoria and southern New South Wales.

Despite the fact that knowledge had been building up over a long period, the rate of adoption of these revolutionary pasture improvement techniques was extremely slow. Part of the answer to this lies with the fact that many farmers resisted any change from their known farming methods. But, in addition, farmers and graziers were restricted financially by the 1920s recession and the Great Depression. Undoubtedly, this reduced scientific innovation on the farm. WSLS provided the finance for experimentation, particularly in the Agent states of Western Australia and South Australia where there was an extreme shortage of developed farm land. These states were forced, therefore, to utilise isolated areas of virgin crown land in moderate rainfall belts.

Pasture improvement involved the use of exotic imported clovers and grasses instead of native ones, particularly on newly cleared crown land and on "ley" pasture in rotation. Subterranean clover fertilised with superphosphate was found very suitable for the nitrogen and phosphate deficient Australian soils. Ironically, subterranean clover was considered mediocre by British farmers and categorised as a useless weed in the Mediterranean countries from which it was borrowed.

Nevertheless, it was admirably suited to Australian soils in the southern states and it was a prolific seeder.⁴² A survey was conducted on farms in the Crookwell area over a period of fifteen years. Here inferior native grasses were replaced with legumes which raised the fertility index threefold.⁴³

Subterranean clover made a spectacular difference to agriculture in Australia and to war service land settlement in particular. Much of the land clearing and subsequent development in the states of Western Australia and South Australia could not have been contemplated post-World War II without this technique.⁴⁴ In addition the policy of diversified farms for settlers was enhanced by pasture improvement and the benefits gained from improved soil fertility and stocking rates. Although by 1930, five and one-quarter million acres had been sown with improved pasture, the main thrust occurred following World War II. By 1955 over eighteen million acres of subterranean clover was sown, nearly equal to the area under crops.⁴⁵

Although the changes brought about by the use of subterranean clover were miraculous, scientists could not understand why some soils did not respond as well.

⁴² *Ibid.*

⁴³ C.M. Donald in *Agriculture and the Australian Economy*, D.B. Williams, ed., Sydney, 1967, p.58. The author does not say when the survey took place.

⁴⁴ The south-west of Western Australia and Kangaroo Island in South Australia.

⁴⁵ R.D. Watts, *op. cit.*, p.186.

In the late 1920s it had been recognised that plants required minute quantities of the trace elements such as iron, magnesium, manganese, molybdenum, copper and zinc as well as carbon, nitrogen, phosphate, calcium and sulphur.⁴⁶ Near Adelaide, better results were obtained when molybdenum trioxide was included with superphosphate.⁴⁷ In 1938 research proved that crops could be grown in the Ninety Mile Desert area of north-western Victoria if they were fertilised with superphosphate and small quantities of zinc and copper.⁴⁸ No wonder the World War I settlers at the Kentucky Group Settlement in New South Wales had such trouble with their fruit. They had to wait until the late 1950s to get the answer that their fruit trees were suffering from a boron deficiency.⁴⁹

Scientific discovery such as the benefits of subterranean clover and other introduced clovers, together with testing for trace elements, was not the haphazard work of individuals. The developments in agriculture which emerged in the mid-twentieth century were achieved as a result of formalised research activities over a long period of time. The first agricultural college to be established was South Australia's Roseworthy College in 1883. Later it was recognised for the work of William Farrer on improved wheat strains and the research of Custance and Lowrie on superphosphate. The first faculty of agriculture was established in 1910 at Sydney University and Melbourne University followed Sydney's example. It was not until 1920 that much progress was achieved at either institution. Initially their main task was to train the first generation of agricultural scientists.⁵⁰ The University of Adelaide received a large monetary endowment from benefactor Peter Waite in 1924, and the Waite Agricultural Research Institute of South Australia was established.

⁴⁶ B.R. Davidson, *op. cit.*, p.337.

⁴⁷ *Ibid.*, p.338.

⁴⁸ *Ibid.*

⁴⁹ See Chapter Five.

⁵⁰ L.J. Peel, in *The Pastoral Industries of Australia*, G. Alexander and D.B. Williams, ed., Sydney, 1973, p.67.

The Institute undertook extremely useful work on problem soils, pastures, crop rotations, climatology, cereal breeding, plant pathology and entomology.

Although Australia had a plethora of institutions for training and research by World War II there was one notable exception. The Department of Primary Industry recognised that a major economic research agency was required if rational planning and policy direction was to occur. Therefore, in 1945 the Bureau of Agricultural Economics (BAE) was established to undertake research in order to facilitate policy directions. Another facet of its work was providing primary producers with sound analysis of current economic issues.

It must be emphasised, however, that the big changes which occurred in primary industry resulted from basic research undertaken by the Commonwealth Scientific and Industrial Research (CSIR) established in 1926. Farmers and graziers were fortunate that due to budgetary restraints, the first twenty years of CSIR's existence were devoted to agricultural problems such as the chemical composition of wool, the effect of nutrition on wool growth, pasture research, dietary factors affecting sheep fertility and blowfly control.⁵¹ There was some concern expressed that the work of CSIR might duplicate the work of the state based Departments of Agriculture. Thus clear guidelines were imposed on the CSIR to undertake fundamental research, whilst the states were to concentrate on extension work.

⁵¹ *Ibid.*, p.68.

Historian Russel Ward was enthusiastic in his praise for the work of CSIR which became the Commonwealth Scientific & Industrial Research Organisation (CSIRO) under the leadership of Dr Ian Clunies Ross in 1949. "Its work has been of incalculable benefit to Australian farmers and graziers".⁵² Three new divisions were set up in the 1950s to undertake further wool research: the Divisions of Textile Industry, Protein Chemistry and Textile Physics and the Divisions of Plant Industry, Animal Health and Production, Biochemistry and General Nutrition were greatly expanded.

By the 1950s, CSIRO could point to some spectacular successes. Most notable was the virtual elimination of prickly pear from the east coast of Australia by 1934 with the introduction of the insect *Cactoblastis* from South America.⁵³ As already discussed, many World War I soldier settlers struggled to eradicate this plant from their land. By 1925 it was estimated that twenty six million hectares were infected from North Queensland to the Hunter Valley in New South Wales.⁵⁴

It was the development of myxomatosis against the rabbit which was the most impressive breakthrough for World War II settlers. This thesis has already described the horrific rabbit experience of World War I farmers and settlers.⁵⁵

⁵² R. Ward, *A Nation for a Continent*, *op. cit.*, p.157.

⁵³ Although prickly pear was introduced in 1788, it was not until the 1900s that it became out of control. The height of the infestation occurred in the early 1920s. However it was considered a severe problem between 1902 and 1934.

⁵⁴ *Australians: A Historical Dictionary*, Apin, Foster, & McKernan, ed., p.333.

⁵⁵ G. Bolton, *Spoils and Spoilers*, North Sydney, 1981, pp.88-95. According to Bolton one problem in the containment of rabbits was that they were only a pest to farmers but town dwellers saw them as a cheap meal. Many survived the Great Depression by trapping rabbits.

Due to prolific reproduction, rabbits very quickly reached pest proportions after their introduction into Victoria in 1855. Only thirty years after their arrival, the Victorian Government spent 30,000 pounds on eradication "but although claims were made in respect of 1,884,000 rabbits trapped in two years" they continued to grow in large numbers.⁵⁶

The recollections of Colin Cameron, Officer-in-Charge of the Jerramungup War Service Project in Western Australia describe the impact made by the use of myxomatosis on the rabbit population in his area in the early 1950s. He stated that the rabbit menace was the worst problem that he faced at Jerramungup. "They were in countless numbers, undoubtedly in millions ... even when we went to feed the hens with a bucket of grain the rabbits came with the hens".⁵⁷ When the first experimental crop was planted they tried to tear up the rabbit warrens with a ripper but the infestation was so great that the machines ended up "a gooey mass of blood and entrails".⁵⁸ Needless to say when the crop was eventually sown and growing, the rabbits moved in for the harvest. The men struggled through the 1953-54 season, but in sheer desperation they decided to try myxomatosis.⁵⁹ It was placed across the eyeballs of a small number of rabbits and then they were released to infect other rabbits with the virus and the symptom of blindness. The effect was dramatic.

⁵⁶ *Ibid.*, p.91.

⁵⁷ Unpublished memoirs of Colin Cameron, Officer-in-Charge, Jerramungup War Service project, Western Australia, 5 April 1963, p. 5, State Archives of Western Australia, 3441A.

⁵⁸ *Ibid.*

⁵⁹ Many farmers were loathe to introduce myxomatosis because they felt it was a cruel method of containing the pest.

Two months after this initial dose the epidemic was underway, and within a short period only a few rabbits were evident despite the fact that just two months earlier they were described as "teeming millions".⁶⁰ Further research was required in the late 1960s and early 1970s because the rabbits were able to build up an immunity. Yet there was no doubting the initial impact that myxomatosis had on the Australian rabbit population and its introduction was at the right time to benefit WSLS. Undoubtedly, if rabbits had not been checked it would have severely impacted on the success rate of settlers post-World War II.

Settlers participating in the second scheme were favoured with good fortune. In Australia, the 1950s marked the culmination of many forces which had laid dormant for half a century. Due to a growth in the global economy, Australia gained access to markets previously untapped. Fears that post-war commodity prices would collapse proved unfounded because of the new "managed" economy. Revolutionary developments in agricultural science and technology were implemented at a time when farmers and settlers had greater spending power. The ex-servicemen derived huge benefits from the relatively good weather patterns which greeted the men on their land. Due to the delays in settlement, ex-servicemen were excluded from the extreme drought of 1944-45. Although there were seasons which provided harsh conditions, the settlers were spared the protracted droughts.

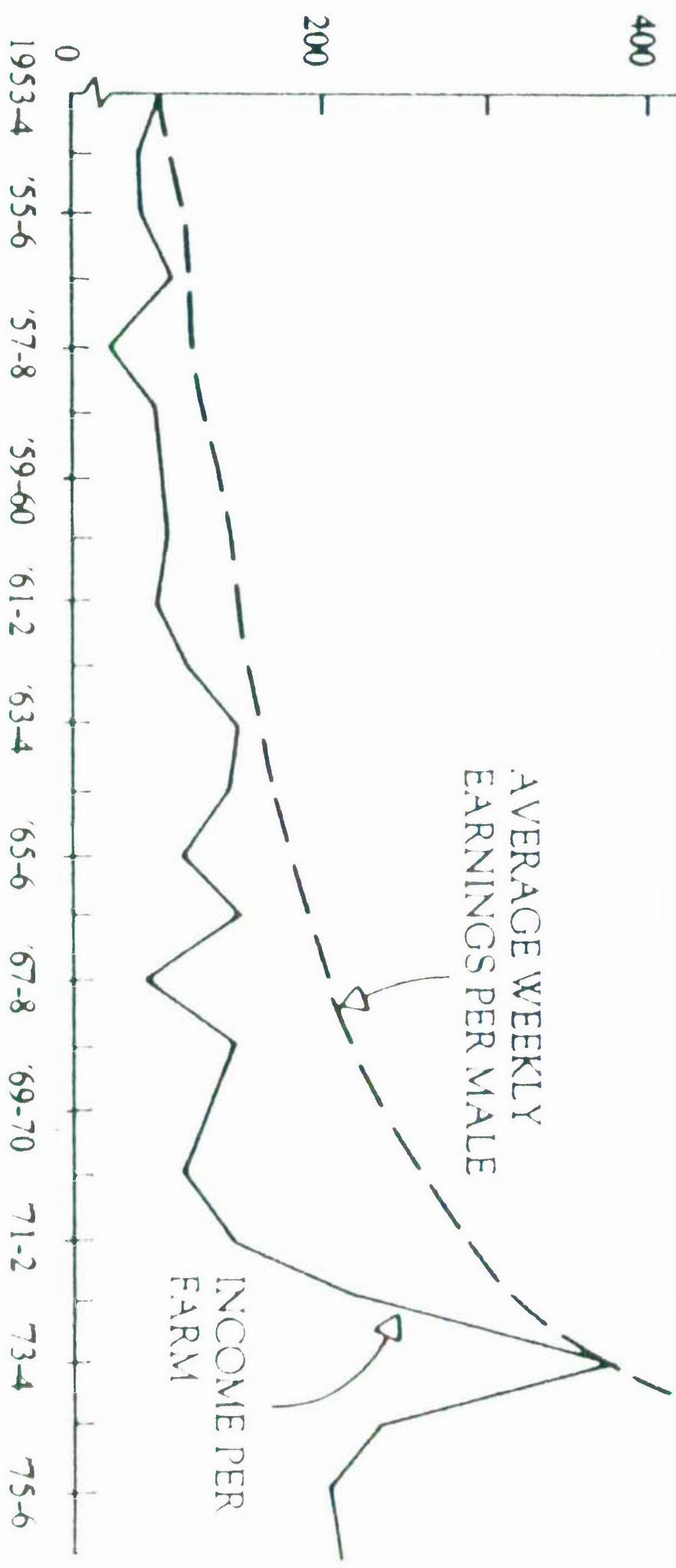
⁶⁰ *Ibid.*, p.6.

The World War II scheme enjoyed more success than its predecessor through planning and good luck. Graph 1 on the following page indicates that the average weekly earnings of workers and income from farms were comparable in the early 1950s. Many lessons had been learned, and a fair scheme was offered to the ex-servicemen. They reaped the benefits from the years of research and development undertaken by universities, departments of agriculture and agricultural institutes. The industries which had experienced difficulties between the wars such as wheat were reconstructed and managed, while the special needs of the dairy industry were addressed by a subsidy for butter and cheese production. Prices and the demand for primary production were buoyant in the years following Armistice. For instance, in the early years of World War II there had been great concern due to a Dominion stockpile of wool which was equal to five years' of Australian production. In this case, the drought of 1944-45 was responsible for the death of approximately twenty million sheep in Australia, and fears of overproduction and a lack-lustre marketplace proved groundless. It was fortunate that WSLS farms were spared that concern. Luck was on the side of the Commonwealth and the states because it was fortuitous that land settlement occurred in the 1950s at a time when primary commodity growth provided a good initiation period for WSLS. Needless to say this must have been a key factor in the overall short-term failure rate for World War II settlement of 8 percent, and 10-11 percent approximately of original settlers over a longer term.⁶¹

⁶¹ Vellacott, *op. cit.*, p.84, and Dennis, Grey, Morris & Prior, *op. cit.*, p.557.

INDEX NUMBERS

AVERAGE ANNUAL RATE OF INCREASE
AVERAGE WEEKLY EARNINGS PER MALE: 1953-4 TO 1975-6 — 6.7%
INCOME PER FARM: 1953-4 TO 1975-6 — 4.3%



Source: Quarterly Review of Agricultural Economics. Vol. XXX, No. 1, January 1977, p. 11.

The ex-servicemen were lucky also because they accepted the challenge of farming, despite an indifferent record for closer settlement and the failure of the first scheme. WSLs settlers were more successful than the ex-servicemen who embarked on the first scheme because they were blessed with moderate seasons and excellent commodity prices. Moreover, they were the beneficiaries of an improved scheme due to the harsh lessons provided by post-World War I settlement.