

1950-51.

VICTORIA.

ANNUAL REPORT

OF THE

SOLDIER SETTLEMENT COMMISSION

FOR THE

YEAR ENDED 30th JUNE, 1950.

PRESENTED TO BOTH HOUSES OF PARLIAMENT PURSUANT TO THE PROVISIONS OF SECTION 16 OF
THE SOLDIER SETTLEMENT ACT 1945.

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REPORT.

Soldier Settlement Commission,
Melbourne, C.2,
30th November, 1950.

The Honorable the Minister of Lands.

SIR,

The Soldier Settlement Commission has the honour to transmit to you herewith, in conformity with Section 16 of the *Soldier Settlement Act 1945*, its Annual Report and Balance-sheet for the year ended 30th June, 1950.

During the year under review, amending legislation was enacted which, inter alia, varied the procedure in regard to compulsory acquisition and also the basis for determining the compensation payable in such cases. It also empowered the Commission to rescind the allocation of an allotment to a settler in certain circumstances, to make advances to a settler prior to the granting of a Settlement Interim Lease and increased the maximum Single Unit Farm loan from £6,000 to £7,500.

For clarity and convenience the report on the Commission's functions and activities is submitted under the following main headings:—

1. General Settlement in accordance with the War Service Land Settlement Agreement ;
2. Single Unit Farm advances made pursuant to Part III. of the Soldier Settlement Acts.
3. Agricultural Loans and Allowances under the *Commonwealth Re-Establishment and Employment Act 1945*.

GENERAL SETTLEMENT IN ACCORDANCE WITH THE WAR SERVICE LAND SETTLEMENT AGREEMENT.

(a) *War Service Land Settlement Agreement.*

As has been emphasized in previous reports, the War Service Land Settlement Agreement entered into between the Commonwealth and State Governments has proved to be unsatisfactory and unbusinesslike and, owing to the Settlement authorities of the two Governments failing to agree on the interpretation of certain clauses relating to the valuation of settlers' holdings, this aspect of settlement has, in consequence, been retarded. Efforts which were continued during the period under review to overcome these difficulties proved abortive and agreement is not in sight.

As some settlers have been on their holdings for over three years the Government considered that, in fairness to them, they should be given some indication of their probable liabilities and, up to 30th June last, 67 settlers had been advised of their approximate farm valuations which would ultimately be subject to Commonwealth concurrence.

There is no doubt that the terms of the existing Agreement were based primarily on perpetual leasehold tenure which permits a good deal of latitude in arriving at capital values. Victoria is the only State in the Commonwealth which provides for freehold tenure and consequently this Commission is bound to advise each settler of the over-all valuation of his holding. This involves a write-off of capital moneys which is not so essential under a perpetual leasehold system.

It is also pointed out that during the period covered by this report the validity of this Agreement was challenged in the High Court by an action taken by P. J. Magennis Pty. Ltd. against the Commonwealth and New South Wales and others claiming a declaration that the Commonwealth and State legislation approving the Agreement and the Agreement itself were invalid. The majority of the judges upheld the plaintiff's contention and the basis of this decision is that the provision in the Agreement for the acquisition of land at 1942 valuation is contrary to the Commonwealth Constitution which provides that property may be compulsorily acquired by the Commonwealth only on "just" terms. It followed that the Commonwealth exceeded its powers in entering into the Agreement and that therefore there was no agreement at all binding the Commonwealth and the State.

(b) Classification of Applicants as to Eligibility and Suitability.

It was expected that applications lodged for classification as to eligibility and suitability to apply for settlement would have tapered off during the last year in view of the period this scheme has been in operation, but actually a further 1,691 applications were received bringing the total to 14,008. 12,565 of these ex-servicemen have appeared before Classification Boards and have been classified as follows:—

Suitable for farm ownership	9,638
Classification deferred pending applicants gaining further experience ..	1,349
Unsuitable, withdrawn and deferred	1,578

Of the 9,638 applicants who have been classified as suitable for farm ownership, 1,835 have received finance under the Commission's Single Unit Farm scheme and, of the balance of 7,803, only 3,938 have lodged applications for the 1,321 allotments which have been made available for settlement. It appears that a number of applicants who have been classified as suitable have taken advantage of other opportunities for their rehabilitation.

(c) Acquisition of Lands.

In September last the control on the sale of rural land was released, with the result that land prices rose steeply and, with the increasing prices of products, particularly wool, such prices have since steadily increased. The effect of this is that areas acquired at the higher prices will have to be very considerably written down when settler's holdings are valued. The result of these abnormal conditions is reflected in the figures set out hereunder, showing the acquisitions made in the various periods quoted:—

Land acquired prior to 1st July, 1947 ..	233,208 acres for £2,134,554
Land acquired during the period 1st July, 1947, to 30th June, 1948	312,384 acres for £2,812,176
Land acquired during the period 1st July, 1948, to 30th June, 1949	106,566 acres for £1,022,397
Land acquired during the period 1st July, 1949, to 30th June, 1950	79,994 acres for £1,175,313
Total	732,152 acres for £7,144,440

All the land purchased up to the 30th June, 1949, was acquired whilst Land Sale Control operated and the average price per acre paid was £9 3s. During the last year when Land Sale Control operated for only about two months, the average acquisition price per acre increased to £14 14s.—an increase of over 60 per cent.

The Commission has also taken over 24,116 acres of Crown Lands for settlement purposes—the majority of these areas comprised former Agricultural College Lands.

An investigation was made into the practicability of utilizing unalienated Crown Lands for settlement purposes and a Committee to make this investigation was appointed under the Chairmanship of Mr. Commissioner Holmberg, and comprised experienced and practical farmers from the eastern and western portions of the State. A copy of this Committee's report which was made after a personal inspection of various areas and consideration of evidence from local residents has already been made available for your information.

(d) Subdivision and Allocation of Land.

It will be appreciated that it is not possible for the Commission to obtain vacant possession of land as soon as negotiations for acquisition have been completed as the Vendors must be allowed a reasonable time in which to wind up their operations. As a consequence the whole area acquired in many cases does not pass into the physical possession of the Commission until some months after the contract to purchase has been signed. However, of the 732,152 acres acquired, 575,435 acres have been subdivided into 1,321 holdings. These holdings have been made available for application and 1,238 allotments comprising 541,397 acres have actually been allotted and the vast majority are now occupied by the successful applicants. Before settlers can be permitted to enter into possession of their blocks it is essential to have the boundary lines marked on the ground so that the necessary fencing can be commenced, but the acute shortage of surveyors has not made it possible to have these boundaries marked as rapidly as is desired.

(e) *Effective Occupation of Farm Holdings.*

Clause (13) of the War Service Land Settlement Agreement provides that the Commonwealth may grant a settler a living allowance for one year following the allotment of a holding to him, and during this period (known as the "assistance period") the settler shall not be required to pay any rent or interest in respect of his holding or to make any payments on account of principal or interest in respect of advances other than advances made for working capital. It also provides that the "assistance period" may be extended upon conditions approved by the Commonwealth. When the *Soldier Settlement Act 1946* was framed it was visualised that this "assistance period" and a settler's Interim Lease would commence on the same date, but, owing to inability to reach agreement with the Commonwealth on Interim Lease valuations, this has not been possible. The Commonwealth, however, agreed that this "assistance period" may be granted to a settler when the Commission visualised that such settler would have his holding in a reasonable state of production within twelve months. Under this arrangement the Commission granted the "assistance period" to 752 settlers during the last financial year. It is apparent that, in a number of cases, such as settlers on young dried fruit holdings, an extension of this "assistance period" beyond one year will be required, and it is proposed to refer such cases to the Commonwealth authority for its approval to the extensions considered to be necessary.

In order to administer soldier settlement on sound and efficient lines it should have been possible to determine Settlement Interim Lease valuations prior to the commencement of the "assistance period". This would have enabled the Commonwealth and State contributions regarding remissions of rent and interest to have been definitely determined and each settler would have been aware of the annual commitments on the liability he would be required to meet as soon as his "assistance period" had been completed. Although this has been impossible it is imperative that Interim Lease valuations be determined forthwith as further delay will result in an accumulation of arrears of instalments which some settlers may find it difficult to overtake.

(f) *Development and Improvement of Settlers' Holdings.*

As the number of settlement holdings made available under the general settlement scheme increase, so do the Commission's requirements, such as fencing wire, galvanized iron, and housing materials, correspondingly increase. The shortage of Australian manufactured materials became so acute during the period under review that the improvement and development of farms would have been brought to a standstill had supplies not been obtained from some other source. To relieve the situation, the Commission arranged for the importation of 1,530 tons of wire, 1,590 tons of galvanized iron, 1,300 tons of galvanized piping, and 19,000 coils of wire netting. As these stocks are being rapidly depleted, further orders have been placed for the importation of 1,750 tons of wire, 1,600 tons of galvanized iron and 120,000 steel posts. The wire and galvanized iron are expected to arrive before the end of September, 1950, and the steel posts shortly afterwards.

In previous reports it has been pointed out that the demand for building contractors in town areas where amenities exist for workmen is still making it difficult for the Commission to obtain contractors who are prepared to erect farm houses. In a number of cases, tenders have been called for the erection of houses without result and, at the present time, there are two Estates for which it has not yet been possible to obtain building contractors.

The Commission has been successful in letting contracts for the erection of 1,035 farm houses, and up to date, 517 have been completed. The present rate of completion is one (1) per day, and this rate is being stepped up. In addition to the contracts let for the erection of new houses there were 187 existing houses on Estates when they were acquired. Any of these houses which are structurally sound will be renovated to provide future homes for settlers. Those which are not structurally sound are being used to temporarily house settlers and, when their new houses are completed, tenders are called for their sale for removal.

Pending the completion of houses on settlement holdings, it is necessary to provide the settler with temporary accommodation. It is essential that these temporary quarters be of a reasonably good standard in view of the time settlers and their families are required to occupy them, and they are designed so that they may be later used as farm outbuildings.

Other improvement and developmental works on settler's holdings include the erection of some 1,200 miles of fencing, the top-dressing of over 71,000 acres, the sowing down of 12,200 acres of pasture in rainfall districts (some of which may have to be resown owing to abnormal seasonal conditions in the Western District) and the grading, check-banking and sowing down of a further 9,350 acres to lucerne and pasture in irrigable districts, the planting to orchard of 605 acres and 1,200 acres to dried fruit vines. This is additional to shedding and water supply requirements to enable settlers to carry on their farm work.

The fact that the construction of roads is necessary to serve the vast majority of Soldier Settlement Estates has made a heavy call on the roading plant of the Country Roads Board and the various Shire Councils. The shortage of this heavy machinery has not allowed this construction work to proceed as rapidly as is desired, with the result that settlers, housing, and other contractors have experienced difficulty in carting materials on to the various holdings. The Commission, however, is appreciative of the work carried out in this regard by the Country Roads Board and the Shire Councils concerned. The total estimated cost of road construction to the 30th June, 1950, is £283,333, and this amount has been provided as under :—

—				Country Roads Board.	Soldier Settlement Commission.	Shire Councils Concerned.	Total.
				£	£	£	£
1947-48	..	..	..	28,948	25,750	7,847	62,545
1948-49	..	..	..	18,998	67,262	13,464	99,724
1949-50	..	..	..	26,273	80,176	14,615	121,064
Totals				74,219	173,188	35,926	283,333

(g) Stock Purchased by Commission.

As mentioned in last year's report, it was only possible to acquire some Estates by completing negotiations on a walk in-walk out basis. Fifteen estates have been acquired in this way, giving the Commission possession of 163,623 sheep, 4,307 cattle and 217 horses. It has been the policy of the Commission to employ the station hands on these Estates when purchased, so that the properties could be worked and maintained pending their subdivision and allotment to ex-servicemen. It will be appreciated that in such acquisitions a number of the stock acquired would not be suitable for distribution to settlers, and such animals are sold on the open market. The balance have been, or will be, made available to settlers at prices comparable to market rates.

Up to the 30th June, 1950, the Commission has distributed 79,866 sheep, and 4,793 cattle to settlers, and the balance on hand totalled 45,142 sheep, 1,850 cattle, and 98 horses.

A reasonable agistment charge is credited to the Estate in question for all Commission stock, and, after allowing for this charge and other normal station expenses, the net profit amounted to £578,573. From such profits the Commission has authorized the payment of £299,872 to Revenue including £270,000 during the financial year in question. A further payment to Revenue would normally have been made during that financial year, but owing to the droughty conditions existing in the Western District where practically all of the Commission stock are agisted, the Commission felt it prudent to withhold further payments until seasonal prospects were known.

Although the Commission has received some unjustifiable criticism because of delays in cutting up station properties it should be clearly understood that housing and roading matters on some subdivisional estates are not keeping pace with other developmental works. By the sensible utilization of station properties the Commission has at least turned a disability in housing and roading into an income earning asset for which it should receive some commendation. It is desired to stress, however, that the Commission's paramount objective is at all times, the settlement of ex-servicemen at the earliest opportunity.



Soldier Settlement home erected on an estate in the Western District.
(Architects: Buchan, Laird and Buchan.)



Pasture on a holding on "Larra" Estate.



Settler has been in possession of this Western District holding for three years.



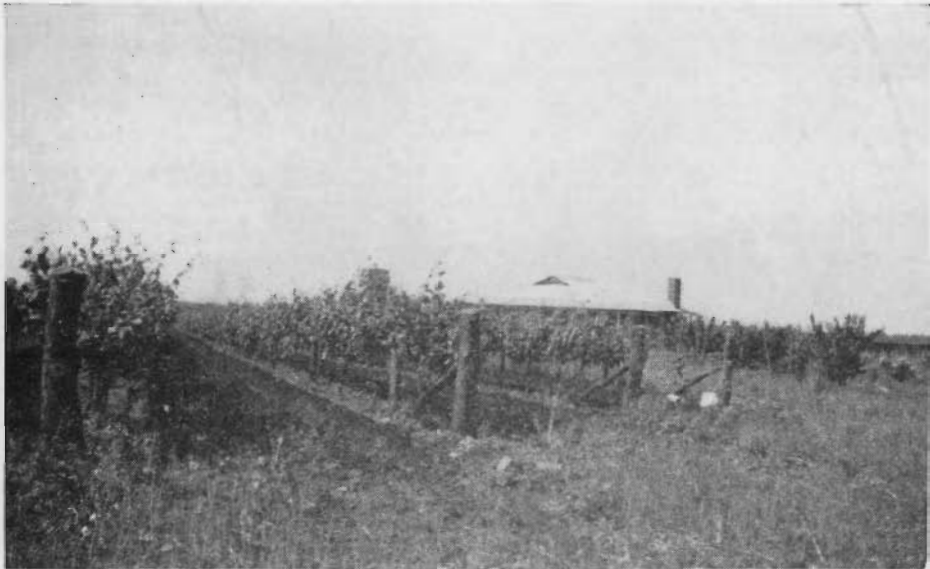
Typical dairy herd on holding in Murray Valley Irrigation Settlement Area.



House and outbuildings on holding in Murray Valley Irrigation Settlement Area.



[Permanent pasture sown in Spring of 1949 on a settler's holding in the Murray Valley Irrigation Settlement Area.



Robinvale holding—Vines planted in 1948.



Robinvale holding—Vines planted in 1949.



Orchard in Murray Valley Irrigation Settlement Area planted in 1948.

SINGLE UNIT FARM ADVANCES PURSUANT TO PART III. OF THE SOLDIER
SETTLEMENT ACT No. 5179.

The War Service Land Settlement Agreement does not provide for the financing of settlers to assist them to purchase farms of their own choice. This form of rehabilitation is up to date, purely a State responsibility.

The popularity of this form of settlement is evidenced by the fact that three-fifths of the soldier settlers in this State have been rehabilitated in this way. 2,970 applications for Single Unit Farm loans have been received. In 1,835 cases loans totalling £6,464,854 have been approved, 1,038 applications have been declined, withdrawn, &c., and the balance of 97 are in course of being dealt with.

It was pointed out in the previous report that the high prices ruling for primary products had continued to push land prices higher and higher notwithstanding the corrective influence of land sale control. Since September last, however, when Land Sale Control was lifted, an upward trend of prices of primary products has been more pronounced. This has resulted in the vendors demanding unprecedented high prices for their farms, and settlers who enter into contracts to purchase Single Unit farms are required to find substantial cash payments to bridge the gap between the purchase price and the amount of finance which the Commission is prepared to make available.

It is anticipated that some losses will be inevitable in this form of settlement, particularly as the legislation provides for advances being made up to 90 per cent. of the Commission's valuation of the farm, but it is considered that ultimate losses should not be excessive. On the other hand the loss or writing-off which will result from settlement under the general scheme will of necessity be very substantial.

It is pleasing to report that a number of settlers under both Single Unit Farm and General Settlement Schemes are taking full advantage of the prices they are receiving for their primary products by consolidating their positions whilst the present opportunities exist.

AGRICULTURAL LOANS AND ALLOWANCES UNDER THE COMMONWEALTH
RE-ESTABLISHMENT AND EMPLOYMENT ACT 1945.

In addition to the Soldier Settlement Acts the Commission, as agent for the Commonwealth, is administering the *Re-Establishment and Employment Act 1945* so far as it relates to the making of Agricultural Loans and the granting of Agricultural Allowances to ex-servicemen.

At the 30th June, 1950, 2,849 ex-servicemen had received loans totalling £1,829,084 and allowances approximating £280,100 had been granted to 2,224 applicants.

The necessary capital for these loans and allowances is provided by the Commonwealth Government which also meets the administration expenses involved.

STAFF.

The expanding operations of the Commission continually present new problems which are difficult and varied and for which precedence cannot be referred to for guidance. The shortage of office space and staff has made a heavy demand on the Commission officers and the Commission wishes to express its appreciation to them for their wholehearted co-operation and the manner in which they have shouldered the duties imposed on them.

The Commission desires to express its sincere appreciation of the co-operation extended to it by the Secretary for Lands and for the valued assistance made available from his field officers and Head Office staff; to the State Rivers and Water Supply Commission which has carried out extensive field work on the areas being developed for irrigation settlement; to the Country Roads Board for its assistance and advice in connexion with the construction of roads, and to the Heads of other Departments for their co-operation in the carrying out of many other phases of soldier settlement.

H. L. SIMPSON, Chairman.

H. HOLMBERG, Member.

SYDNEY J. KING, Member.

E. SINGLETON, Secretary.

SOLDIER SETTLEMENT COMMISSION

SOLDIER SETTLEMENT ACTS.

BALANCE-SHEET AT 30TH JUNE, 1950.
(Adjusted to nearest £.)

	<i>Credit Balances.</i>		<i>Debit Balances.</i>		
	£	£	£	£	£
1. Loan Expenditure	16,763,860	..	..	6,228,608
<i>Less</i> Repayments to State Loans Repayment Fund	1,430,496	..	..	3,242,113
		<u>15,333,364</u>			<u>9,470,721</u>
2. Crown Lands taken over and set apart for settlement	34,503	..	..	377,612
3. Interest on Loan Expenditure capitalized during the developmental period	218,302	..	..	353,449
4. Treasurer's Advance for road construction	5,000	..	..	5,674,733
<i>Less</i> Amount held by the Country Roads Board	5,000	..	..	80,378
					<u>371,649</u>
5. Amounts Held in Trust for sundry persons	27,399	..	..	5,303,084
<i>Less</i> Balance in the Trust Suspense Account	27,399	..	..	..
6. Sundry Creditors for rents payable in advance &c.	32,784	..	..	335,758
7. Amounts Provided from Consolidated Revenue to meet Interest on loans and Costs of Administration	930,561	..	..	..
<i>Less</i> Amounts paid to Consolidated Revenue	741,767	..	..	2,991
Commonwealth Government for one-half share of rents and interest remitted during the Assistance Period	34,072	..	..	95,612
		<u>775,839</u>			<u>98,603</u>
8. Profits on working Station Properties	154,722	..	..	237,155
<i>Less</i> Revenue Account Deficiency (see explanatory footnote)	578,573	..	..	589,147
Accumulated Deficiency to 30th June, 1949	260,421	..	..	..
Deficiency for year ended 30th June, 1950	193,625	..	..	24
		<u>454,046</u>			<u>4,300</u>
9. Sundry Debts to State Loans Repayment Fund—		124,527			..
Principal due by settlers and others in arrears
10. Sundry Debts to Consolidated Revenue—					..
Arrears of Interest, Rents and Fees due and payable
11. Interest and Rents accrued due not payable
		<u>15,888,202</u>			<u>15,888,202</u>

SOLDIER SETTLEMENT COMMISSION.

SOLDIER SETTLEMENT ACTS.

REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1950.
(Adjusted to nearest £.)

	<i>Debits.</i>	£	£		<i>Credits.</i>	£	
Interest on Loans including discount and expenses of loan raising		..	409,067		Interest on Loan Expenditure capitalized	..	114,100
Costs of Administration—					Interest Earned	..	99,956
Salaries and wages	..	71,049			Rents, Fees and sundry earnings	..	139,534
Travelling Expenses	..	6,998					
Stores, Stationery and incidentals	..	12,137					
Maintenance of property, repairs	..	719					
Payments in lieu of rates	..	11,948					
		102,851					
Depreciation	..	1,225					
Rents and Interest Remitted during the Assistance Period	..	68,144					
Less One-half share to be met by Commonwealth Government	..	34,072			Balance carried down	..	193,625
		547,215					547,215
		£					£
Balance brought down	..	193,625			Accumulated Profits on working station properties	..	578,573
Accumulated Deficiency to 30th June, 1949 (see explanatory footnote)	..	260,421					
		454,046					
Balance	..	124,527					578,573
		578,573					578,573

The accumulated deficiency shown in the Balance-Sheet and Revenue Account is due mainly to the provisions of the Agreement between the Commonwealth and State Governments and of State legislation designed to assist the establishment of discharged soldiers on the land.

1. *Remission of rents and interest.*—During the early stages of occupation, referred to in the Agreement as the "Assistance Period," all rent and interest charges are remitted. The cost is to be shared equally by the Commonwealth and State Governments. The Victorian Government's share to date is 34,072
2. *Concessional interest rate.*—The Act fixes the rate to be charged to settlers at 2 per cent. per annum. Having regard to the current rates payable on Government Securities, to discount and expenses of loan raising and to the costs of administration, the reduced rate amounts to a statutory concession of 410,891

E. SINGLETON, Secretary.
R. D. HOWELLS, Accountant.

H. L. SIMPSON, Chairman.
H. HOLMBERG, Member.
SYDNEY J. KING, Member.

The accounts of the Soldier Settlement Commission have been audited and, in my opinion, the balances shown in the Balance Sheet properly disclose the position of the Commission's accounts as at 30th June, 1950, and the Revenue Account and the statement of Receipts and Disbursements correctly summarize the transactions of the Commission during the year ended 30th June, 1950.

E. A. PEVERILL, Auditor-General.
27th November, 1950.

SOLDIER SETTLEMENT COMMISSION.

SOLDIER SETTLEMENT ACTS.

STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR FINANCIAL YEAR ENDED 30TH JUNE, 1950.

		<i>Receipts.</i>					
		£	s.	d.	£	s.	d.
Payments to Consolidated Revenue—							
Interest on Land and Improvements					1,118	18	10
Interest on Advances					89,996	9	6
Rents and Agistment					73,445	4	8
Proceeds, Sale of Motor Cars					350	0	0
Ascertained Profit on Trading in Livestock					270,000	0	0
Sundries					8,202	5	5
							443,112 18 5
Payments to State Loans Repayment Fund—							
Proceeds, Sale of Land and Improvements					175,823	14	10
Payments in reduction of Advances					350,979	15	7
Proceeds, Sale of Stock, Wool, Plant and Material		331,158	8	10			
Less Amounts transferred to Consolidated Revenue		300,666	19	7			
					30,491	9	3
							557,294 19 8
							1,000,407 18 1
		<i>Disbursements.</i>					
Expenditure from Consolidated Revenue—							
Proportion of Commissioner's Salaries		4,384	8	7			
Salaries and Wages		55,883	11	6			
Travelling Expenses		5,992	0	7			
Stores, Equipment and Incidentals		5,660	4	9			
Postage, Telegrams and Telephones		1,442	5	0			
Printing and Stationery		2,570	15	1			
Maintenance of Motor Vehicles		470	16	11			
Virgin Land Committee Fees		711	18	0			
Valuation Fees		1,407	17	7			
Upkeep of Commission's Property		157	9	5			
Payments in lieu of Shire Rates		11,948	0	9			
Purchase of Motor Vehicles		1,559	12	3			
					92,189	0	5
Pay-Roll Tax					1,498	3	1
							93,687 3 6
Expenditure from Loans—							
Purchases of Land					1,179,601	19	7
Advances—							
For Purchase of Land, &c.		1,356,907	5	5			
For Improvements, Stock, Implements, &c.		325,081	10	2			
					1,681,988	15	7
Irrigation Development					82,883	9	7
Other Expenditure—							
Development and Improvement of Estates		1,898,315	12	11			
Shares in Kyabram Co-operative Fruit Preserving Co. Ltd.		70	0	0			
Share-farming Agreements		6	3	10			
Heytesbury Experimental Area		1,282	8	1			
					1,899,674	4	10
							4,844,148 9 7
							4,937,835 13 1

E. SINGLETON, Secretary.

R. D. HOWELLS, Accountant.

27th November, 1950.

H. L. SIMPSON, Chairman.

H. HOLMBERG, Member.

SYDNEY J. KING, Member.

27th November, 1950.

E. A. PEVERILL,

Auditor-General,

27th November, 1950.