

1969-70

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VICTORIA

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# REPORT

FROM THE

LITTLE DESERT SETTLEMENT COMMITTEE

UPON

THE PROPOSAL TO OPEN THE LITTLE DESERT  
TO SETTLEMENT

TOGETHER WITH

APPENDICES

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*Ordered by the Legislative Council to be printed, 17th March, 1970.*

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*By Authority:*

C. H. RIXON, GOVERNMENT PRINTER, MELBOURNE.

EXTRACTED FROM THE MINUTES OF THE PROCEEDINGS OF THE  
LEGISLATIVE COUNCIL.

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TUESDAY, 14th OCTOBER, 1969.

8. LITTLE DESERT SETTLEMENT—APPOINTMENT OF SELECT COMMITTEE.—The Honorable J. W. Galbally moved, That there be a Select Committee of six Members appointed to inquire into and report upon the proposal to open the Little Desert to settlement, having special regard to—(i) the suitability of the land for any and what type of farming ; (ii) the probable economics of farm units of the size proposed ; and (iii) the value of the area as a sanctuary for native flora and fauna ; the Committee to have power to send for persons, papers, and records ; three to be the quorum.

The Honorable G. L. Chandler moved, That the debate be now adjourned.

Debate ensued.

Question—That the debate be now adjourned—put and resolved in the affirmative.

Ordered—That the debate be adjourned until the next day of meeting.

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WEDNESDAY, 15th OCTOBER, 1969.

2. LITTLE DESERT SETTLEMENT—APPOINTMENT OF SELECT COMMITTEE.—The Order of the Day for the resumption of the debate on the question, That there be a Select Committee of six Members appointed to inquire into and report upon the proposal to open the Little Desert to settlement, having special regard to—(i) the suitability of the land for any and what type of farming ; (ii) the probable economics of farm units of the size proposed ; and (iii) the value of the area as a sanctuary for native flora and fauna ; the Committee to have power to send for persons, papers, and records ; three to be the quorum, having been read—

Debate resumed.

The Honorable G. L. Chandler moved, as an amendment, That the words “ six Members ” be omitted with the view of inserting in place thereof the words “ eight Members, of whom four shall be members of the Government party and four shall be members of other parties in the House,”.

Debate ensued.

The Honorable W. M. Campbell moved, That the debate be now adjourned.

Question—That the debate be now adjourned—put and resolved in the affirmative.

Ordered—That the debate be adjourned until later this day.

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14. LITTLE DESERT SETTLEMENT—APPOINTMENT OF SELECT COMMITTEE.—The Order of the Day for the resumption of the debate on the question, That there be a Select Committee of six Members appointed to inquire into and report upon the proposal to open the Little Desert to settlement, having special regard to—(i) the suitability of the land for any and what type of farming ; (ii) the probable economics of farm units of the size proposed ; and (iii) the value of the area as a sanctuary for native flora and fauna ; the Committee to have power to send for persons, papers, and records ; three to be the quorum—and on the amendment—That the words “ six Members ” be omitted with the view of inserting in place thereof the words “ eight Members, of whom four shall be members of the Government party and four shall be members of other parties in the House,”, having been read—

Debate resumed.

Question—That the words proposed to be omitted stand part of the motion—put.

The Council divided.

Ayes, 16.

The Hon. A. K. Bradbury,  
I. R. Cathie,  
M. A. Clarke,  
J. W. Galbally,  
H. A. Hewson,  
A. W. Knight,  
S. R. McDonald (*Teller*),  
A. R. Mansell,  
R. W. May (*Teller*),  
S. Merrifield,  
C. A. Mitchell,  
G. J. O'Connell,  
I. A. Swinburne,  
A. Todd,  
J. M. Tripovich,  
J. M. Walton.

Noes, 15.

The Hon. Murray Byrne,  
W. M. Campbell,  
G. L. Chandler,  
V. O. Dickie,  
W. G. Fry,  
S. E. Gleeson (*Teller*),  
F. J. Granter (*Teller*),  
F. S. Grimwade,  
K. S. Gross,  
R. J. Hamer,  
H. M. Hamilton,  
W. V. Houghton,  
A. J. Hunt,  
G. J. Nicol,  
L. H. S. Thompson.

And so it was resolved in the affirmative.

The Honorable J. M. Walton moved, as an amendment, that after the word “ records ” there shall be inserted the words “ and power to move from place to place ”.

Question—put and resolved in the affirmative.

Question—That the motion, as amended, be agreed to—put and resolved in the affirmative.

15. LITTLE DESERT SETTLEMENT COMMITTEE.—The Hon. J. W. Galbally moved, by leave, That the Honorables A. K. Bradbury, A. R. Mansell, S. Merrifield, I. A. Swinburne, A. Todd, and the mover be members of the Select Committee to inquire into and report upon the proposal to open the Little Desert to settlement.

Question—put and resolved in the affirmative.



# REPORT

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1. On the 15th October, 1969, the Legislative Council resolved to appoint a Select Committee comprising the Honorables A. K. Bradbury, J. W. Galbally, A. R. Mansell, S. Merrifield, I. A. Swinburne and A. Todd to inquire into the proposal to open the Little Desert to settlement. In particular, the Committee was to have special regard to—

- (i) the suitability of the land for any and what type of farming ;
- (ii) the probable economics of farm units of the size proposed ; and
- (iii) the value of the area as a sanctuary for native flora and fauna.

2. At its meeting held on the 22nd October, 1969, the Committee decided that it would exercise its powers to receive all verbal evidence and to examine witnesses under oath.

3. Sworn evidence was received from the following :—

- John Stewart Holden, Research Fellow, Institute of Applied Economic and Social Research, University of Melbourne ;
- Dewar Wilson Goode, Land Use Consultant ;
- James Colin Forbes Wharton, Acting Director of Fisheries and Wildlife ;
- Trevor Elsbury Arthur, Chief Technical Officer, National Parks Authority ;
- Egon Josef Donath, Lecturer in Economic Geography, University of Melbourne ;
- William Anderson Beattie, Agricultural Consultant ;
- Newton Stanley Tiver, Pastoral Consultant ;
- Dr. Peter Muecke Attiwill, Lecturer in Botany, University of Melbourne ;
- Christopher Kerry Shearer, Pastoral Consultant ;
- John Roslyn Garnet, Honorary Secretary, Victorian National Parks Association ;
- Rex James Newman, Agrostologist, Department of Agriculture ;
- Desmond Rancellor Meadley, Principal Agricultural Economist, Department of Agriculture ;
- Ian Kenneth Morton, Chairman, Rural Finance and Settlement Commission ;
- Alan Graham Lloyd, Professor of Agricultural Economics, University of Melbourne ;
- Alan Judge Holt, Secretary for Lands, Department of Crown Lands and Survey ;
- Adrian Joseph McGlade, Valuer-General ;
- Allan John Pryor, of the Country Roads Board ;
- David Robert Anderson, Tribal Advocate for the Wimmera Aboriginal Tribes ;
- Dr. John Geoffrey Mosely, of Heidelberg ;
- Ray Hall and  
Robert Herbert McDonald } for the Central Victorian Apiarists' Association ;
- Alexander Grant O'Neill, of the Commonwealth Taxation Office ;
- Dr. Donald Malcolm Calder, for the Save Our Bushlands Action Committee ; and
- Geoffrey James Walker, Shire Secretary,  
Crs. Desmond Wilson and Robert James Mitchell } for the Shire of Kaniva.

The minutes of evidence given by these witnesses are appended\* to this Report.

4. In addition to the formal evidence, the Committee received and considered written comments by various individuals and groups. We here express our thanks to both the witnesses and those who tendered written submissions for their interest and their generosity in giving of their time and talents.

5. On 22nd January, 1970, members of the Committee met representatives of the Shire of Kaniva at Kaniva, and from there toured the Little Desert, inspecting various properties in several stages of development, as well as the undeveloped desert scrub. The assistance of the Shire Officers in arranging this visit is also gratefully acknowledged.

## *History and Development.*

6. The detailed history and development of the Little Desert—much of which can be uncovered in records of Government departments—must await the diligence of the historian.

\* *Minutes of evidence not printed.*

Our task is more prosaic, and may be said to commence in 1963 with an approach to the Government by the Australian Mutual Provident Society following upon its development of the Big Desert.

7. In September, 1963, Cabinet considered the proposals of the Society for development of an area in the Little Desert, without coming to a decision. A year later, Cabinet agreed in principle to the following :—

(1) The Government would favourably regard the Society's application for an area of approximately 100,000 acres—less any reserves determined in that area. Areas may be sold up to approximately 4,000 acres. Partnerships may be included in the sales and there would be a provision requiring residence on or within a reasonable distance of the area.

(2) Through the Minister of Lands, the Chairman of the Soil Conservation Authority and the District Surveyor for the Lands Department would co-operate with the Society in determining the ecology of the area and the siting of reserves.

(3) A tentative plan of sub-division should be drawn up before development proceeded.

(4) The Society would be required to pay in the vicinity of 10s. (\$1) to 15s. (\$1.50) per acre and be responsible for the construction of any necessary roads.

(5) The Society would defer any tests in this area until the position of reserves is determined.

8. On the 22nd February, 1965, a conference took place between representatives of the Society, the Soil Conservation Authority and the Department of Crown Lands and Survey concerning the detail arising out of the principles laid down in the Cabinet decision.

The Society representatives said that if the Government required the Society to provide roads at its own cost, to bear the full costs of survey and pay \$1 per acre for the land, *it was not a proposition for them on the then prices for wool.*\* Before it would consider embarking upon a development lease of the area concerned, the total cost to the Society would have to be of the order of not more than \$2 per acre, with the Government to find the money for roads and surveys.

Finally, on the 22nd March, 1967, the Australian Mutual Provident Society advised the Government by letter that it had decided not to seek a development lease in the Little Desert area.

#### *Appointment of Sir William McDonald as Minister of Lands.*

9. Soon after the Honorable Sir William McDonald, M.P., took up his appointment as Minister of Lands on the 5th May, 1967, an approach was made by the Kaniva Shire Council for him to visit the Shire and receive a deputation from the Council concerning the settlement of the Little Desert.

10. Sir William did not mince words at a public meeting convened by the Kaniva Shire Council on Wednesday, the 28th June, 1967.

According to the Departmental Report of the meeting†, Sir William said he was of the opinion that land in the Little Desert could be successfully developed and brought into economic production. Both as a member of Cabinet and as Minister of Lands, Sir William well knew that the Australian Mutual Provident Society had turned the Little Desert down.

11. If an experienced large scale developer with all the advantages that attach to large scale development did not regard the Little Desert as an economic proposition, the Minister of Lands must have been aware that the small developer could look forward to nothing but hardship and ruin.

12. The Minister's misconception was clearly not supported by any Departmental investigation or other economic appraisal, or by the experience of farmers who had gone there in 1958‡. It was misleading and calculated to raise false hopes in the minds of his audience. Regrettably, the rash judgment of the Minister became Government policy, stubbornly maintained ever since.

#### *Land Potential.*

13. Whether the Minister was having second thoughts about the matter, or seeking support for his claim, at all events he raised the potential of the Little Desert at a meeting of the Land Utilization Advisory Council on the 24th August, 1967, and asked for a preliminary Report. On the 14th March, 1968, the Council presented its Report§. It threw cold water on the scheme stressing that no economic study had been made available to the Council and urging the need for careful examination of the economic aspects.

\* See Australian Wool Board prices Appendix "A".

† For full Report see Appendix "B".

‡ See evidence of Messrs. Newman and Morton.

§ For full Report see Appendix "C".

14. The Study Group of the Land Utilization Advisory Council went even further than the Land Utilization Advisory Council and condemned the proposals outright. We quote from their recommendation to the Land Utilization Advisory Council :—

“ The Study Group is of the opinion that it should not recommend settlement with a substantial risk that development would be unsuccessful ; there is such a risk with individual settlement in the Little Desert. It also believes that the large-scale agricultural development of Crown Land at a low economical return (although tax-rebate would improve the return) is *not warranted while considerable production can be obtained elsewhere more efficiently and cheaply* ; this is particularly so for Crown Land, such as that in the Little Desert, which may well be required for other purposes later. Consequently, the Study Group believes that it should recommend to the Land Utilization Advisory Council to *set aside the minimum reserves and to retain the rest of the Crown Land in its present use and tenure.*

The recommendation does this.”\*

15. Disregarding the recommendations of the Land Utilization Advisory Council for the careful examination of the economic aspects, the Government resolved to proceed with the development. On the 30th October, 1968, Sir William McDonald announced to Parliament tentative subdivision plans for the development of the central and western sectors of the Little Desert (See *Hansard* 1968, No. 8 p. 1385). The plan provided for 50 blocks ranging from 3,000 to 5,200 acres.

16. The Government’s proposals were put to Parliament without taking advice from the one Department (Agriculture) that knew all that was known about the soils of the Little Desert, considered to be about as poor as any land that could be found in Victoria, if not the whole of Australia.

17. In the *Journal of Agriculture* published by the Victorian Department of Agriculture, Volume 57, Part I., January 1959, a Report prepared by Mr. R. J. Newman, B.Agr.Sc., Agrostologist and a Member of the Land Utilization Advisory Council, had this to say concerning the Little Desert :—

“ Before any large scale development of this land is considered it must be proved that satisfactory swards of clover or legume can be developed and maintained economically.”

It is worthy of note that, in evidence before this Committee ten years later, the view of Mr. Newman had not changed. In fact, it had hardened against development in the Little Desert. He instanced the plight of settlers who had taken up land there in 1958. When asked if he would advise a man who had the necessary capital to put his money into one of the Government’s twelve blocks, he said he would advise him to go to Queensland, and spoke of not advising his worst enemy to take up a block.

18. But the Government’s proposals as announced to Parliament by the Minister in October, 1968, did not escape the unfavourable, *but highly commendable* attention of officers of the Department of Agriculture at Horsham. The managerial optimism of the Minister of Lands may have carried the day in Cabinet, but not with the Department of Agriculture.

19. Mr. C. L. Tuohey, Agronomist, Mr. J. Heath, Sheep and Wool Officer, and Mr. M. H. Douglas, Agrostologist, forwarded to the Director of Agriculture a letter dated the 24th April, 1969.† We quote extracts from the letter :—

“ To this time most of the public debate on Little Desert development has been concerned with the provision of reservations for the preservation of native flora and fauna. We, however, are concerned here with the *economic implication of development.*

. . . comparisons are often made between the South Australian sands and the sands of the Victorian Little Desert. Four differences should be borne in mind, viz., the depth of sand, the rainfall, the depth to water and the acidity when comparing fertiliser and pasture requirements and carrying capacities.

. . . no stock production assessments have been carried out in the Victorian area of the Little Desert.

. . . it has been stated that many people competent to express an opinion agree that the bulk of the proposed settlement area is capable of economic pastoral improvement. The attached copies of talks and local opinion (which are included for your information) are generally opposed to the idea for various reasons. There has been little or no public comment from anyone in favour of the proposal. Some people who support the proposal are influenced by the success of development in areas of South Australia at Keith and Tintinara, however some South Australian Departmental Officers familiar with this and other desert areas are most pessimistic about the prospects of development of very large tracts ( $\frac{1}{2}$  to  $\frac{3}{4}$  million acres) of the desert country north of Keith. It is these poorer soils north of Keith which bear more relationship to the development of the Little Desert.

\* The full recommendation is to be found in Appendix “ D ”.

† For full text of letter see Appendix “ E ”.

If development is to proceed then it is our feeling that *we require more experimental evidence on which to base advice on many matters*. This evidence can only be soundly based on experiments in the area to be developed. It is so different from much of the other soils in which our current work is being operated that a considerable experimental programme would be involved. With present staff and commitments in other areas, we would not be in a position to devote the required effort unless more resources were supplied. We feel that a request *for delaying of the development plan should be made so that with the provision of necessary resources essential experimental and economic data can be obtained.*"

*Economic Considerations.*

20. On the same day, the Agricultural Economics Officer reported to Mr. D. R. Meadley, the Principal Agricultural Economist of the Agriculture Department, as follows :—

"It is considered that *full consideration of the economics of settlement* of the Little Desert area should be undertaken before the land is allocated to intending settlers. Over the past few weeks in association with Messrs. Douglas J. Heath and Tuohey, I have been gathering information necessary for an assessment of financial success for land development in the area. I have not yet completed the investigations, but preliminary figures are most discouraging. I anticipate that I will have sufficient information, within the next 2 to 3 weeks, to permit accurate budgets to be prepared. Should these confirm the preliminary figures it may be desirable to discuss the matter with the Land Settlement Authority."

To which the principal, Mr. Meadley attached this memorandum to the Director of Agriculture :—

"The figures referred to suggest that the development may be less successful than previously anticipated. I will provide you with the final assessments as they become available."

21. On the 30th April, 1969, the Director forwarded the above memorandum to the Minister of Agriculture with the observation by him of concern at the difficulties facing would-be settlers in the Little Desert and the lack of sound knowledge on which to base Departmental advice to such people.

22. Mr. D. R. Meadley, Principal Agricultural Economist, by memorandum\* dated the 22nd May, 1969, addressed to the Director of Agriculture, analysed the series of budgets presented to Parliament by the Minister of Lands. He reviewed the figures of the Minister and said :—

"My view is that the assumption used in the preparation of Budget 'B', relating to the level of fixed costs and the projection of present costs into the future, result in over-statement of net income potential.

However, even using these assumptions and taking no account of climatic risk, it is evident that there is more than reasonable expectancy that *settlement of the area would result in economic failure*. I consider that Departmental advice should make this position clear. The Government, however, has announced a policy of settlement and public advice along these lines may be construed as being against the stated policy. *Your guidance on this question is requested.*"

23. On the 26th May, 1969, the Director of Agriculture forwarded to the Minister of Agriculture, the following memorandum :—

"I have earlier forwarded to you, under cover of a memorandum from the Principal Agricultural Economist, a Report from Horsham Officers stating that they are finding difficulty in advising enquirers about the Little Desert development scheme in terms which indicate economic viability for land development in that area. I now forward a further Report from Mr. Meadley presenting—

- (a) a Budget based on the cost and return figures quoted by the Hon. the Minister of Lands, but including livestock transactions omitted from the Minister's original Budget ;
- (b) a Budget prepared by Departmental Officers showing the expected result using a more realistic figure for wool income.

From these calculations, Mr. Meadley concludes that *economic viability of land settlement in the Little Desert cannot be sustained*. I therefore seek your direction as to the attitude to be adopted and advice to be given by Departmental Officers in this matter, in view of the Government's decision to open this area for settlement, and the widespread public interest this has aroused."

24. On the 1st July, 1969, a further memorandum for the Director was prepared by Mr. Meadley reiterating his earlier position and repeating that it can only be concluded that development would prove to be unprofitable.

\* Memorandum to be found in Appendix "F".



*Rural Finance and Settlement Commission.*

25. But the Government was now in a dilemma. Something had to be done to mollify the hostility of a senior Minister and his Department, backed up by close and careful economic appraisals.

So the Rural Finance and Settlement Commission was asked to comment on the criticisms of the Department of Agriculture. But the Rural Finance and Settlement Commission dodged making an economic appraisal of the scheme. This was precisely the attitude taken by Mr. Morton, Chairman of the Rural Finance and Settlement Commission, in evidence before us when asked point blank (p. 132) :—

“ Is this a sound economic proposition ? ” He answered, “ I do not want to say no, and I do not want to say yes.” Further and persistent questioning of Mr. Morton failed to take the matter any further.

26. On the 26th May, 1969, the Director of Agriculture took the unusual step of instructing officers of the Department of Agriculture in the vicinity of the Little Desert not to provide any advice as to land development in the Little Desert.

*Review by Cabinet.*

27. But by now it was clear, the rift between the two Departments could only be settled by Cabinet. On the 12th July, 1969, the Minister of Lands made a Ministerial report and recommendations for Cabinet. It was a long document, complaining that the criticism by press and television was not spontaneous but highly organized. It deplored the economic criticism and said that such pessimism should be discarded. It made a plea for decentralization and the dynamism of private enterprise.

28. Sir William's recommendation to Cabinet was that Cabinet should consider that the claim of 40c per lb. by the Agriculture Department as appropriate price for calculation of economic prospects represents unfounded pessimism. But the Australian Wool Board quoted the following seasonal average for greasy wool, all grades on the floor thus—

1969-1970 39c.\*

29. 40c a lb. for wool was no longer a pessimistic forecast, but a harsh reality. By now Government confidence had given way to uncertainty. Swallowing its pride, on the 28th July, 1969, Cabinet watered down its proposals. It reversed its earlier decision to open 48 blocks totalling 200,000 acres, and announced it was limiting the scheme to twelve blocks of 4,000 acres each at the western end of the Little Desert. The reason advanced by Cabinet for its change of front, e.g., shortage of loan funds to open all access roads, was to be taken with a grain of salt.

30. For some time public feeling had run high over the Government's proposals and much doubt was cast on the economic advisability of the scheme. To the repeated warnings of the Agriculture Department was added a great and growing body of informed opinion including well-known pastoralists, agricultural experts, university lecturers and Professors of Agriculture.

31. We are forced to the conclusion that the Government, having embarked upon the development without proper examination, was determined to destroy some part of the Little Desert regardless of what the Department of Agriculture, on-the-spot officers who knew the area, the Chief Agricultural Economist or anybody else had to say about the disastrous implications of its policy.

32. We can only express our grave disquiet that no economic study had been undertaken at any time by the Government or the Minister promoting the scheme. A wise land policy depends upon the closest co-operation between the Departments of Lands and Agriculture.

33. The evidence of Departmental, University and Agricultural experts that the Government's scheme is an uneconomic activity bringing economic disaster has been fully demonstrated by the further drop in wool prices.

*Proposed Terms of Settlement.*

34. We now turn to a consideration of the conditions and terms of purchase. The terms of purchase provide for an expenditure of about \$300,000 to develop and stock the farm.

The Committee has analysed the economic prospects of 4,000-acre farms on the assumption of 1½ sheep per acre in the one instance and 2 sheep per acre in the other, @ 40c, 45c and 50c a lb. for wool, at both 6 per cent. and 7 per cent. interest rates.

We have assumed that, if capital were borrowed, interest would be payable, and we have allowed for interest where capital has been introduced by the developer.

\* Declining wool prices from 1962 onwards are shown in Appendix “ A ”.

Taking the minimum interest rate, maximum stocking, highest price for wool, the development is uneconomic at the eleventh year when returns are at their maximum, and thereafter losses continue to accrue.

The list of applicants who furnished a statement of their assets to the Lands Department has been examined by the Committee. On the assumption that the whole of their financial resources as claimed, were available, we conclude that not more than two of the 84 applicants would have sufficient capital to engage in the development as required.

#### *Taxation Relief.*

35. But as evidence before us emphasizes, and a perusal of the list of those interested confirms, the Government's scheme, notwithstanding its economic impotence, is a tax haven enabling development of the land with funds that would otherwise have been exacted in income tax. We quote from the evidence of Mr. O'Neill, Assessor Supervisor, Commonwealth Taxation Office (p. 185) :—

“ Under Section 75 (of the Commonwealth Income Tax Assessment Act) normally to an ordinary taxpayer capital expenditure is not an allowable deduction, but under Section 75 a primary producer can deduct expenses which normally are capital expenses.

THE CHAIRMAN : Anybody who buys land and who engages in agricultural pursuits becomes a primary producer ?

WITNESS : If they can satisfy us that they are engaging in primary production.

THE CHAIRMAN : We were concerned with a man of high income. We will say he is a lawyer, in any walk of life, who was accepted for a block in the Little Desert. Assuming he had an income of, say \$30,000 and he spent on developing the land in the first year all the \$30,000 in accordance with Section 75, destruction, removal of timber, &c., preparation of the land for agriculture, *does that mean that he would pay no tax whatsoever ?*

WITNESS : That is right, if he had been established as a primary producer, yes.

THE CHAIRMAN : (p. 186)—Assuming the cost of development of a farm in the Little Desert was of the order of \$250,000, if a man had an income of \$30,000 a year and used the whole of it up in accordance with Section 75 in developing the property—well, he could spend just on \$250,000 to the extent laid down in the section, and would not pay any tax whatsoever ?

WITNESS : That would be quite correct.

THE CHAIRMAN : And of course, at the end of that period when he starts to produce on the land, if he has any losses in production, can he offset them against his income ?

WITNESS : Yes, with primary producers they can carry forward their loss indefinitely. This is in the last ten years.

THE CHAIRMAN : We are not criticising the system, but we are just wanting to know. And on his death, of course, that capital asset passes into his estate, on which he pays probate duty like anyone else ?

WITNESS : Yes.

THE CHAIRMAN : But he has quite a capital asset ?

WITNESS : Yes.”

36. We conclude that the Government's scheme for development of the Little Desert is a totally uneconomic proposition with nothing but financial disaster ahead. It is morally wrong, uneconomic, socially unacceptable and fails to fulfil a community need.

The Government's policy will accelerate the decline of small farmers by forcing them to become labourers working on vast farms owned by a company or a man of wealth. The inability of small farmers to use the best machinery profitably is forcing agriculture into large-scale production under large-scale ownership. It was once said that “ civilization is a parasite on the man with the hoe ”, but the man with the hoe no longer exists ; he is now a “ hand ” at the wheel of a tractor or a combine.

Twelve absentee “ farmers ” in the Little Desert do not make for decentralization.

Where subsidies are paid to farmers, they should be paid to assist the man on the land and in this instance to the local communities to encourage those already on the land and their families to stay on the land.

Principles of equity and justice suggest that land policies should be guided by the provisions of tax relief for those who need it. Help should be directed at assisting the low income farmer, so that as incomes rise generally, the burden of taxation becomes progressively less on the individual.

But the Government's policies for development of the Little Desert ignore the claims of the local communities for consideration at a time when rural communities are in need.

37. The Minister of Lands has made many statements which we attribute as being Government policy. Sir William said that in this day and age, the country could not afford not to develop land.\* To accept as an article of faith that all land settlement is good, is just as foolish as imploring farmers to grow more wheat.

38. Indiscriminate developing of land is a sure road to agricultural bankruptcy. Experience in the Common Market countries and throughout the world shows that development of land must be related to the laws of supply and demand. The task in Victoria is not to open up marginal country, but to get better use out of land not fully utilized or poorly managed. Land misuse, our national folly, must cease.

39. The Minister of Lands declined to give evidence before us, and we were unable to compel his attendance. We believe that a Minister of the Crown should be prepared to explain his Government's actions on land settlement to a Parliamentary committee. Ministers of the Crown should no more be beyond the reach of Parliament, than of the law. They are both the servants and custodians of the public interest, in the Department of which they are the Ministerial head.

40. The Minister blundered in leaving it to his Department to explain Government policies. The Secretary of Lands in a written submission said :—

“The Little Desert is certainly a marginal development area, but the economic justification in the ultimate is determined by the individual developing the land.”

Such a statement is as senseless as it is cruel. How can the individual be blamed if prices for wool continue to decline. No farmer can make a profit if he is compelled to operate at a loss.

In the long run, the development of land will always be determined by economic factors. But both the Minister and the Lands Department showed a disposition to ignore simple economic truths and to cast aside counsels of caution wherever they emanated.

41. As the “Green Revolution” confounds agricultural economies throughout the world, it is to be desired that those who are at the head of the State be not moved to embark on agricultural adventures rashly, but with prudence and caution.

#### *Value as a Sanctuary.*

42. The numerous complex and diverse biological population of trees, plants and animals belies both the description of the terrain and the name by which it is known as “The Little Desert”. It contains a numerous complex and diverse biological population of plants and animals. As Mr. T. E. Arthur, Chief Technical Officer, National Parks Authority, said in evidence before us (p. 34A) :—

“Basically, from a scientific point of view, the fauna and flora of the Little Desert have not been studied. Certainly, some studies of a qualitative nature have been made, listing amongst other things 670 plants, 140 birds, twenty-five reptiles and twelve mammals. The two latter figures are based on the work of Mr. C. Crouch of Kaniva. So far as I am aware, there has been no attempt to list the insect fauna of the Desert. . . .

It is important to recognize the necessity to reserve as large an area as feasible for the preservation of species. As additional marginal areas are alienated, and as private property of a similar type is cleared, biological reserve banks from which and to which species may migrate are lost for ever. . . .

In the absence of detailed information then, broadly speaking, the larger the area, the greater the chance of the area containing viable ecological units for both fauna and flora. . . .

In the case of the Mallee fowl, following fire in their habitat, there is a lapse of twelve years before a suitable habitat is reformed in which the birds can nest and, consequently, reproduce. . . .

It is proposed under a current Bill to enlarge the present Little Desert National Park of 2,870 acres, by the addition of a compact block of about 84,000 acres. This area has not been considered in detail by the National Parks Authority.

This block is located in the eastern section of the Little Desert. . . .

The proposal to develop the western two-thirds of the Little Desert has preceded detailed scientific surveys and we can only hope that species will not be lost to science and that the proposed reserves together with the eastern area are sufficiently large to contain ecologically viable units of representative species.”

\* Address to public meeting convened by Kaniva Shire Council, 28th June, 1967—see Appendix “B”.

43. Dr. P. M. Attiwill, Lecturer in Botany, University of Melbourne, made much the same point when he said that rare specimens occurred in each of the three sections of the Little Desert but not necessarily in all sections, thus not all species are represented in the eastern sector. He continued (p. 73A)—

“ But even more important, I believe, is the fact that the ecological communities in which the species occur may be vastly different. One of the most important differences indicated by our preliminary survey is in terms of diversity.”

The Government's proposed western settlement scheme is in the area where the diversity of the plant communities is at its maximum.

Dr Attiwill considered that there is *now a case for a holding operation over the entire 300,000 acres of the Little Desert.* (p. 75).

Mr. J. Ros. Garnet, Secretary, Victorian National Parks Association, Mr. Dewar Goode, Founder and Chairman of the National Farmers Land Use Committee, Dr. D. R. Calder, of the Save Our Bushlands Action Committee, all stressed the necessity before us for preserving the Little Desert in its natural form.

44. But this raises the question—In what form is the Little Desert to be preserved? As Mr. J. C. F. Wharton, Acting Director of Fisheries and Wildlife said (p. 25) :—

“ The concept of active management as a primary feature of a wildlife area is different from that pertaining to National Parks. . . . National Parks cannot serve all the needs of wildlife conservation ”.

45. We are convinced that to destroy this unspoilt area of Australiana would be an outrage. Once destroyed it can never be restored.

46. Accordingly, we recommend :

- (1) That no further areas of the Little Desert be made available for settlement, and that the Government's proposed scheme for 12 farms be abandoned.
- (2) That no further work on the roads be undertaken.
- (3) That the Little Desert be reserved under section 14 of the *Land Act* 1958 as a permanent reservation until such time as a complete evaluation of the whole area is undertaken by a scientific committee to be set up for this purpose representing the interests of national parks, wildlife, forestry and conservation, and until such time as Parliament adopts its recommendations.

Committee Room,

10th March, 1970.

## APPENDIX "A".

SEASONAL AVERAGE PRICES FOR GREASY WOOL, ALL GRADES ON THE FLOOR.  
(per Australian Wool Board.)

1962-63	..	..	..	..	49.18	cents	per	lb.
1963-64	..	..	..	..	58.14	„	„	„
1964-65	..	..	..	..	47.87	„	„	„
1965-66	..	..	..	..	50.09	„	„	„
1966-67	..	..	..	..	47.39	„	„	„
1967-68	..	..	..	..	41.75	„	„	„
1968-69	..	..	..	..	44.67	„	„	„
1969-70 (to 12.2.70)	..	..	..	..	39.00	„	„	„

## APPENDIX " B ".

DEPARTMENTAL REPORT OF PUBLIC MEETING AT KANIVA ON 28TH JUNE, 1967,  
ADDRESSED BY THE HONORABLE SIR WILLIAM McDONALD, M.P.,  
MINISTER OF LANDS.

*Present* : Shire of Kaniva : Councillor Rowe (Shire President) and Councillors Grant, Champness, Hawker, Mitchell, Wallis, Clarke, Sanders and Williams.  
Shire of Kowree : Councillors Ampt, Bull and Fischer, Shire Engineer—Mr. R. Nuttall.  
Shire of Lowan : Councillors Dodds, Clarke and Bone.  
Minister of Lands : Sir William McDonald.  
Mr. I. K. Morton, Chairman, Rural Finance and Settlement Commission.  
Mr. D. A. Madden, Divisional Surveyor.  
Mr. J. Corry, Inspector of Land Settlement, Nhill.  
Private Individuals : Messrs. A. Vennell, A. Coutts, A. Dalziel, A. McErvale, D. R. Alexander, A. Rowe, R. Coutts, Lloyd Williams, P. L. Williams, W. L. Bartholomew, A. Meyer, P. S. Williams, G. Swark, R. Dyer, R. McDonald, T. R. Meyer.

It was stated that the request that Sir William attend this meeting was brought about by a publication in the Weekly Times to the effect that the Government was giving consideration to a proposal to open up land in the Little Desert. The article also indicated that the only area that would be made available for individual settlement was that east of the Nhill-Gymbowen Road.

In addressing the Meeting, Sir William McDonald stated that—

- (a) he was of the opinion that land in the Little Desert could be successfully developed and brought into economic production ;
- (b) no definite plan or proposal for development had been decided upon by the Government ;
- (c) the Cabinet was giving consideration to the various methods of developing desert country and would welcome any suggestions.

The alternative methods under consideration were—

- (a) the alienation of Crown lands under Improvement Purchase Lease conditions ;
- (b) complete development of the land by the Government and sale of the land to landholders on a long term repayment basis at low interest rates—similar to the Heytesbury Scheme administered by the Rural Finance and Settlement Commission ;
- (c) the granting of a development lease to a Company engaged in land development along similar lines to that granted to the A.M.P. Society with regard to the " Big Desert " except that road construction would be financed by means of a road-loading levy on the land.

Sir William said that as the development of this type of country would require a sufficient amount of finance, the question of the method of development depended on whether prospective farmers were desirous of immediate development by private enterprise or were prepared to wait until the availability of Government loan funds.

He stated that the real question was whether the Government should propose individual development or development by an organization.

In reply to a question concerning costs of development, Sir William stated that—

- (a) some of the heath country could be developed quite cheaply ;
- (b) clearing of stringybark country was estimated at \$18 per acre ;
- (c) development of large areas would be less costly than small areas under contract ;
- (d) it was estimated that the cost of bringing 1,000 acres of land to production would cost \$46 per acre in addition to clearing cost. This cost included provision of water at 120 feet, \$3,500 house and \$1,000 sheds ;
- (e) it was not a proposition to sell land to persons without sufficient capital to carry on.

Replying to a question regarding proposed acreages of individual farms, Sir William asked how many sheep would be required to provide a net return of \$1,500 which was the wage under the Pastoral Award.

He mentioned that the economy of farming depended a lot on the financial position of the farmer. In his experience, it would take approximately three years before the developer realized his first return. Sir William said that in this day and age the country could not afford *not* to develop land.

Councillor Rowe mentioned that it cost him \$36 an acre to clear land on the fringe of the Little Desert. Councillor Fischer said that he had let a contract for the clearing of land at Bangham, S.A. (just over the Victorian border) for \$15 per acre.

APPENDIX " B "—*continued.*

In reply to a question concerning the need for reserves, Sir William stated that a number of small reserves created a greater hazard to adjoining land owners through vermin infestation and fire hazards than a single large reserve.

A case was also put by a councillor on behalf of some 34 potential settlers for the allocation of allotments in the Little Desert area embracing the Parishes of Beewar and Curtayne which is east of the Kaniva-Goroke Road, embracing the Broughton's Waterhole area.

Following an inspection of the land, Sir William arranged with the Divisional Surveyor (Mr. Madden) to place a line of stakes on a track to be bulldozed at about half-mile intervals east-west across the approximate centre of the area between the Kaniva-Edenhope and the Nhill-Gymbowen Roads. This was designed to assist anyone who wanted to inspect the area to "map-spot" themselves as there were few land-marks in the area.

## APPENDIX " C ".

REPORT ON LAND USE IN THE LITTLE DESERT BY THE  
LAND UTILIZATION ADVISORY COUNCIL, MARCH, 1968.I. *Terms of Reference.*

The Council's direction for this report is contained in the letter dated April 19th, 1966, from the Honorable the Premier, which reads as follows :—

" I would like the Land Utilization Advisory Council to examine the land in those parts of the State for which basic information is already available, with a view to recommending—

- (i) the potential of various areas of land for different forms of land-use ;
- (ii) for those areas for which there are alternative forms of land-use, that which should be adopted at present in the public interest ;
- (iii) a long-term policy for the proper development and use of unalienated Crown Lands and forest reserves and for the attainment of more satisfactory use and higher productivity from alienated land."

II. *Sources of Information.*

The Council has considered the collated information prepared by its Study Group, on which all Departments concerned were represented, and has carried out a short inspection of the area.

III. *Conclusions.*

From the sources, the Council has reached the following conclusions :—

1. The Little Desert has an unusual flora and fauna. So far as flora is concerned, the interest is not so much with respect to individual species which are rare, but rather with the particular combination of plant species in unusual communities having characteristic growth forms for the region. Within the area the following species of mammals, reptiles and birds are either not found elsewhere, or are rare elsewhere.

- South-western Pygmy Possum (*Cercartetus concinnus*)—not found elsewhere in Victoria.
- Mitchell's Hopping Mouse (*Notomys mitchelli*)—rare elsewhere and once considered extinct.
- Silky-grey Southern Mouse (*Gyomes apodemoides*)—rare elsewhere, common in Little Desert.
- Western Blue-tongued Lizard (*Tiliqua occipitalis*)—unlikely to be found elsewhere in Victoria.
- Desert Copperhead Snake (*Denisonia suta*)—unlikely to be found elsewhere in Victoria.
- Desert Snake (*Denisonia curta*)—unlikely to be found elsewhere in Victoria.
- Dark Thornbill (*Acanthiza iredalei hedleyi*)—not found elsewhere in Victoria.
- Rufous Field-Wren (*Calamanthus campestris*)—not found elsewhere in Victoria.

In addition it is a most suitable habitat for the Mallee Fowl (*Leipoa ocellata*) which is not as common in north-western Victoria as it used to be.

For this reason part of the area should be maintained in its natural condition both for the preservation of flora and fauna, and also to provide examples of different types of land which will always be available for study in comparison with similar country in the Little Desert which may be alienated. The Council believes that the areas designated on the map accompanying the report of the Study Group should be set aside for this purpose, and accordingly concludes that :—

- (i) the area of approximately 15,000 acres lying to the south of the existing National Park should be reserved as an addition to the park ;
- (ii) the area of approximately 1,000 acres in the middle of the area should be reserved under the Land Act to preserve an interesting natural feature known as The Craters ;
- (iii) the possible reservation of an area in the vicinity of Broughton's Waterhole as an additional reservation specifically for wildlife purposes should be investigated by the Wildlife Reserves Investigation Committee. To this end it recommends that the Committee be asked to report on the advisability of setting aside a representative area which may need to be as large as 4,000 acres to include examples of the various types of wildlife habitat in that vicinity.

2. The central and western parts of the area between the Nhill-Gymbowen Road and the South Australian border are capable of development to obtain a low pastoral productivity, but of these two the central section is considered to offer the better prospect of development. However, from the standard of the development which has already taken place on part of the area in the vicinity of Lemon Springs, it is apparent that special conditions should be laid down if this type of country is to be settled successfully and on a permanent basis.

3. Adequate financial provision for future roads should be made in any subdivisions.

4. The area at present is used extensively for the over-wintering of bees, and this particular industry could suffer some disability as a result of development.



APPENDIX "C"—*continued.*

5. The question of whether the land should be developed in the present state of technical knowledge and the economic circumstances is properly a matter for the Government. However the Council offers the following opinions for consideration :—

- (a) A proportion of the area is physically capable of development to a low pastoral productivity for wool production. Isolated better pockets of country might ultimately produce meat.
- (b) Because only a relatively low productivity can be attained on this kind of country, a maximum of 2 sheep/acre on the best areas, the economic aspects are important and should be examined carefully.

A marginal economic situation would not be a factor of much concern if increased markets or prices for the products were likely in the future, because development of the land now, by those able to undertake it economically with the benefit of tax concession, could be looked upon as the creation of a productive asset ready to take advantage of a future favourable economic situation. In this respect, there does not appear to be any such guarantee of an improved economic future for wool, although prospects for meat are better.

- (c) The estimated cost of developing those parts of each holding which can be made productive to an expected maximum of 2 sheep/acre will be approximately \$70.75, from which the expected ultimate gross return for wool/acre is not likely to exceed \$8, but no detailed economic study has been available to the Council.

Estimated gross returns from other forms of production could not be expected to exceed this figure.

- (d) Having regard to the above information and the necessity of completing development within a reasonably short time once started, it is essential that the authority responsible for development should ensure that settlers have either adequate capital for the development or a continuing availability of investment income. The tax concessions available to the latter kind of settler could allow an adequate return on a large annual investment and thus accelerate development.
- (e) Because the soils over a large part of the area consist of sand covering a clay horizon at a greater depth than 2 feet, their development will depend on lucerne being the legume in the pasture. The establishment of lucerne on deep sands has already been proved possible over large areas under similar climatic conditions, but the procedure requires both knowledge and experience, and success is dependent on favourable climatic conditions during the first two seasons.

Proper grazing management of lucerne pastures particularly in dry seasons is essential. Overgrazing should be avoided to eliminate the risk of destruction and the need for re-establishment.

- (f) Soil erosion and decline of productivity consequent on severe overstocking in dry seasons is a risk to be avoided. To this end original holdings should be sufficiently large to avoid the necessity of overgrazing. Future fragmentation of holdings should be excluded by statute and legislation should provide also that subsequent sales of holdings be subject to investigations to ensure that buyers have adequate capital to carry on the property according to reasonable standards of management.

IV. *Recommendations.*

## 1. That—

- (a) the area of approximately 15,000 acres, as shown on the map accompanying the report of the Study Group, lying to the south of the existing Kiata National Park should be reserved as an addition to the Park ;
- (b) the area of approximately 1,000 acres in the middle of the area should be reserved under the Land Act to preserve a natural feature known as The Craters ;
- (c) the Wildlife Reserves Investigation Committee be asked to report on the advisability of setting aside a representative area to include examples of the various types of wildlife habitat in the vicinity of Broughton's Waterhole.

2. Any scheme adopted for the alienation of land in the Little Desert for settlement should include the following provisions :—

- (a) Suitable provision should be made for roads and reserves for road materials, after consultation with the Country Roads Board.
- (b) The cost of providing roads for development should be loaded onto the cost of land to the settlers.
- (c) The minimum size of holdings should be 4,000 acres so that landholders will have sufficient area to ensure that they have no need to overstock or overgraze in dry periods.

APPENDIX " C "—*continued.*

- (d) The person to whom the land is allocated or subsequently sold should have sufficient capital for complete development of the area.
- (e) Land tenure should be devised in such a manner that the person to whom the land is allocated or to whom it is subsequently sold, can be assured to have adequate capital.
- (f) There should be a specified target for development to be achieved within a period of six years.

3. Areas of Crown lands east of the Nhill-Gymbowen Road, other than the area proposed for a national park, should be retained as Crown land at present.

## APPENDIX " D ".

## RECOMMENDATION OF STUDY GROUP TO THE LAND UTILIZATION ADVISORY COUNCIL.

*Recommendation to L.U.A.C. about Land in the Little Desert.*

On Friday, 10th November, the Study Group agreed to the following recommendation :

"The Study Group advises the Land Utilization Advisory Council, after further investigation, that the land in the Little Desert between the Gymbowen-Nhill road and the Kaniva-Lemon Springs road has a definite but low agricultural potentiality. As development of this land would be based on wool-growing, with limited cereal-cropping, of low productivity per acre, it is doubtful if its development as self-supporting unit-farms can be justified with the present high costs of establishment and the current low economic returns in these industries.

The Study Group also advises the Land Utilization Advisory Council that, in general, in the areas east and west of this central section the agricultural potentiality is somewhat lower.

It therefore recommends that the land as so defined in Plan 7 be retained as Crown land and that land so defined on the same plan be National Parks, a State Wild-Life Reserve and Reserved Forest as indicated."

*Explanatory Statement to L.U.A.C. on Recommendation about the Little Desert.*

The Little Desert consists of a series of parallel sandstone ridges up to 200 feet high and about two miles apart, with clayey inter-ridge flats, and is mostly covered by a veneer of relatively infertile sand. There are three chief categories of land :—

- (i) Areas where the clayey or sandstone basement is about two feet from the surface ; these areas are usually near the tops of the ridges or sporadically in the flats and are characterised by broombush plus mallee or gums ;
- (ii) Treeless plains of low heaths on the deep sand ; these areas are invariably on the inter-ridge flats ;
- (iii) Areas of deep sand supporting stringybark and heaths ; the topography is generally flat to undulating with some sand-dunes.

These three categories of land intergrade.

In the central section of the Little Desert, the proportions of the areas are about 30 : 30 : 40 respectively ; in the eastern and western sections, the proportion of stringybark-heath areas is greater.

On the broombush areas, pastures of subterranean clover and phalaris can be grown to support about two sheep to the acre, with occasional cropping. On both categories with deep sand (which is moderately but not strongly acid) pastures of lucerne and phalaris can be grown with about the same, or slightly lower, carrying capacity.

The Study Group is acquainted with the technique used for establishing lucerne on the deep sands, but is also aware that the technique is exacting and critical and, perhaps, may not be successfully applied by many individual settlers. For the deep sandy areas, costs of development (excluding fencing, water and house), are likely to be about \$55 to \$60 per acre over the first four years, which, on current wool-prices and not considering possible tax-rebate, is about the period which must ensue before economical returns are obtained.

The land has little value for forestry except in small areas of yellow gum. Underground water is adequate and suitable for farms, over most of the area, but there is no discharge of surface water suitable for contributing to a regional water-supply scheme. The recreational value of the land in the Little Desert is high, both for wild-life and some kinds of National Parks ; large areas, however, would be needed for this high value to be realised.

The Study Group is of the opinion that it should not recommend settlement with a substantial risk that development would be unsuccessful ; there is such a risk with individual settlement in the Little Desert. It also believes that the large-scale agricultural development of Crown land at a low economical return (although tax-rebate would improve the return) is not warranted while considerable production can be obtained elsewhere more efficiently and cheaply ; this is particularly so for Crown land, such as that in the Little Desert, which may well be required for other purposes later.

Consequently, the Study Group believes that it should recommend to the Land Utilization Advisory Council to set aside the minimum reserves and to retain the rest of the Crown land in its present use and tenure. The recommendation does this.

## APPENDIX " E ".

LETTER TO DIRECTOR OF AGRICULTURE FROM MESSRS. C. L. TUOHEY, J. HEATH  
AND M. H. DOUGLAS.

24th April, 1969.

Mr. D. S. Wishart,  
Director,  
Department of Agriculture,  
Treasury Gardens,  
Melbourne, Vic. 3002.

*Re : The Development of the Little Desert.*

We, as officers already involved in research and extension in the Little Desert, are vitally concerned about the proposal to allocate approximately 200,000 acres of Crown Land in that area for agricultural development.

The purpose of this submission is to acquaint you with our opinion of this proposal for your consideration.

We feel we should not question the advisability of any land settlement ; especially on grossly deficient land, in the present climate of agricultural production. This is a policy decision for the Government to make.

To this time most of the public debate on Little Desert development has been concerned with the provision of reservations for the preservation of native flora and fauna. We however are concerned here with the economic implications of development.

Mr. Hugh Wynter, Farm Management Consultant of Nhill has prepared a series of economic assessments of the proposals. His figures indicate little chance of a developer obtaining economic security. To the best of our knowledge these figures present a true picture of the situation. However we feel they should be examined more closely by a Departmental economist.

Mr. Wynter's studies consider the capital requirements for a number of years and take into consideration the costs of water, fencing and the stocking of the pastures.

As already stated we are being called on by farmers, who have purchased areas of Little Desert land under Improvement Purchase Lease, for advice on various pasture, cereal and stock problems.

Most of these farmers are at present in financial difficulty. We have made a preliminary assessment of a few of these properties with the co-operation of Mr. Gerry Rabbitte, Agricultural Economist based at Hamilton. Their financial situation is grim.

We feel there is an urgent need to further assess the economic situation of these people whether they are developing the areas as a complete farm or as a section of their holding in conjunction with nearby good class Wimmera ground.

The question of the economics of this development is surely basic. We consider time should be allowed to properly assess the situation before development proceeds.

As we are more closely involved in research and extension on technical matters in the area we wish to outline some factors which are and will cause concern.

If this land is thrown open for development we will be the people to whom farmers come for answers. We consider we are at present not in a position to supply sound advice on many matters. A great deal more research is needed in the actual area proposed for development.

In stating this we are not overlooking the fact that Mr. Rex Newman has defined certain mineral deficiencies in earlier work. However in our opinion this work should be the first step of a more detailed research programme.

*Pastures.*

Comparisons are often made between the South Australian sands and the sands of the Victorian Little Desert. Four differences should be borne in mind, viz., the depth of sand, the rainfall, the depth to water and the acidity when comparing fertilizer and pasture requirements and carrying capacities.

The proposed settlement area is predominantly (80 per cent.) sand deeper than 2 feet. Experimental knowledge based on the work of Mr. Rex Newman, Agrostologist, defines responses to applied superphosphate, potash, copper, zinc and lime. Work by members of the South Australian Department of Agriculture and C.S.I.R.O. added cobalt, molybdenum and low rates of gypsum to the list. Practically all the experimental evidence on fertilizer rates, maintenance dressings and the choice of pasture species and mixtures comes from outside the Little Desert area.

APPENDIX "E"—*continued.*

Pasture and fertilizer practices which are not yet clearly defined include :—

- The correct fertilizer requirements both major and trace elements for establishment and maintenance for pastures.
- The definition of situations where responses to potash and lime fertilizers are economical.
- There is no experimental evidence on the most suitable species. The performance of different lucerne cultivars, annual legumes and annual and perennial grasses require more investigation.
- Methods of establishment of pastures including the use of cereals as cover crops, and seeding rates of cover crops and undersown species.
- The production and persistence of pasture species under grazing conditions.

Experiments being conducted in the area by the Agrostology Branch at present are :—

- (1) Lucerne cultivar experiment sown in 1968. Results expected 1973.
- (2) Lucerne sowing rate experiment sown in 1968. Results expected 1973.
- (3) Lucerne fertilizer requirement experiment sown 1968. Results expected 1973.

It is also planned to establish the following experiments in 1969 :—

- (1) Comparison of annual legumes.
- (2) Fertilizer requirements of established lucerne stand.
- (3) Rhizobial survival and its influence on persistence of legumes and their production.

*Stock.*

No stock production assessments have been carried out in the Victorian area of the Little Desert. Information is available from a South Australian Department of Agriculture experiment at Kynoch station (26 miles north-east of Keith) where four stocking rates (0·8, 1·2, 1·6, and 2/acre) of Merino wethers are being examined under four management systems on lucerne (Site—average rainfall 16 in. to 17 in.—pH 6·2 to 6·4 Avail. K 30–40 p.p.m.). This is the best guide we have to possible carrying capacities of lucerne on the Little Desert soils.

*Results.*

Stocking rate (wethers/ac.)	Wool Production lb./ac. 1967–68.							
	6 paddock rotation.		Continuous.		3 paddock.		6 paddock rotation grazed summer set stocked winter.	
	1967	1968	1967	1968	1967	1968	1967	1968
0·8	12·2	13·4	12·7	12·7	..	..	..	..
1·2	17·2	18·0	16·7	14·9*	18·5	18·1	16·6	17·3
1·6	22·7	21·9	19·5	— *	25·1	19·8	21·9	17·0
2·0	25·4	21·6*	23·4	— *	..	..	..	..

\*These treatments failed in 1968 and had to be hand fed.

*Effect on Lucerne Survival.*

—	(Plants/sq. in.).							
	Nov. 1966	Nov. 1968	1966	1968	1966	1968	1966	1968
0·8	28·7	15·9	28·9	9·1	..	..	..	..
1·2	29·5	14·5	28·2	0·8	30·9	14·3	27·7	12·9
1·6	29·6	13·7	31·1	0·0	30·2	10·0	31·2	5·3
2·0	23·9	8·2	29·0	0·7	..	..	..	..

Their current summation of the experiment is that about 1·6 wethers per acre is the optimum stocking rate in terms of both production and survival of the lucerne stand.

*Cereals.*

The Little Desert soils are unsuitable for intensive cereal production. However cereals are already being grown there both as prime crops and cover crops. They appeal as a first crop after clearing because of the prospect of a quick cash return to cover some of the cost of clearing. There is also a natural tendency for farmers who are obtaining poor returns from grazing to turn to cereal cropping to lift their income.

APPENDIX " E "—*continued.*

There have been no experiments done by the Department of Agriculture on cereal production in the Little Desert. A small amount of work has been done by I.C.I. in relation to nitrogen and phosphorus requirements and the testing of their granular fertilizers. The Agronomy Branch commenced cereal experiments in the Big Desert in 1968 where it was estimated that 20,000 to 30,000 acres of wheat were being sown. These experiments were conducted on a sandy soil (2 feet of sand over clay) and examined the wheat requirements of phosphorus and nitrogen potash, copper and zinc and the performance of different wheat varieties on a virgin site which had been cleared the year before. Results last year showed a massive response to both phosphorus and nitrogen, no response to potash or copper and a small response to zinc.

It can be argued that cereals should not be grown on the soils but it is apparent that they are and will be sown and in fact they may have some real value in the establishment and renovation phases of pastures. It is clear that more information is required on the suitability of different cereals and their place in development of these soils.

It has been stated that many people competent to express an opinion agree that the bulk of the proposed settlement area is capable of economic pastoral improvement. The attached copies of talks and local opinion (which are included for your information) are generally opposed to the idea for various reasons. There has been little or no public comment from anyone in favour of the proposal. Some people who support the proposal are influenced by the success of development in areas of South Australia at Keith and Tintinara, however some South Australian Departmental officers familiar with this and other desert areas are most pessimistic about the prospects of development of very large tracts ( $\frac{1}{2}$  to  $\frac{3}{4}$  million acres) of the desert country north of Keith. It is these poorer soils north of Keith which bear more relationship to the development of the Little Desert.

If development is to proceed then it is our feeling that we require more experimental evidence on which to base advice on many matters. This evidence can only be soundly based on experiments in the area to be developed. It is so different from much of the other soils in which our current work is being operated that a considerable experimental programme would be involved. With present staff and commitments in other areas we would not be in a position to devote the required effort unless more resources were supplied.

We feel that a request for delaying of the development plan should be made so that with the provision of necessary resources essential experimental and economic data can be obtained.

(Sgd.) C. L. TUOHEY,  
*Agronomist.*

(Sgd.) J. HEATH,  
*Sheep and Wool Officer.*

(Sgd.) M. H. DOUGLAS,  
*Agrostologist.*

## APPENDIX " F "

MEMORANDUM TO DIRECTOR OF AGRICULTURE FROM MR. D. R. MEADLEY.

22nd May, 1969.

*Memorandum for :*

The Director

## LITTLE DESERT SETTLEMENT.

The Hon. the Minister of Lands has recently presented a comprehensive series of budgets to the Parliament as an economic justification of the proposed settlement. The series includes budgets for a number of possible farm situations. One of these which envisages a capital availability of \$150,000 and running wethers at a stocking rate of two per acre over an area of 4,000 acres appeared to offer the best financial result. The major conclusions drawn by the Minister from this budget were :

- (1) The accumulated cost of development is recovered at the end of the twelfth year.
- (2) The accumulated capital invested in the property would be \$263,000 and that as a consequence capital gain of \$113,000 would be made.
- (3) The same capital gain could be achieved by investing the \$150,000 at  $4\frac{3}{4}$  per cent.
- (4) After the twelfth year the property would yield a net income of \$17,000.

Apart from an error in the "livestock progression table" (*Hansard p. 4017*) which would make minor alterations to the calculation, there is a major omission because no account is taken of livestock purchases. It seems that the budget as presented envisages that these would be separately financed by one of the stock agencies.

We have carried out calculations to estimate the effects of these factors on the budget published in *Hansard*. The calculations are shown in budget "A" which also makes minor adjustment to the timing of capital injection.

They indicate that the debt outstanding on sheep in the thirteenth year would be of the order of \$60,000. If all the operational surplus were used to pay off this account the farmer would not be free of debt until the sixteenth year. On the basis of these figures the position would then be—

	\$
Land Development and Purchase Cost (as quoted) .. .. .	263,000
Capital in Sheep .. .. .	60,000
	323,000

This represents the capital cost of bringing the property to a fully productive and debt free position. It does not however represent the capital value of the property. I understand that the present market value of similar properties is running at about \$45 per acre unstocked. On this basis the total market value of stock and land would be \$240,000 and the capital gain \$90,000. The sum of \$150,000 invested at 3 per cent. would yield the same amount over the same period.

The net income position after debt repayment however, has been understated in the budget published in *Hansard*. The gross margin figure used allows for interest on the average value of livestock at a rate of 7 per cent. It apparently has been assumed that up until debt has been cleared this was required to partly service the debt on sheep. After this requirement is removed income would be increased accordingly to a total of about \$21,000 after allowing for sheep depreciation. This figure closely approximates the figure calculated in budget "A" and represents a return of almost 9 per cent. on the estimated market value, or 6.5 per cent on the total cost of \$323,000.

You will recall that in an earlier Memorandum I indicated that Mr. Rabbitte was carrying out studies on the economic implications of settlement in the area as a basis for Departmental advice which has already been sought on this question. These investigations suggest that the figures for developmental costs used by the Honorable the Minister appear to be realistic. However certain of the assumptions used in the *Hansard* budget and carried forward into budget "A" deserve comment.

APPENDIX " F "—*continued.*

(a) The gross margin per sheep from wool is assumed at a level of \$4. This figure appears to imply wool income per head of \$6.18 net of selling costs. Our calculation of this figure is—

	\$
Sheep Depreciation (including 2 per cent. deaths) .. .. .	0.87
Interest on average investment in sheep .. .. .	0.52
Sheep running costs (shearing, vet. supplies, packs, &c.) .. .. .	0.79
Total .. .. .	<u>2.18</u>
Gross Margin .. .. .	<u>4.00</u>
Wool Income .. .. .	<u>6.18</u>

This level of wool income per sheep appears to be high particularly when it is to be used as an average figure over a period exceeding 20 years.

Departmental estimates, supported by farmers and consultants views, suggest that the wool production per sheep, under grazing pressures envisaged, would range from 11 lb. to 13 lb.

Wool prices are difficult to forecast even in the short term but past lessons from basing land settlement schemes on expectancy of high prices suggest that conservative price levels should be adopted. It is considered appropriate to use a figure of 40c. per lb. net of selling charges and applied over the total production.

Application of these figures indicates a range of wool values of \$4.40 to \$5.20 per head. A planning figure of \$4.80 would seem to be more appropriate than the figure of \$6.18 suggested.

(b) The calculations assume a potential stocking rate of 2 dry sheep per acre. Mr. Rabbitte indicates however, that the area is variable and that a range of 1½ to 2 sheep could be expected. The budgets which are prepared on the basis of 2 sheep apply only to the areas with greater potential and under conditions of superior management.

(c) Costs used are based on current levels, but the B.A.E. index of prices paid by farmers shows that farm costs increased by 23 per cent. between 1958 and 1968. There are no indications of this trend halting which suggests that the budgeted surplus may be over-optimistic.

(d) Experience from other areas suggests that fixed costs have been under-estimated.

The foregoing would suggest that the budget published in *Hansard* and further projected in budget " A " is over optimistic. It may be argued however that technological change could partly offset the financial effects of some of the generous assumptions made. In consequence we have made an assessment of the position using the suggested planning figure for wool income but leaving other factors the same as in budget " A ". The results of this calculation are shown in budget " B " which is based on a wool income of \$4.80 per sheep.

The budget shows that if livestock transactions are ignored an operational surplus of \$16,880 is achieved after developmental loans are repaid. However, this is not achieved until after the thirteenth year, by which time a stock trading deficit of close to \$200,000 has been incurred. The operating surplus is too small to permit servicing of this debt in addition to future stock purchases. As a result the debt would continue to increase. Under these circumstances the project would not be economically viable.

My view is that the assumptions used in the preparation of budget " B " relating to the level of fixed costs and the projection of present costs into the future result in over-statement of net income potential. However, even using these assumptions and taking no account of climatic risk it is evident that there is more than reasonable expectancy that settlement of the area would result in economic failure. I consider that Departmental advice should make this position clear. The Government however has announced a policy of settlement and public advice along these lines may be construed as being against the stated policy. Your guidance on this question is requested.

(Sgd.) D. R. MEADLEY,  
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