SOLDIER SETTLEMENT AND THE DAIRYING INDUSTRY
By: Malcolm Fraser, Member for Wannon.

A few days ago certain members of the State Soldier Settlement Commission attacked the Commonwealth over the Yanakie Soldier Settlement Scheme. According to the press statement in "The Age", members of the Commission said that the Commonwealth Government had refused to support a 12,000 acre subdivisional soldier settlement scheme at Yanakie near Foster in South Gippsland. A member of the Commission went on to say that the Commonwealth would not consider any dairying scheme - only sheep.

It was also reported that the Commission had met with continual Commonwealth opposition in its endeavours to place ex-servicemen on the land, particularly on dairying land.

When I saw this report, I immediately contacted the Federal Minister for Primary Industry, Mr. McMahon, who looks after the Commonwealth aspect of soldier settlement.

Mr. McMahon said quite emphatically that the Yanakie Scheme has not been rejected. He said, contrary to the Commonwealth rejecting the State proposal for Yanakie, the basis of the proposal put forward by the State has been accepted in principle except that there are still technical discussions to be held on the size of the actual farms.

Allegations that the Commonwealth was opposing State attempts to put ex-servicemen on the land, particularly on dairying land, were completely untrue, Mr. McMahon continued.

In the past three years, the Commonwealth has made special additional funds available to Soldier Settlement in Victoria, to try and speed up the completion of Soldier Settlement in this State. Since 1955/56, special funds have totalled £5.18M.

This controversy underlines the difficult dairy situation at the present time. The dairy industry is faced with falling and failing overseas markets. Policies of self-sufficiency in the United States and in all European countries, together with uncontrolled production of margarine in those countries, have turned butter importing countries into butter exporting countries. The only butter importing country of any significance is the U.K., and all countries with surpluses try to sell their butter to her with the result that the price has fallen to completely uneconomic levels. There is no sign that this trend in overseas countries will alter.

Furthermore, I don't believe significant new markets in Asian countries will be found for butter at prices acceptable to our producers, for the simple reason that margarine is a cheaper article, and as the standard of living of these people rises, they will be able to afford margarine before they will be able to afford butter, and therefore they will get the margarine habit before the butter habit.

These overseas conditions make it extremely difficult for the Australian dairying industry. Local consumption is just under 120,000 tons, leaving a surplus of anything from 50 to 80 or 90 thousand tons to export, depending on seasons. We can only sell this butter at a heavy loss. To make up some of this loss, the Commonwealth has its stabilisation scheme and subsidy, which totals £132½ million this year. But this is not the whole answer to the problem.

I believe the Commonwealth does not want to carry out a great deal more closer settlement on dairying blocks since each additional pound of butter produced is an additional pound of butter exported, which lowers the average return for every existing dairy farmer.
Most good dairy land is also suitable for fat lamb raising, but slightly larger acreages are required.

In discussions with the State Soldier Settlement Commission, I have no doubt that Commonwealth officers have put forward the view that we should take into account not only what the land will produce, but also what we can sell. We can sell fat lambs or wool, for which there are no real substitutes. We are finding it ever increasingly difficult to sell our butter abroad. Therefore, why not increase the production of meat or of wool rather than of butter, but the decision on this is one that must be made by the State because constitutionally it is their right. However, the State in its decision should have some regard for the Commonwealth's marketing problems.

Victoria has taken the view that it is the most economic dairying State in Australia. This is correct. However, this does not necessarily mean it is sensible to continually increase Victorian production of butter. It would be allright to do this if we thought it reasonable to force butter producers in other States to close up shop; but in a free society, can we use this form of dictation? Butter producers have existed in other States for as long as they have existed in Victoria. They have a right to a livelihood as have the producers of Victoria.

It is true, production and exports from other States have been falling over the years as farmers gradually realise dairying is not climatically suited to their areas, but this is a different thing from force. Already three States only barely produce enough for their own needs. Victoria produces very nearly 70% of Australia's export butter. Adding to that quantity only serves to embarrass the whole industry.

I believe that the basic reason why the State is keen on settlement in the dairying industry is that it is possible to put more people on a given amount of land because the return per annum from dairying is greater than wool growing or fat lamb raising. This therefore means that the cost to place people on dairying land is less than the cost to place people on other forms of production. Nevertheless, if this is true, it is a short-term policy which will not do the industry any good.

Finally, I want to repeat that the Commonwealth has not opposed State propositions for soldier settlement. It has supported soldier settlement in Victoria since 1955/56, with additional funds totalling over £5,000,000.

On the other hand, I am sure it has put its views about the difficulty of the dairying industry and the difficulty of disposing of export butter. But this is very different from opposing the State's plans.