



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

# THE CHALLENGE OF THE DAIRYING INDUSTRY

HEDLEY C. CLARK

*Executive Member of the Dairy Industry Investigation Committee*

The accepted concept of an Australian living standard is bringing into increasing prominence the social aspects of dairy industry problems and gives income level and its distribution a new significance in assessments of industry welfare and stability. Stabilisation procedures have tended so far to concentrate attention upon production costs rather than upon farm income, the importance of which has also been largely overlooked in the concentration upon aggregate approaches to technical and economic aspects of the total industry problem.

The dairy industry is now proposing to broaden its policies beyond cost-price objectives to provide for research in a wide field of industry activity and for sales promotion. This is a challenge and an opportunity, for the agricultural economist amongst others, to contribute to the development of an effective industry programme for the future.

The direction of that challenge is as variable as the structure of the industry itself but, in this discussion, the emphasis will be placed upon those regions or sections of the industry which have not made the progress that might have been expected from a succession of stabilisation plans, extension grants, and good seasons. It is proposed, at the risk of over-simplification, to present some impressions gained from a long association with the industry, and from evidence given by the industry in support of costs submissions; impressions which have been confirmed by the results of some preliminary studies on farm income levels and distribution made available to me by the Bureau of Agricultural Economics.

The Bureau investigated a sub-sample of 126 farms, allocated according to the density of dairy farms regionally, and selected from the thousand farms included in the 1953 Australia-wide survey. These farms were, in turn, drawn in accordance with certain agreed criteria from farms which comprise a cross section of commercial dairy farms in the various regions.

The information collected in the field covered the three-year period ended June, 1956. It revealed that:

- (a) the annual net farm income (the returns from all sources to the farmer and his family for their labour and equity in the farm) was below £1,000 on 46 per cent. of the farms. These farms produced 30 per cent. of the production; 28 per cent. had net farm incomes which did not rise above £750, and they supplied 14.5 per cent. of the production.
- (b) 43 per cent. of farms had net incomes ranging between £1,000 and £2,000. These farms accounted for 52 per cent. of the production and the average annual farm production ranged between 8,000 lb. and 12,000 lb. of commercial butter.

- (c) 11 per cent. of the farms had net farm incomes between £2,000 and £3,250. Production was as high as 20,000 lb. c.b. per farm and this income group provided 18 per cent. of the production.

All this serves at least to illustrate that any aggregate approach to industry problems can, because of its implied homogeneity, be very misleading. There is a need to identify these farm-income groups within the industry and then to discover and analyse the physical, social, and economic factors affecting farm income so that the true impact of a pricing policy and also of an extension programme can be evaluated. In many cases, the physical environment will provide a lead to a whole succession of problems which combine to reflect themselves in the different levels of income received by farmers.

## PRODUCTION

### Diversity of Dairy Environment

The geographical distribution of the dairy industry in Australia has given it a wide diversity of climate and soils. The semi-tropical heat, the monsoonal rains, and the Rhodes grass, paspalum, and kikuyu of the north, have little in common with the reliable winter rainfall and the ryegrass-clover pastures of the temperate southern dairy regions. Generalisations are difficult and dangerous. Superficial observations can give rise with unfortunate ease to false notions of the nature and scope of local problems. The technologically sound adaptation of the industry to its local environment is a major aspect of the challenge, demanding both practical experience and theoretical knowledge and the complexities of this aspect of the challenge can lead to serious mis-judgments.

### Basis of Industry

In Australia, it is difficult to understand the dairy industry until its dependence, first on the family unit and secondly on pasture grazing as distinct from the feeding and housing systems of overseas countries is clearly recognised. It is this dependence coupled with the vagaries of the Australian environment which so often baffles the visiting expert and confuses the local authorities as well.

(a) *The family unit.* The dairy industry was built in Australia upon the family unit. The pioneer dairy farmers with limited capital, or none at all, opened up new areas with the assistance of their families, and paid for the development of their farms in terms of constant toil, personal sacrifice, and comparatively low living standards, and learned from experience a conservatism and cautiousness which still continues to condition the attitude and thinking of so many dairy farmers. It is a weakness in extension that it so often, implicitly, and sometimes explicitly, attributes to that family unit a mobility and flexibility of both physical and financial resources quite out of line with reality.

(b) *Dependence on pastures.* The general dependence on pastures explains the marked sensitiveness to seasonal abnormalities and is without doubt the principal cause of the relatively low average level of production in many dairy herds. This is well illustrated in Queensland

and northern New South Wales where the impact of extreme seasonal variations is reflected in wide fluctuations in the volume of production. It is this reliance upon pastures, with its implications for animal husbandry, farm management, and the economics of production which makes it so necessary to query the emphasis on ready-made extension ideas, borrowed from overseas, for application to the industry in its Australian setting.

### **Factors Influencing Attitudes of Farmers**

Over recent years, and with a quickening tempo, patterns of living on dairy farms have been changing. The relative isolation of the dairy farmer and his family has been disappearing in response to improved transport and communication, better educational facilities for the young people, electrification and other social and technical developments, all of which are bringing the farm family into contact with a wider community and with concepts and standards differing from those on the farm.

The dairy farmer's dilemma arises, in large part, out of the fact that demands for modern amenities compete with the demands of farm maintenance and developments, for his income and available capital resources. There is some significance for the industry in the fact that this competition usually reaches its peak at a time when the farmer still has the physical energy and the ambition to develop his property and increase its productive capacity but is at the same time most sensitive to what might be described as the "social needs" of his family. Where for a variety of reasons the income is low, this competition is reflected either in what looks like tardy acceptance of advancing knowledge or in frustration and apathy.

The fact is that the farm and the family exist and function together as a social entity as well as an economic unit and that these two aspects are inseparable on a "family unit" farm. Above all else, in the field of extension, therefore, the emphasis should be upon farm and home planning rather than upon the now usual concentration upon techniques and problems of individual farm production practices.

New methods and improved practices cannot be adopted without some additional input in terms of cash reserves, credit, and labour. These, in turn, involve such personal considerations as the size and composition of the farm family, the farmer's age, the social environment, and the position and prestige of the farmer and his family in that environment.

Moreover, dairy farmers are obliged to plan in the long term. Yet they are faced, almost daily, with the short term problems of constantly changing situations. The element of risk or uncertainty is, therefore, one of the strongest influences in shaping farmers' attitudes and is apparent in reactions by farmers to many extension recommendations made in regions subject to wide, uncontrollable and unpredictable variations in seasonal conditions.

### **Research into Farm Management**

So far, little attention has been paid in Australia to research into problems of farm management and development. Research in these

fields could bring to light the relative importance and the significant relationships of the social, economic and physical factors which operate simultaneously within the farm boundaries and so allow a more accurate definition of objectives in the drive for improvements in farm methods and for increased efficiency.

Up to the present time, unfortunately, too much reliance has been placed upon production costs which, apart from their value to individual farmers and in the construction of farm budgets, have little to contribute to a general farm-welfare and improvement programme. Unit costs, by themselves, ignore income distribution and necessarily ignore all those important factors which prompt farmers to incur them. Moreover, since they apply to the past, any plan derived from them must be incomplete as compared with the situation currently faced by the farmer. Equally meaningless, for that purpose, is the concept of the "average unit cost" in a dispersion of costs covering all the dairy farms in Australia subject as they are to such wide and truly "critical" variations in climate, capital resources, equipment, and management.

There is, therefore, no sufficiently reliable information available to enable us to relate the problems of making a living on a dairy farm with the every-day problems of living itself. That, after all, is the complex situation which confronts the farmer when he makes decisions affecting the management of his property. For too long, extension has separated these two naturally integrated functions, and has then proceeded to advise on means of increasing production according to a particular technique without regard for the complexities of the problems of its introduction into existing farm management and without any knowledge of the effects of its adoption on other farm activities within the limitations of the farmer's total available resources. The failure to recognise this aspect of the farmer's problem results in a resistance such as is already in evidence and which very often merely reflects a caution learned from experience. It has been frequently referred to by the scientist as the lag between the discoveries of research and their application on the farm.

### **Review of Current Extension Policy**

The decision of the industry to subscribe money for research into its problems suggests a candid and an objective appraisal of the current extension grant programme for which the Government Departments, rather than the industry, must assume responsibility. It is inevitable that mistakes have been made, if only because of the complexity of problems, and the lack of the analytical, as distinct from descriptive, studies of the industry.

Extension needs reshaping to meet the requirements of the industry in its regional settings. There can be no justification for the competitive approach to extension, which assumes that farmers are subjected in identical degree to all the economic and physical pressures that operate within the area of competition, or that all farmers can secure the best use of their particular resources by following the methods and management judged to be most appropriate on the winning property. This criticism may, with equal justice, be directed against some farm demonstration projects many of which could, in the interests of extension service prestige, be more appropriately called

experiments, and which, even if successful in their particular setting, serve to highlight the absurdity of demonstrating, with Government finance, facts or farm practices that, for reasons known only as yet to the individual farmers concerned, cannot be applied.

Extension programmes should be drawn up against a background of technical and social problems. A prerequisite of success in extension must, therefore, be the active co-operation of the farmer and his family for it is only in this way that people can be helped to achieve the objectives to which they themselves aspire. Obviously, there can be no broad generalised plan devised to meet all the circumstances and situations that exist in the dairy industry in Australia.

It is unreal for extension to proceed on the assumption that all the ideas underlying such a general approach can be applied either in a region or on a particular farm together at one and the same time. The present shortage of men qualified by training and experience to shape specific programmes cannot excuse a neglect of the individual approach nor justify, in terms of actual progress, the less realistic if more convenient general extension programme which, by misplacement of emphasis, in the light of the needs of the individual farmer, can have serious consequences by retarding farm development. A limited, but more personal and direct extension programme, designed in accordance with the requirements of each farm, could project its influence far beyond its immediate contacts, and could, very easily, inspire a demand for the type of service now being provided, for example, in New Zealand and also in isolated instances in Australia, by the private enterprise of farmers' clubs operating against a background of detailed knowledge of local problems, the circumstances of each farmer, and the degree of progress or development already attained.

Feeding is the really fundamental problem of the dairy industry in Australia. It is the problem which is so forcibly thrust under notice by the fluctuations in production which accompany the characteristic variations of the seasonal conditions. Merit registers, sire surveys, artificial breeding, and even herd testing itself, valuable as all these can be in their proper place in industry development, must depend for their effectiveness upon the work done in the urgent and more fundamental problems of pasture development and management, fodder conservation, and feeding of dairy cattle.

Credit tied to a realistic and carefully supervised farm programme could be a most effective instrument in promoting technical, economic, and social progress within the industry. There is the challenge, first to appreciate the need for credit, and then to match credit facilities with that need. A limited but well directed supply of short term credit could relieve the pressure of competition for current income and resources between the family unit and the farm; it could assist in removing the caution and hesitancy on the part of the farmer in taking any action which had an element of risk to his own and his family's security, and perhaps above all else, it could achieve the highly important psychological effect of arousing interest with opportunity.

### PRICE POLICY

Another aspect of the challenge of the dairy industry has to do with its pricing policy. It would seem that no practicable price policy can

bring relief in any significant measure to the farmers in the lower income categories. Any attempt to meet their needs through price could, in view of the present market situation, the potential for increased production on the more fortunately placed farm units, and from new areas, destroy the whole marketing structure, and, with it, the welfare of all dairy farmers. The challenge in this situation is wider than price policy.

There are some farmers whose position is probably not capable of improvement, either within the boundaries of their farms or even within the context of the dairy industry. If the goal is higher family income then emotional thinking and propaganda about the drift from the dairy industry can achieve nothing either for the industry or for the unfortunate families concerned. To suggest the movement of these so-called marginal farmers out of the industry, however, is not a solution—it merely states a problem. That movement is another challenge, for it is not a simple matter to recast the pattern of the farms or the social structure of the farmers within their immediate environment.

There is the broader challenge, beyond these lower income farm-groups, as represented by those farmers who are caught up in the cost-price squeeze which has become so evident during the course of the stabilisation plans. Some aspects of the current problem of these farmers are still under the influence of expedients designed to meet war-time emergencies. In support of a national war effort the industry accepted the role assigned to it by the Commonwealth Government. It was a role which involved bulk contracts, consumer subsidies, and the cost of production approach which is one of the inevitable factors under a controlled economy.

### **Stabilisation Plans**

It is natural enough that the stabilisation plans and the price guarantees which grew out of these war-time circumstances should have encouraged a wide belief amongst dairy farmers that their problem was largely a matter of price and could be solved by refinements of the costing formula to justify higher prices and subsidies. Price guarantees, first in 1943, and then in the first stabilisation plan in 1947, were aimed directly at encouraging production. Returns to producers were identified with production costs and the increases in costs were taken care of by subsidy—a subsidy which assumed increasing importance not only as a feature of the marketing structure but also as an influence in conditioning the attitude of consumers to a market value for butter and cheese.

In 1952, the second stabilisation plan called a halt to any increase in subsidy, and limited the guarantee to consumption in Australia plus 20 per cent. The marketing situation, both at home and abroad, which developed out of these modifications, prompted manufacturers and distributors, alive to the wider impact of price beyond farm income, to introduce broader responsibilities first for the Dairy Industry Investigation Committee, and then for the industry itself, in the task of devising a price policy that supported an optimum return to the producer, and, at the same time, handled the marketing problems well enough to be administratively feasible and politically acceptable.

Since the assumption by the industry of the responsibility for recom-

mending a price, its leaders have been faced with the task of attempting to reconcile a number of conflicting, and in some cases, mutually exclusive, factors as a basis of price policy. These factors include rising production costs, fluctuating production, a subsidy subject to review each year, a domestic market known only in terms of an aggregate disappearance of butter and cheese, a threat from margarine, and an export market which has continued to deteriorate. So far, the industry has been obliged to proceed without the benefit of organised research into the critical factor of demand either in the different domestic market areas or for the individual products concerned. There is, therefore, every justification for the division of opinion on price policy, which, at present, exists within the industry.

The confusion and fears arising out of this market situation are the basis for a majority decision to follow a cautious price policy instead of the earlier practice of following costs, despite the sacrifice of a prospective slight gain in the short term. Any alternative, by way of a price rise, could have a serious adverse impact upon domestic consumption and, in the long term, would undoubtedly make more difficult the development of any unexplored potential for increased consumption of dairy products in Australia; one of the main objectives of the industry's projected promotion plans.

### **Subsidy**

The dairy industry, in these circumstances, is vitally concerned with subsidy policy. The income situation revealed by the investigations mentioned earlier points to the unreality of a policy which seeks subsidy reductions as an end in themselves without due knowledge of, or regard for, the consequences both inside and outside the industry. Any subsidy reduction, at this stage, must place dairy farmers at a further disadvantage both on the home market—where secondary industry and labour enjoy regulated production, import restrictions, administered price and wage policies—and also on export markets already weakened by surplus supplies resulting from the domestic support policies of other countries.

The dairy industry has, since pioneering days, exercised a strong influence upon local development and progress, but the significance of that contribution, or of the industry's relationship to the overall economy, has never been examined in the scope and detail which is called for by, among other things, the subsidy component in the present price structure. Without that knowledge and a knowledge also of the possible effects of specific alternatives, subsidy policy cannot be realistically appraised.

## **MANUFACTURE**

That aspect of the challenge of the industry concerned with production and pricing policies is, of course, closely linked with other aspects of the total challenge in the manufacturing, distributing and marketing sectors of the industry. Here again wide variations in organisation and performance make it necessary to refer to them (within the limits of this paper) in broadest terms. There are in Australia some of the most up-to-date factories in the world. But although there is an increasing awareness of the necessity for eliminating wasteful practices,



as, for example, by the amalgamation or closing of small factories, there are many factories still handicapped by a parochial outlook, ignoring modern developments in refrigeration and transport, and lacking the initiative and/or the resources to diversify factory production, or to economise by increasing the scale of their operations.

Some of these factories grew out of a local initiative and have, over the years since their establishment, rendered a great service to local producers. But, having achieved their initial objectives, these factories cannot safely rest on their laurels. In clinging to the past instead of recognising the need for adaptation to changing conditions, they could find the longer-term consequences more difficult than those involved in making needed adjustments now. Dairy farmers supplying small local factories which continue to resist change must count the cost to themselves of local prestige values and be prepared to recognise clearly that neither the industry as a whole, the consumer, nor the Government, can be expected to offset their resultant higher costs. Cases such as these offer a challenge to research and extension to move in and provide a service designed to help those concerned to make, within their individual circumstances and environment, any necessary adjustments.

There is, moreover, the tendency among manufacturers to neglect an industry outlook and, instead, to assume a highly competitive attitude with each factory depending on efforts to expand its own particular market rather than to expand the size of the total market. Admittedly, there is little or no immediate incentive for the individual factory to do this so long as any benefits arising from its effort are spread over many other manufacturers and distributors who do not participate in those efforts. It is in this field that producers intend to help themselves by supporting a national promotion programme under which individual firms should be able more effectively to develop markets for their own products.

One source of weakness within the industry as a whole is the illogical conflict between its manufacturing and fluid milk sectors. Milk quotas, and fluid milk pricing procedures, have their origins in the past when conditions were very different from those ruling today. Before the development of improved refrigerated transport and modern methods of handling milk, each fluid milk market was dependent upon some nearby local area for its supplies. Control of sanitation and quality originated in the health ordinances of the locality. Milk markets have been isolated from the rest of the industry at times by these ordinances and in other instances by similar barriers which have become increasingly artificial and which, while restricting the flow of milk into the local market area, still require the industry at large to act as an absorber of any surpluses produced in that restricted area.

But these barriers, if, for any reason, they are retained, will not always withstand the technical and marketing developments which modern research and merchandising will bring to the industry. Improved powdered and concentrated milk, new ideas in packaging and presenting milk, coupled with an intensive merchandising campaign and the rapidly growing swing to self-service in retail trading, could compel a rationalisation within the industry and, at the same time, provide a means of expanding local markets.

## MARKETING

The retail trade revolution in progress at present highlights the need for the dairy industry to pay attention to diversification, packaging, and merchandising. Self-service is not a passing phase and increasing numbers of shops will convert from conventional service stores to take full advantage of cheaper methods of selling. Dairy products, especially milk, cream and butter, fall within the perishable category upon which store traffic is built up through the use of "loss-leaders". Cheese in all its varieties can assist in stimulating the impulse buying on which the self-service retailer relies once store traffic has been built up.

If the dairy industry wishes to take full advantage of this opportunity in the retail trade, then the industry, from the producer to the distributor, must present dairy products in a manner which will both stimulate consumer demand and satisfy the retailers' requirements. To do this it is essential to recognise the ever-changing attitudes and preferences of consumers so that, from an evaluation of this information, can be established merchandising practices which can then be applied to the retailing situation.

In addition, the industry must look beyond the optimum consumption levels for existing dairy products to the creation of new products to create new consumer demands. Reports are reaching Australia of new and attractive products which suggest interesting possibilities and which, with the support and encouragement of the industry, can be matched by our own research workers.

In the export trade the industry cannot afford to ignore the possibilities of expansion beyond the traditional United Kingdom markets, important as these have been and will continue to be. In the competitive world of today this will mean an aggressive policy in which are blended promotion and merchandising designed to meet particular market situations thoroughly investigated on the spot. It is in the interest of producers that they send men to examine these opportunities which, today, have such critical significance for the welfare of all sections of the dairy industry.

In conclusion, the situation in the dairy industry and the particular factors which I have outlined constitute a challenge to the agricultural economist to play his part in collaboration with research workers in other fields, and with the industry itself, in devising means for the dairy industry in Australia to develop its opportunities and to correct its weaknesses. The industry is entering a new era in which the Dairy Board will channel industry resources into research and promotion—a basic step forward in planning industry progress and a step, too, which will establish the Dairy Board as the national symbol and focus of the Australian dairy industry. In this new era, the opportunity is offered to the agricultural economist to play an important part in shaping its development. His participation can be most effective and the industry's co-operation most quickly assured if research findings are presented in terms of their practical application to the complex problems with which the industry is confronted today.

## DISCUSSION

I. G. INGLIS

*Tasmanian Department of Agriculture*

A long association with the dairying industry has given Mr. Clark a keen appreciation of the social, as well as the economic and technical problems with which it is faced. He has given us a timely reminder of the importance which the dairy farmer attaches to the social needs of his family and of the implications so far as extension policy is concerned.

I find myself substantially in agreement with Mr. Clark when he suggests the need to give more attention to the problems of the individual farm. The aggregate approach which has characterised much of the research work carried out in Australia does have many limitations but at the same time I feel it has served a useful purpose not only in providing a factual basis for the consideration of stabilisation proposals and price guarantees, but also in drawing attention to many of the problems which obviously require more detailed investigation.

Some will question Mr. Clark's assertion that there can be no justification for the competitive approach to extension work. My own feeling is that the competition can provide a most valuable extension medium, provided that the results are regarded rather as a means of highlighting particular practices than as an end in themselves. In Tasmania we have an annual Fodder Conservation and Supplementary Forage Competition and all entrants are supplied not only with their detailed results but also with suggestions as to the scope for improvement on their farms. My Department has considerable faith in the value of this particular competition and it believes that this faith has been vindicated by the fact that almost 10 per cent. of the area under improved pasture in Tasmania is now cut for hay. This is the highest proportion of any State.

I believe that Mr. Clark may have been rather too sweeping in his condemnation of present extension methods which, he claims, involve a pre-occupation with individual farm production practices rather than the effect of their adoption on the existing farm programme. In Tasmania our Extension Service places considerable emphasis on the adoption of a balanced programme which has full regard for the financial resources of the farmer in relation to the needs of both the family unit and the farm. When a development programme is under discussion Extension Officers normally invite participation by the farmer's wife and it has been found that this practice increases the chances of success of the programme by giving each member of the family a direct interest in its implementation.

Mr. Clark sees the conflict between the manufacturing and fluid milk sectors of the industry as a barrier to the development of an expanded market for dairy products within Australia. This conflict is perhaps one of the most contentious aspects of the challenge as that part of the industry which is at present meeting the requirements of fluid milk markets enjoys a monopoly position which its members will wish to preserve. The artificial restriction of supply by means of quotas has come to be accepted as an essential characteristic of the marketing

schemes operated by the various State Milk Boards and while the quota system no doubt possesses some undesirable features it has brought stability to a sector of the market which was formerly characterised by wide price fluctuations and an often irregular supply of milk to the consumer.

It is something of a paradox that the present wide disparity between whole milk and butterfat prices provides a barrier rather than a stimulus to the process of rationalisation which Mr. Clark has mentioned. In a free market it might be expected that the price margin would be considerably reduced through the operation of the law of comparative advantage, but the present closed markets do not always recognise this law and whole milk prices tend to a level which probably could not be sustained if the barriers were removed.

Mr. Clark has drawn attention to the need for a more detailed understanding of the problems of farmers in the marginal dairying areas. On present market indications it would appear that the plight of farmers in the low-income groups will assume increasing urgency but the formulation of plans for re-adjustments within the industry will require more detailed knowledge of the interaction of social, economic and institutional factors than we possess at present.

The influence of the size of holding on the level of efficiency was demonstrated in a survey of a marginal dairying area in Tasmania several years ago. It was found that 50 per cent. of the total farming land within the area was held in lots which could not be regarded as economic units. The scope for development was also limited by lack of farming ability, inadequate financial resources and the unproductive nature of much of the land. The solutions advocated included aggregation of small areas into economic units, the provision of a more liberal system of finance and the close supervision of a plan of development drawn up by the Department of Agriculture.

Mr. Clark's paper has covered a very wide field, but by so doing it has placed the problems facing the industry in better perspective and provides us with a basis for the allocation of priorities when formulating programmes of research.

G. J. McCARTNEY

*Clarence River Rural and Businessmen's Committee*

In an atmosphere of a depressed regional dairy industry, a group of interested people gravitated to an Animal Husbandry School at Grafton in mid-1956. The school had been convened by the University of New England. The district producers hoped that information could be gained which would help fill in many gaps in local agricultural knowledge.

The association of the "students" at the school and the information acquired so stimulated businessmen, dairymen and graziers that they ultimately formed the Clarence River Rural and Businessmen's Committee.

At the outset they realised the interdependence of country town and farms and so the Committee was comprised of two dairy farmers, three graziers, a banker, newspaper editor, dairy factory manager, agronomist, agricultural machinery agent and an inspector of schools.

In an endeavour to promote local interest in the creation of a local agricultural research group, Professor W. B. Baker, a rural sociologist from the University of Saskatchewan, Canada, was introduced by the University of New England.

He and Professor McClymont, of Armidale, addressed what was probably the biggest combined meeting of men of the land and businessmen ever brought together at Grafton.

The R.A.B. Committee agreed, with the New England University, to embark on a community development project and to determine by group discussion techniques the most pressing problems that farmers and graziers in the district considered required solution.

With the advice of the New England University, the group of enthusiasts embarked on the big task. That meant meeting practical farmers and their womenfolk at nodal centres throughout the Valley.

The R.A.B. had the assistance of all sections of the community, when it was needed, and maximum support from the press and radio.

Some forty meetings, involving fifty discussion groups and four hundred people, were held over a wide and representative area of the Clarence River.

The Committee found that farmers and graziers were fully aware of their problems and were desperately anxious to get something done about them. They were more than willing to participate with the technical experts in order to rehabilitate themselves after many years of seasonal fluctuations in which floods, droughts and other serious difficulties had greatly undermined their undertakings and their confidence in the future.

After fifteen months of survey, a report was compiled which brought out the following common problems:

- (1) Control and utilisation of the Clarence Waters.
- (2) Feeding and production.

- (3) Weeds and insect pests.
  - (4) Animal and plant diseases.
  - (5) Finance.
  - (6) Marketing of rural products.
  - (7) Need for district agreement and effective leadership.
- Each of these problems was resolved into components.

The findings were communicated to the district and after several district review meetings, a rural convention was held in Grafton. It comprised sixty delegates representing the discussion areas and sought above all else to agree on a programme.

They decided for the start to concentrate on problems 1 and 2. They reached their decisions in co-operation with a visiting team of leaders from the University of New England.

Problems 1 and 2 were subdivided as follows:

*Control and Utilisation of Clarence Waters*

- (a) Flood mitigation.
- (b) Irrigation.
- (c) Drainage.
- (d) Stock and domestic waters.

*Feeding and Production*

- (a) Soil survey and investigation.
- (b) Fertilising requirements.
- (c) Species of grasses and fodder crops.
- (d) Mechanisation and fodder conservation.
- (e) Effect of salt on crops etc.

The Clarence has consequently arrived at a stage where, having defined our main problems, we desire that work should be commenced to solve them.

The district presents wonderful scope for a co-ordinated study. The work could well embrace sociological and scientific studies including agriculture, grazing, regional resources, engineering, economics, and others.

We have a ready-made, home-spun and responsive extension organisation which assures the wholehearted co-operation of the farming and business community. This organisation is probably unique in Australia. It could set a precedent for evaluating other regions that have problems such as declining rural production.