

Rate of Interest.

15. Another point of doubt arises in regard to the rate of interest chargeable to the settlers. I am informed that the actual rate is $6\frac{1}{4}$ per cent. on the farm costs. No interest is yet being collected, and the debt is piling up at compound interest. It is proposed eventually to charge interest for ten years, and subsequently instalments of both capital and interest. On advances for cows, &c., under a bill of sale interest is being charged at 7 per cent., interest only being payable for the first three years. This question will no doubt receive full consideration.

Marketing.

16. I now turn to the highly important question of marketing. At the present time only a few groups have been disbanded. Disbandment does not, however, mean that a settler is thrown entirely upon his own resources. The Government assess the annual income which a man could reasonably be expected to earn from the cows, pigs, &c., on his hands at the date of disbandment, and then arrange a contract price for clearing such an additional acreage of land as will give him, provided the clearing is satisfactorily done, an income of £300 per annum, out of which interest payments are expected.

At the present time many of the settlers who are not disbanded are earning useful sums by selling milk, butter, eggs, bacon, &c. Some of the sales are made to local stores, some to less advanced neighbouring settlers, and some to roadmen, sleeper-cutters, &c. As time goes on, and as all the farms come into production, this source of revenue will to a considerable extent disappear. Plans are being developed for the erection of co-operative butter-factories as soon as the production of butterfat warrants that course. The settlers will be given an opportunity of taking up shares by easy instalments.

At the present time there are butter-factories at Bunbury and Denmark, and there is a regular milk-collection on the Peel Estate by the Westralian Farmers' Co. Many of the settlers are much agitated about their long distance from markets, and do not realize that the Department is gradually maturing plans for a regular transportation service as soon as the volume of produce justifies that course.

Although on technical agricultural matters I express my own views with extreme diffidence, I am inclined to think that within the next two years—*i.e.*, before the transportation service and the butter-factories are completely established—a very difficult situation may arise. The settlers will probably by that time be producing crops for which there is no immediate market owing to the absence of transportation, but which are fairly large in the aggregate, and there may be an outcry that the whole scheme is a failure. The settlers who are far-seeing enough to exercise patience during this period will no doubt reap their reward in due course.

Dairy Buildings.

17. The Government are erecting dairy buildings on each holding, consisting of a cool shed for storing cream and a milking-shed, as soon as the number of cows warrants that course. I saw several of these actually in use. They are also providing bulls as necessary. The bull is in the charge of a selected settler, who obtains fees for the use of the bull as required.

Crops.

18. The crops at the time of my visit were looking very well. In two-year-old pastures I waded in English grasses (rye-grass and cocksfoot mixed with clover) up to my waist, and in subterranean clover up to my knees. White Dutch clover was up to my ankles. The Department is insisting on each settler having a patch of Kikuyu grass, recently introduced from Africa, for experimental purposes, and much stress is laid on the importance of paspalum-grass and water-couch. Some critics were doubtful whether the grass will be of much milk-producing value in February and March (summer months), and whether maize, which is grown to take its place as green fodder during those months, will be as satisfactory as it is in the eastern States. Time alone will prove how these matters will work out, but the departmental officers are alive to the importance of the subject, and are sparing no pains to combat difficulties in a scientific and up-to-date manner.

I happened to run across a large party of old-established farmers from Denmark and Albany, who, after having battled along for many years with but a fraction of the assistance now given to group settlers, had naturally been somewhat hostile critics of the scheme. After, however, spending a day amongst the Denmark group settlers' holdings, they told me they were amazed at the crops, and that their previous opinions in regard to the scheme had been radically altered.

There are in all about 32,000 acres under crop on the groups. All the market-garden crops—potatoes, peas, and the like—grow surprisingly well and very rapidly. Potatoes can be sown during every month of the year. The settlers, especially those with previous agricultural experience in the United Kingdom, speak in high terms of the fertility of the soil.

Schools and Hospitals.

19. Ample provision is now being made for the erection of schools and hospitals. There are fifty-nine schools, erected at a cost of £34,800, and maintained at an annual cost of £13,728. There are six hospitals, erected at a cost of £16,400, and maintained at an annual cost of £6,994.