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WESTERN AUSTRALIA.

REPORT

OF THE

PRICES REGULATION COMMISSION.

Presented to both Houses of Parliament by His Excellency's Command.

[FOURTH SESSION OF THE TENTH PARLIAMENT.]

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REPORT OF THE PRICES REGULATION COMMISSION.

The Honourable Minister.

12th August, 1920.

Sir,
We have the honour to present our report upon the operations of the work of the Prices Regulation Commission to date. Your Commissioners, consisting of Messrs. G. Rae (Chairman), J. Anderson, and J. W. Burgess, were appointed on the 5th January, 1920, for a period of six months, and further appointed until 31st December, 1920.

The first act of the Commission was to recommend the issue of Proclamations declaring what goods should constitute "Foodstuffs" and "Necessary Commodities," and to proclaim areas for the purpose of the Act. These were duly gazetted on the 8th January, 1920, and from time to time have been amended.

At the outset of the Commission's work it was deemed advisable, in view of this State's dependence on the Eastern States for many of our everyday requirements, to seek the co-operation of Price Controlling Authorities in other States of the Commonwealth, particularly in the matter of production and manufacturing costs.

It is pleasing to record that our request met with a ready and earnest response, and arrangements were made for this Commission to be kept fully informed of the deliberations of similar authorities elsewhere. This has proved most useful to us in our investigations. Our position in this regard was further strengthened by the unanimous decision of the conference of Interstate Commissioners held in Melbourne in June of this year agreeing to the principle of co-ordinate action between the various Price Controlling Bodies throughout the Commonwealth.

There has now been established a common line of action, and in our opinion the interest of the consumer in Western Australia is well safeguarded thereby.

Determination of Prices.

Although provision is contained in the Act to fix prices by proclamation, it has only been in instances where the Commission was satisfied that the prices so proclaimed could be maintained that advantage has been taken of this provision. We have relied largely on Section 18 of the Act precluding the advancement of prices until seven days' notice has been given to the Commission. Owing to the unsettled state of the world's markets, due to many factors, such as the shortage of necessary commodities in Europe and other parts of the world; the keen demand for wheat and other primary products, and the unfavourable rates of exchange operating in America and Oriental countries, it was certain that advance in prices must be expected. Our function was to see that only a fair margin of profit was secured by both wholesaler and retailer in distributing the goods to the public. For the most part our decisions have been based on invoice cost, plus freight

and landing charges, and in our opinion it is the true basis of determining the selling price. Generally, the decisions of the Commission have been accepted by traders, although in some instances the theory of "replacement cost" has been urged for more favourable treatment, and many specious arguments have been advanced for the recognition of this principle. In our opinion the universally accepted practice of invoice cost is sufficient answer. At the same time we have in a few instances permitted a genuine averaging of stocks, and are satisfied that in such instances prices have been kept within a reasonable range, which would not have been the case had we insisted on the balance of old stocks first being sold before permitting an advance on stocks landed at higher cost. Generally, the Commission has been most insistent in seeing that before any advance in prices has operated that all old stocks purchased at the lower rates have been sold to the public at the old price, and this phase of the Commission's work has had a decided influence in steadying prices and preventing undue profits being secured.

Operations of the Commission.

Owing to the magnitude of the work of the Commission it is impossible to here review all the applications dealt with and investigations made daily since the inception of the Commission, and we have confined this report to some of the more important inquiries.

Wheat, Flour, Bread, Bran, and Pollard.—One of the first questions the Commission was called upon to consider was an application made by the master bakers in the metropolitan area for an increase in the selling price of bread from 4½d. per 2lb. loaf to 5d. cash, and 5½d. booked. The grounds of the application were the advance in price of wheat on 1st January, 1920, from 5s. 6d. to 6s. 6d. per bushel, with a consequent advance in the price of flour from £11 17s. 6d. to £14 10s. per ton. After thoroughly investigating the merits of the application, the Commission fixed a maximum price of 5d. Against this decision the master bakers protested and appealed to the Minister in charge of the Act, but no alteration was made.

On 29th January, 1920, the price of wheat for home consumption was further increased by the Australian Wheat Board from 6s. 6d. to 7s. 8d. per bushel. This decision necessitated an exhaustive inquiry by the Commission into the flour milling and bread baking industries. Several of the flour mills in the State were visited, balance-sheets examined, and the whole of the costs of conducting the businesses were carefully scrutinised. Sworn evidence was taken from the proprietors of the principal mills, and on the completion of the investigations,

extending over the month of February, a proclamation was issued on the 5th March fixing the price of flour, bran, and pollard and other wheat products. Further, as a result of these investigations the price of bread was advanced to 5½d. per 2lb. loaf, including booking. This additional ½d. being equivalent to the increase in the price of flour to the baker. On the 9th March the Master Bakers' Association made further application to be allowed to increase the price of bread to 6d. per 2lb. loaf. The application was not granted. Again on the 23rd June an amended application was made to be allowed to sell bread at 5½d. cash and 6d. booked. The reasons for this latest application being the higher cost of ingredients used in the manufacture of bread, higher distribution expenses due to the increased cost of fodder, shoeing, repairs, etc. After careful consideration the application was refused.

During the flour milling inquiry it was ascertained that the working hours of employees were 48 per week, but subsequent to the issue of the proclamation already referred to, an award was made by the Federal Arbitration Court fixing the hours in this industry at 44 per week. This, the mill proprietors claim, adds to the cost of production, and an increased selling price is requested; but at the time of writing this report the inquiry has not been finalised.

Bran and Pollard.—Owing to the drought in New South Wales, heavy contracts were entered into by millers and merchants in this State for the supply of bran and pollard to New South Wales at prices very much in excess of the proclaimed price in Western Australia—over 5,600 tons having been shipped to the Eastern States during the year ending 30th June, 1920. This had the effect of creating a serious shortage of these commodities in this State, to the detriment of the pig raising, poultry farming, dairying, and other kindred industries. With the breaking of the drought, and consequently lessened demand for fodder, the position in this State was much improved; but, in our opinion, to successfully administer the Act, it is very necessary that the Commission should have extensive powers to ensure consumers in this State receiving an adequate supply of commodities produced locally at the prices claimed. The Commission found it necessary to take action against certain merchants for exceeding the fixed price for pollard, and in one case a fine of £25 was inflicted, the other case being adjourned pending the hearing of an appeal against this decision.

Boots.

The serious rise in the price of leather began in 1916. At that time the Federal Government formed a Leather Industries Board and fixed the basis rate of hides at 10½d. per pound. This control was maintained for nearly two years, when the embargo against exportations was removed. Shortly after, American buyers began operating in all the hide markets in Australia, and abnormal increases in the price of hides took place. Prices advanced to 2s. 3½d. per pound in this State, with the natural result that leathers of all kinds advanced in the same ratio. Box hide, largely used in the manufacture of ordinary footwear, rose from pre-war price of 11½d. to 2s. 4d. per lb. in July of this year; chrome glaze kid from 11d. to 2s. 8d.; willow hide, 1s. 1d. to 2s. 10d.; kip from 1s. to 2s. 4d., and factory sole leather from 1s. 3d. to 3s. 6d. Similar rises took place in all classes of upper leathers, particularly in the

better class, such as patent, and glaze kid, and there was a general increase in grindery, threads, etc., used in the manufacture of footwear. While it must be admitted that the selling price of footwear has risen enormously, due in the first place to the higher cost of raw materials, and in a minor degree to increased labour cost, largely on account of the shortage of labour through enlistment of men in the A.I.F., still, the Commission is satisfied that after a careful investigation of selling prices throughout Australia, prices have been lower in this State than elsewhere. Where available, wholesale and retail traders' books, and costs of production, have been examined, and generally it was found that profits only represented a fair margin.

The experience of the Commission points to the fact that even in Australia this State has been better served by reason of the heavy stocks on hand at the time of the big increase in the price of footwear. With the continued vigilance of the Commission on this question, and close control of importations still arriving, it is already noted that some reduction in selling price has been effected, and owing to the easier market for hides a further reduction is looked for in the near future.

Butter.

Until the 31st July the price of butter, both locally manufactured and imported, was fixed by the Federal Prices Commission. Since that date control has been relinquished by the Federal authority, and this commodity is now controlled by this Commission. Early this year the maximum prices operating in this State were: wholesale 2s. per pound, retail 2s. 4d.; and these prices were maintained for some months. On the 24th May a proclamation was issued by the Federal Commissioner, without reference to this Commission, advancing the retail price of butter to 2s. 7d. Prior to this date the Commission, having in mind the possibility of an advance taking place, had been active in regard to the matter of stocks held in Western Australia, and had knowledge that fairly considerable quantities of stocks of butter purchased at the old price were held in cool store. Immediately representations were made to the Federal authorities urging the suspension of the order, and, eventually, the request was granted, and the proclamation suspended to the 1st July. Had this higher price operated in respect of stocks on hand, it would have represented approximately £3,000 additional profit. In this connection it is only fair to state that the Commission subsequently received an assurance from holders of stocks that was never intended to take advantage of the position.

In July, butter importers applied to the Commission for an advance in the price of butter to that proclaimed by the Federal Commission, namely, 2s. 7d. per pound retail. The grounds for the application were higher f.o.b. price and increased charges for insurance and storage. The merits of the application were investigated and the Commission was satisfied that practically all old stocks had gone into consumption, and, furthermore, that owing to the action of the local Government butter pool in rationing supplies no trader was holding stocks greater than his normal immediate requirements. The Commission fixed a maximum retail price of 2s. 6½d., wholesale 2s. 3½d. in pats. These prices are considerably lower than those ruling at the present time in the Eastern States, notwithstanding that butter is imported to this State from as far away as Queensland. This comparatively

favourable position is due to the advantageous purchases made by the local butter pool for some months past, and to the Commission agreeing to average shipments. Seeing that the Imperial Government has decided to purchase butter from Australia at 240s. per cwt. f.o.b., it is certain that as soon as the local Pool's purchases at the old price have been sold the Commission will be called upon to review the position.

Jam.

On the 21st May, the Commission fixed by proclamation the maximum retail prices for imported jams of Australian manufacture. This action was deemed necessary, in view of the tendency to advance prices to those operating in the Eastern States, without regard to landed costs. When the Commonwealth Government agreed to grant an increase in the price of sugar to the Colonial Sugar Company the price of jams in the Eastern States advanced immediately, and at the time of this report jam is being sold in Melbourne as high as 2s. 1d. per tin (27 ozs.). Our inquiries revealed that local importers had made large contracts in November last with jam manufacturers for supplies of jam at their old wholesale price, namely, 11s. 9d. per dozen, as against the new price of 15s. 5d. per dozen. The Commission was satisfied that the stocks of jams to arrive at the old price would be sufficient to supply this State's requirements for some time, and the effect of the proclamation issued by the Commission has been that the public have during the last few months been purchasing jams far cheaper than in any other State of the Commonwealth. Representations have been made by importers that contract jams have now gone into consumption, and request a review of the position. To enable this, we are now engaged in taking a census of stocks of jam held in this State; meanwhile, the Commission have refused to alter their previous decision.

Fertilisers.

On the 24th June application was made by the local companies to advance the price of superphosphates and fertilisers by 10s. 8d. per ton. The grounds for the increase were: higher f.o.b. costs of phosphatic rock, organic manures, sulphate of ammonia, potash salts, and increased wages. Complete information was submitted showing that the f.o.b. cost of phosphatic rock from Christmas Island had advanced from 28s. 6d. to 36s. per ton. Furthermore, as only a portion of the season's requirements could be obtained from this island, approximately 4,800 tons had to be secured from the Ocean Island deposits at a c.i.f. price of 95s. These advances represent an increase of 5s. 11d. per ton on manufactured super. Wages increased from 10s. 6d. to 12s. per day, with a prospective further increase to 13s. Details taken from the wages sheets of one company showed that these advances in wages represented a net increase of 2s. 6d. per ton. Sulphate of ammonia advanced from £21 to £28 per ton. For the first time since the war the companies have been able to secure potash for use in some of the mixtures, and this increases the cost, although only in a small degree; handling charges and haulage equal an increase of 7d. per ton. The companies also claimed an increase of 3s. per ton for general increases and working costs, such as stores, etc. Information furnished under this head did not, in the opinion of the Commission, warrant the total amount asked for,

and it was finally decided to agree to grant the company an advance of 8s. 6d., making the list price for the coming season £6 15s.

The increase in the mixed manures is consequent upon the high price paid for the basic elements contained therein, and only represents the actual equivalent of the increased cost paid.

During last season portion of the "super" was bagged in second-hand bags, for which an allowance of 6s. 6d. per ton was made. The Commission was informed that farmers preferred new bags, but the companies are still prepared to make a similar allowance if acceptable to the grower, making the price £6 8s. 6d., which represents 2s. per ton net advance over last season's price list.

In regard to bone manures, as this was due entirely to higher cost of imported materials (local supplies being totally inadequate), the Commission offered no objection to the advance. In this connection, however, it was ascertained that one manufacturer had sufficient materials purchased at the old price to manufacture about 400 tons, and the Commission insisted on this being sold at the old rate.

Kerosene, Benzine, etc.

On the 6th February this year an application was made by one of the oil companies for an increase in the selling price of kerosene, and power kerosene. In the former they desired to advance from 17s. 6d. to 18s. 6d. per case, and in the latter from 16s. 10d. to 17s. 10d. It was found on inquiry that the application by this company was based largely on the unfavourable rate of exchange, the £1 sterling during the earlier part of February being quoted as low as 3 dollars 20 cents in New York. The shipment of kerosene in respect of which the increased selling price was sought was landed on 3rd September last year *ex* "Austral Pool," the rate of exchange being at that time over four dollars. Subsequently the company amended their application and asked to be allowed to increase the price of kerosene from 17s. 6d. to 25s. per case. The company contended that the amended price was necessary to enable them to clear the balance of the stock held in store to prevent a severe financial loss. Their representations were carefully inquired into, but it was difficult for the Commission to determine the financial relationship existing between the local company and the company at the port of shipment. After giving every consideration to the documents made available by the company, and taking into consideration that the shipment in question was landed in the State in September, 1919, it was resolved to refuse the application. Considerable resentment was shown by the local representatives of the company, and a shipment of kerosene *en route* to Fremantle was diverted to another port.

An application by the same company, on practically the same grounds, to increase the price of motor spirit from 25s. to 32s. 10d. per case was also refused. It may be well to here note that a similar application was made to and granted by the Necessary Commodities Commission in New South Wales. This lack of co-ordination between the States, now fortunately remedied, was extremely embarrassing at times, and we were forced to the opinion that the State which exercised the most rigid control was often deprived of necessary articles because of a better price being obtainable elsewhere. This particular incident happened early in the history of the

Commission's work; but, as pointed out in the opening paragraphs of this report, a more satisfactory position has been brought about between the various price controlling bodies.

In May applications were received from two other companies operating in this State for advances of 2s. 6d. per case in the selling price of motor spirit and benzine. These applications were in respect of shipments arriving at increased cost, and supporting documentary evidence was furnished to the Commission. After we were satisfied that old stocks had been sold, the applications were approved. In June an advance of 1s. 6d. per case in the price of kerosene was approved by the Commission. The advance was due to the arrival of shipments at a higher invoice cost.

Fresh Milk.

Perhaps no question has been the subject of more applications and deputations to the Commission than that relating to the price of fresh milk, particularly in the allocation of the price paid by the public between the producer, the depôt keeper, and the distributor. The system which is now general throughout the metropolitan area is for the grower to forward milk to a depôt, where it is stored in cool storage, and from there sold to the retailer for distribution. This system is accepted as being satisfactory by all parties concerned, but when the Commission arrived at the point of fixing the charge for each service it was surprising to find the lack of unanimity amongst the dairymen and milk vendors. The producers contended that the depôt keeper was there for the convenience of the retailer, while the retailer was equally strong in his manifestations that the depôt keeper was created by the grower. The Commission decided that the service of the depôt keeper should be remunerated to the extent of 1½d. per gallon, and of this the retailer should contribute two-thirds and the grower one-third. In the first investigation of the milk question it was evident to the Commission that the producer in the past had not been receiving a fair proportion of the price charged to the public, and though not unmindful of the necessity of providing a fair and reasonable return to those engaged in distributing the product, the Commission considered that the producers were entitled to a higher price than formerly. This improved position was effected without any increased price being charged to the public, and to-day the producer is receiving a more equitable return for his services. At the same time, the Commission do not view favourably the present method of milk distribution, and expressed the opinion in a report submitted to you that the question of the control of the milk supply should be taken up by the local authority to (1) ensure a pure milk supply; (2) a reasonable return to the producer; (3) the elimination, as far as possible, of the middle man, and (4) to substantially reduce the high cost of distribution by the establishment of zone systems of depôts. The Commission is pleased to learn that at your request Dr. Atkinson, the Commissioner of Public Health, has investigated the question from a public health viewpoint, and has reported in favour of the proposal. The Commission has also discussed the matter with Dr. Atkinson, who has expressed his co-operation with a scheme which has for its object the cheapening to the public of such a staple article of diet, and, at the same time, ensuring a pure supply. It is hoped that before long legislation will be introduced on the lines suggested.

Condensed Milk.

Several advances in the price of condensed milk have been granted by the Commission. This food-stuff is imported from the Eastern States, and in the matter of production costs the Commission has relied on investigations made by similar authorities in the State of manufacture. The principal reasons for the increases have been the higher price of sugar, increased prices paid by the condenseries for milk consequent on the advance of butter, sharp advances in the price of tin, and increased freights from the Eastern States. The manufacturers having satisfied the Price Controlling Authorities elsewhere on the question of increased production costs, this Commission was then left to fix the retail price on the landed costs. As in all other instances, the Commission refused to permit of any advances operating until old stocks had been cleared, and, further, would not permit of shipments *en route* to this State being advanced on the mere notification of telegraphic advice from the condenseries that advances had been granted elsewhere. Before increases were permitted, we required statutory certificates that the consignments had been manufactured from higher cost raw materials. These decisions were the means of preventing immediate increases in prices, and making available to the public several consignments at the old price, which meant a saving of many hundreds of pounds. In connection with the question of condensed milk, we have recently learned of a proposal from manufacturers for a reduced chemical standard, and although this question is, strictly speaking, not one for the Commission, we view the position that if a reduced standard is permitted, then why not a reduced price! It is certain that when application was made to advance the price of condensed milk the costs that would be incurred in the production of an article to conform to the standard were submitted by the manufacturers. The Commission has taken the matter up with the authorities in the Eastern States, but so far no reply has been received.

Soap.

On the 13th January applications were made by local manufacturers to advance the price of soap by £6 per ton. The applications were followed by an exhaustive inquiry by the Commission into the cost of producing this commodity, the investigation being extended to include the landed costs of soaps manufactured elsewhere. The Commission ascertained that whereas in January, 1919, tallow was purchased at £35 per ton, in January of the following year the price had advanced over £70 per ton. It was further ascertained that those persons who controlled tallow supplies in this State were taking advantage of the keen demand to ship large quantities of this commodity to the Eastern States and overseas. State-ments were made to the Commission by persons interested in soap manufacture that large stocks were accumulating in the Eastern States awaiting shipment. By this means an artificial shortage was being created to the disadvantage of the local manufacturers. There seemed to be ample justification for this statement, as subsequent events proved. In this connection the Commission are of opinion that both Federal and State Governments should take action, where necessary, to prevent speculative trading to the detriment of the *bona fide* manufacturer, the trader, and the consumer. The result of the Commission's investigations justified the price of laundry soaps being increased by £6 per ton. On 10th March

a further application was made by the local soap manufacturers for an advance on the same grounds as were contained in the previous application, and a further increase of £4 per ton was allowed. During the months of May and June the price of tallow dropped considerably, and inquiries were at once instituted by the Commission with a view of reducing the price of soap. It was contended by the manufacturers that ingredients other than tallow, including wages, had increased to such an extent as to nullify the reduction in the price of tallow; but after further discussion with the Commission the manufacturers agreed to a reduction of £8 per ton from 1st July, and a further £4 per ton from 21st July. A strict control was also exercised over soaps imported from the Eastern States, and a selling price comparable with that of the locally manufactured article was only allowed. With a lessened demand overseas for tallow, and the huge accumulation in Australia, there is every indication that the price of soap will be further reduced. The price of candles was also largely influenced by the price of tallow, and a somewhat similar rise and fall in prices has taken place.

Tea.

Shortly after the Commission commenced operations articles appeared in the daily press forecasting that tea would reach 5s. per pound retail, the reasons assigned being the failure of the crops in certain countries, the unprecedented demand in the United States of America for tea, and the unfavourable rate of exchange. These articles were evidently inspired with the object of impressing the Commission and the public, and possibly with a view to creating a very large increased demand which would assist in forcing up the price. A proclamation was immediately issued calling for a census of all tea stocks held in this State, and this census disclosed that tremendous quantities of tea were being held by merchants and storekeepers. An inquiry was made by the Commission into the landed cost of bulk tea and the costs incurred in blending and packing. The principal tea dealers and experts in this State were examined, and details of the quantities and qualities of the various teas used in each blend were ascertained. As the result of the knowledge thus gained the Commission fixed a maximum price of 2s. 10d. per pound for best grade. The control exercised by the Commission in respect to this commodity was resented by certain tea merchants, but in the Commission's opinion justification for the action was demonstrated by the fact that tea has now eased in price. With the better outlook in the various tea-growing countries, and an improved rate of exchange, a further reduction is confidently expected. One instance in connection with the tea control that considerably benefited the consumers in this State can be cited in the matter of a shipment of tea packed in the Eastern States and loaded on the steamer "Dimboola" at Melbourne in November, 1919. Owing to the marine engineers' strike the boat was detained at that port during the whole of the industrial trouble, and it was not until March of this year that the steamer's cargo was discharged at Fremantle. The f.o.b. price of this tea was then much higher than when the shipment was sold and loaded, and the local representatives wished to sell at the then ruling higher rate in the Eastern States, notwithstanding that the tea was invoiced at a much lower cost. The Commission insisted on sales being made at the old price, as it represented a reasonable margin

of profit on the landed cost. The firms in question were required to supply the names of retail firms securing supplies, in order to protect the public, and there can be no doubt that the fact of such a large quantity of this blend of tea being available at a lower price had a controlling influence over some firms who showed a disposition to force a higher price. This incident of shipment of tea by the "Dimboola" was not an isolated one. In fact, it applied to practically the whole of the cargo of foodstuffs on that vessel, but the Commission consistently declined to allow any portion of the cargo to be advanced because a higher f.o.b. price was prevailing when the vessel arrived at Fremantle. It can be safely said that a considerable amount was saved the community in this respect.

Tobacco.

On January 20th this year the Commission was advised by a local distributing house that the price of tobacco would be advanced after the expiration of seven days. The grounds for the application were the phenomenally high price of tobacco leaf. Sydney being the principal manufacturing centre in Australia for tobacco, no details of the landed cost of raw materials and manufacturing costs could be produced. It was ascertained, however, that the Commission in Sydney had agreed to the increase in the selling price as from the 20th January. Immediately on receipt of this information steps were taken by the Commission to ascertain the stocks of tobacco on hand landed at the old price. These investigations elicited the fact that over 40,000 lbs. of tobacco at the old price were still on hand, and the company concerned was notified that the application could not be granted until the whole of this stock was disposed of at the old price. A systematic check of the stock was continued for some time, and, finally, the Commission agreed on the 8th March to allow the new price to operate. Considering that the increases asked for ranged from 6d. to 1s. 9d. per pound, it will be seen that a large amount of money was saved the purchasing public.

Timber.

In January the Commission dealt with an application from the Timber Merchants' Association for an advance of 10 per cent. in the price of timber produced locally. The main reasons advanced in support of the application were increased wages and railway freights. Evidence was taken from the principal timber millers and the secretaries of industrial unions. Balance sheets were examined, and eventually the Commission approved of the application. A further request was made in May for an additional 15 per cent. advance on the grounds of continued increase in wages and the cost of raw materials. The association asked that the advance should operate within seven days of the date of the application. As the Commission could not undertake to give a decision within that time in view of the lengthy investigations involved, the applicants were informed that the rates then ruling were not to be exceeded until they were advised to the contrary. This intimation was acknowledged. The work of investigating the claims proceeded, in conjunction with other inquiries, but it was impossible to give a decision within the time asked for. It was then learned that the association had advanced prices without further advising the Commission, and upon the matter being brought to their notice it was claimed by the timber merchants

that they were perfectly within their rights. Strictly their action was not contrary to the law, but seeing that the Commission had intimated that no advance was to operate until approved, a withdrawal of the amended price list was demanded and acceded to. Evidence was given by various millers in support of the claims of increased mill wages; retrospective clauses relating to wages in the award delivered by the Federal Arbitration Court, together with the effect of the compulsory adoption of weekly instead of hourly wage system at the bush mills. Financial statements were also furnished showing the cost of production of a load of timber at the mills, increased charges incurred in the carriage of timber to Perth, and charges incurred in distribution from the local yards. Evidence was also given by the union secretary. On the 12th July the Commission approved of the advance, but expressed the opinion that the evidence of increases already paid did not fully justify the application; still, in view of the contemplated immediate adjustment of wages in the metropolitan yards and the possibility of extra cost being incurred in the change from the hourly to weekly wage system, which could only be estimated, the 15 per cent. advance would provide for these contingencies. During the Commission's inquiries many complaints were received from the purchasing public of having been charged the higher rate, and the Commission were the means of securing refunds.

Financial position of Traders, Groceries, and other Foodstuffs.

Prices of commodities under this head have been kept under close control. The Commission is satisfied that in comparison with prices ruling elsewhere this State has been, and is, in a favourable position, and this notwithstanding our isolation from the chief manufacturing centres. The result of examination of traders' books led the Commission to believe that only a fair trading profit has been taken during the current year in these important commodities.

In *Ironmongery*, most of which is imported, prices have shown a heavy advance all round, due mainly to the higher cost of materials and increased cost of production, and while greater gross profits, with improved net results, have been secured, as shown by the balance sheets and books of accounts, the prices, generally speaking, are no higher than in the Eastern States.

Soft Goods.

This section is the least satisfactory of any branch of the trade the Commission have investigated. Both wholesale and retail traders are unanimous in their statements that the demand for textiles of all classes during the past two years has been unparalleled and their only difficulty has been in securing sufficient stocks to meet the abnormal demand. When prices began to advance large stocks were held in this State, and consumers benefited thereby in being able to purchase at low prices in comparison with elsewhere. It was only when the advanced rates for stocks had been paid by traders in this State that the community realised the big increase in values that had taken place in other parts of the world. These advances have been due to higher prices demanded by manufacturers, increase in landing charges, and a higher tariff. An examination of the financial statements of the traders shows that there has been a much

greater turnover in all classes of softgoods; gross profits show a substantial increase, but against this is the serious advance in running expenses incurred in the softgoods trade. The Commission has, at various times in reply to deputations, recommended greater discretion by the purchasing public and the limitation of demands to actual necessities as a cure for the present high prices, pointing out that until an equilibrium between supply and demand is established, prices would continue to advance despite price control. We would again emphasise the need of this economic act if prices are not to still further advance, as the production of textiles, very little of which is manufactured in Australia, is still below the demand, and so long as the excessive demand that has been experienced during the past 12 months is maintained it cannot reasonably be expected that prices will return to anything approaching normal rates. Aggregate profits are greater than previously, while at the same time the normal percentage profit usually obtained in the softgoods trade has been secured, thereby securing a better net profit result, especially in the retail softgoods trade. Owing to the variety of stocks carried and articles handled by the larger establishments it has been impossible for the Commission to effect any detailed control, and although a close examination has been made of all the leading stores by medium of balance sheets and books of accounts, the Commission has been unable to deal systematically with lines generally stocked in drapery establishments. Prices have undoubtedly been high; this in a large measure is due to the enormous rise in cotton and wool, but the Commission finds that the results disclosed that larger profits than usual have been obtained.

General.

The withdrawal of millions of men from civil and industrial occupations during the war caused a serious decrease in the production of all commodities, except those requisitioned for defence requirements. The inflation of credit throughout the world and the consequent depreciation of the currencies combined with an increased demand for a decreased supply of commodities, are the cause and effect of the economic conditions existing to-day. This can only be remedied by an increased production, or alternatively, by a lessened demand. Since the Armistice of November, 1918, the Continental Powers that suffered most from the shortage of foodstuffs and commodities have been endeavouring to buy materials and products in the world's markets, and having secured financial support are buying raw materials and products in all the markets of the world to supply the urgent demand of the vast populations of the European Continent. An abnormal demand has been created far beyond the war requirements of the Allies with the result that the high prices paid for materials and products during the war have soared to rates unparalleled in commerce. This being a demand that is world-wide, has subsequently aggravated the conditions existing during the war. The cost of living in the United Kingdom now exceeds 200 per cent. increase, as compared with the month immediately preceding the outbreak of war. How it has affected Australia generally, and Western Australia particularly, may best be conveyed by a study of the tables prepared by Mr. Knibbs under the direction of the Federal Government, where it is dis-

closed that in percentage increase in 46 commodities, food and groceries, dealt with in Mr. Knibbs' tables, Western Australia shows the lowest rate of increase in the commodities, from July, 1914, to June, 1920—56.8 per cent.—the other States being:—New South Wales, 88.7 per cent.; Victoria, 94.2 per cent.; Queensland, 94.6 per cent.; South Australia, 79.9 per cent.; Tasmania, 78.0 per cent.

In this connection it should be borne in mind that due to this State's isolated geographical position and the undeveloped condition of manufactures, a large portion of foodstuffs and other commodities are necessarily imported into Western Australia on which a percentage of profit must be reckoned on added transport charges, with the result that Western Australia could reasonably be expected to show the greatest increase, whereas it shows the lowest. It is interesting to record that from May, 1919, to January, 1920, when no price controlling authority existed in this State, the percentage rise was the greatest on record for a like period since August, 1914, when prices control was introduced.

Outside the common objection to price control, we are pleased to report that we have been assisted in our investigations by those concerned, who have appeared willing to help us in our work of establishing a fair and equitable adjustment of prices as between trader and consumer, and we think it can be fairly claimed that the result of our work is disclosed in the statistical returns already referred to in this report.

The work of the Commission has not been confined to the Metropolitan Area, and most of the leading towns have been visited; traders' books examined, and prices generally reviewed. The Commission has also given attention to traders in more remote portions of the State by means of correspondence.

We have, etc.,

(Sgd.) GEO. RAE, Chairman.
J. ANDERSON.
J. W. BURGESS.

A. MACARTNEY, Secretary.