REPORT

OF

ROYAL COMMISSION

ON

Wheat Marketing and Stabilisation

WESTERN AUSTRALIA—MAY, 1947

(Without Appendices, Graphs and Evidence)
ROYAL COMMISSION.

To John Smith Teasdale, of 30 Jutland Parade, Dalkeith; Stephen Bede Donovan, of 8 Mount's Bay Road, Crawley; John Sadler, of Goomalling, and Richard Philip Roberts, of the Department of Agriculture, Perth:

Greeting:

KNOW ye that I, the said Lieutenant-Governor, acting with the advice and consent of the Executive Council, do hereby appoint you John S. Teasdale, Stephen Bede Donovan, John Sadler and Richard Philip Roberts to be a Royal Commission for the following purposes, that is to say:

1. With the object of ascertaining whether it would be in the best interests of the State and its wheat growers to adopt any, and, if any, what, scheme for the stabilisation and marketing of wheat:

(a) To enumerate and examine the factors involved including the effect of the most recent Federal wheat legislation including the imposition of retrospective Federal taxation on the proceeds of the 1945-1946 crop.

(b) To ascertain what schemes or courses of action are open to the State before and after the termination of Commonwealth control of wheat marketing, including the possibility of the creation of a Western Australian pool independent or as part of a national stabilisation scheme.

(c) To compare such schemes and courses with schemes and courses relating to the same subject matter contemplated by or open to the Commonwealth, stating the advantages and disadvantages of each.

(d) To examine whether a marketing scheme, either State or Commonwealth controlled, should operate with the sole object of marketing wheat to the best advantage or whether, and to what extent, the machinery of marketing should be linked with and form an integral part of a general scheme aiming to stabilise the industry for a period of years.

(e) To examine measures taken in American countries in relation to the stabilisation of their wheat-growing industries, and whether it would be practicable and desirable to adopt similar measures in Australia.

(f) To ascertain whether a Western Australian pool may be legally and satisfactorily organised on a compulsory basis, and, if so, to advise whether it would be necessary or advisable for the State to acquire the rights, title and interest in the wheat, or merely to act in a fiduciary capacity and market the wheat on behalf of the producer.

(g) To ascertain whether it would be desirable to include in a State marketing scheme any form of forward price guarantee, and, if so, the extent thereof and from what sources the funds for implementing the guarantee should be obtained.

2. To make recommendations in regard to any one or more of such schemes or courses and the machinery for implementing the same.

3. To inquire into any other aspect of wheat marketing which the Commission may deem desirable.

And I hereby appoint you, the said John Smith Teasdale to be Chairman of the said Royal Commission.

And I declare that you shall by virtue of this Commission be a Royal Commission within the Royal Commissioner's Powers Act, 1902, as reprinted in the Appendix to the Sessional Volume of the Statutes for the year 1928 and that you shall have the powers of a Royal Commission and of the Chairman thereof under that Act.

It is desired that the whole of your inquiries should be made within the State or from material which can be made available within the State from sources outside.

And I hereby request you, as soon as reasonably may be, and not later than the 1st day of May, 1947, to report to me in writing the result of this your Commission.

Given under my hand and the Public Seal of the said State, at Perth, this 11th day of February, 1947.

F. J. S. WISE,
Premier.

GOD SAVE THE KING ! ! !
ROYAL COMMISSION
ON WHEAT MARKETING AND STABILISATION.

To His Excellency The Honourable Sir James Mitchell, K.C.M.G., Lieutenant-Governor in and over the State of Western Australia and its Dependencies in the Commonwealth of Australia:

In accordance with the terms of the Commission dated 5th February, 1947, empowering the Commissioners:

1. With the object of ascertaining whether it would be in the best interests of the State and its wheat-growers to adopt any, and if any, wheat scheme for the stabilisation and marketing of wheat:

(a) To enumerate and examine the factors involved, including the effect of the most recent Federal wheat legislation, including the imposition of retrospective Federal taxation on the proceeds of the 1945-1946 crop.

(b) To ascertain what schemes or courses of action are open to the State, both before and after the termination of Commonwealth control of wheat marketing, including the possibility of the creation of a Western Australian pool independent or as part of a national stabilisation scheme.

(c) To compare such schemes and courses with schemes and courses relating to the same subject matter contemplated by or open to the Commonwealth, stating the advantages and disadvantages of each.

(d) To examine whether a marketing scheme, either State or Commonwealth controlled, should operate with the sole object of marketing wheat to the best advantage, or whether, and to what extent, the machinery of marketing should be linked with and form an integral part of a general scheme aiming to stabilise the industry for a period of years.

(e) To examine measures taken in American countries in relation to the stabilisation of their wheat-growing industries and whether it would be practicable and desirable to adopt similar measures in Australia.

(f) To ascertain whether a Western Australian pool may be legally and satisfactorily organised on a compulsory basis, and, if so, to advise whether it would be necessary or advisable for the State to acquire the right, title and interest in the wheat, or merely to act in a fiduciary capacity and market the wheat on behalf of the producer.

(g) To ascertain whether it would be desirable to include in a State marketing scheme any form of forward price guarantee and, if so, the extent thereof and from what sources the funds for implementing the guarantee should be obtained.

2. To make recommendations in regard to any one or more such schemes or courses and the machinery for implementing the same.

3. To inquire into any other aspect of wheat marketing which the Commissioners may deem advisable.

We have the honour to submit the following report:

SITTINGS OF THE COMMISSION.

The Commission held six public sittings at Parliament House, Perth.

Invitations to present evidence were sent to a number of organisations and individuals connected with the wheat industry. In addition, notification of the Commission's willingness to take evidence was given in the daily Press.

The following witnesses appeared before the Commission:

Mr. E. F. Fethers—Superintendent of the Australian Wheat Board in Western Australia.

Mr. H. E. Braine—Manager of Co-operative Bulk Handling Ltd.

Mr. T. H. Bath—Chairman of Directors of Co-operative Bulk Handling Ltd.

Dr. G. L. Sutton—Chairman of the Dairy Products Marketing Board.

Mr. R. W. Bosisto—Chairman of Commissioners of the Rural and Industries Bank.

Mr. J. Thomson—Formerly General Manager of the Australian Wheat Board.

Mr. J. W. Diver—Chairman of the Growers' Council of the Wheat Pool of Western Australia.

Mr. G. K. Baron Hay—Under Secretary for Agriculture.

Mr. W. E. Broadbanc—Perenjori.

GENERAL REPORT.

1. The scope of the inquiry entrusted to your Commissioners was of such a wide nature that to report fully on all matters relative to wheat marketing and stabilisation of the industry would have occupied too great a period of time and would have resulted in undue delay in completion of the report. We wish, therefore, to make it clear at the outset that the Commissioners approached the task set
before them in the light of current events, viz., that 
the wheat plan propounded by the Federal Govern­ 
ment in the section with the State Governments had 
been rejected by ballot of South Australian wheat­ 
growers and is therefore not likely to be implented in 
it present form.

2. That being the case, it becomes urgently neces­ 
sary for the State Government to give close con­ 
sideration to practical steps which can be taken 
either by itself alone, or in association with other 
Governments, to meet the emergency which may 
become acute at the end of period covered by the 
Defence (Transitional Provisions) Act, 1947. This 
report is therefore one that is called for at very 
short notice in order that the State Government 
may have information readily at hand to assist repre­ 
sentatives of the State when they are called upon to 
discuss future wheat plans with the Federal authori­ 
ties, with representatives of other States, or alter­ 
atively when the State Government on its own 
account makes decisions upon matters pertaining to 
marketing and stabilisation of wheat. The report 
does not pretend to be of the nature of a text book 
for marketing plans of a permanent character.

3. The difficulties confronting the Commissioners 
in making definite recommendations for either a 
short or a long term plan are greatly increased by 
lack of clear pronouncement by the Federal Govern­ 
ment whether, in the light of present circumstances, 
that Government intends to vacate the field of mar­ 
keting, and stabilisation entirely, or whether, and 
to what extent it expects the States to accept the 
responsibility after the termination of the Defence 

4. Lacking such pronouncement, the Commis­ 
sioners are compelled to assume—for the purposes 
of this report—that the Defence (Transitional Provi­ 
sions) Act, 1947, under which the whole wheat crop 
is acquired by the Commonwealth, will terminate on 
31st December, 1947, and that some new organisa­ 
tion must be created to carry on from that date, or 
at the latest, from 30th June, 1948. Nevertheless, 
the Commissioners are conscious of the fact that as 
long as the Commonwealth Government for national, 
economic, political or other reasons, continues to 
pursue a policy of keeping control over the major 
affairs of the wheat industry in its own hands 
(always providing the Commonwealth Government 
acts constitutionally), there is little scope for self 
determination by the State Government. Perforce, 
it must adopt a policy of co-operation with such 
Federal plans as may be current. That being the 
case, any plan the State may formulate at this junc­ 
ture must be considered as subject to modification 
according to the course of events in the Federal 
arena.

5. It would appear, however, that immediately the 
Defence (Transitional Provisions) Act, 1947, ter­ 
ninates, then the ordinary peace-time constitutional 
routine must reassert itself. When that time arrives, 
the type of organisation of industry, which during 
the war has been of a quasi-totalitarian character 
whereby the individual citizen has been compelled to 
accept a degree of restricted liberty as regards trade 
and commerce, will be terminated, and we will have 
to live and work under a democratic constitutional 
law which deliberately sets out to preserve fully the 
ownership rights of the individual citizen in his 
property, to protect freedom of interstate trade, and 
which, moreover, forbids the Commonwealth by any 
law or regulation of trade or commerce, to give pre­
ference to one State or part thereof over another 
State or part thereof.

6. As far as the Commonwealth is concerned, 
constitutioal obligations and reservations, particularly 
clauses 51 (31), 92 and 96 have a very vital hearing 
that the State Government plans to meet the emergency which may 
be established for marketing primary products, and that being the 
case, all wheat plans must be such they can be legally 
and satisfactorily operated within the horizon set 
by the paramount law.

7. It can therefore be said that the difficulties 
confronting either the Commonwealth or State in 
creating marketing organisations are principally of 
a legal and constitutional character.

8. On the other hand, arrangements for a satis­ 
factory stabilisation plan are not hedged by serious 
legal or constitutional difficulties. The obstacles to 
be overcome are chiefly political, social and economic.

9. This being the case, and despite the fact 
that marketing and stabilisation are more or less 
linked together in the terms of reference, the Com­ 
mmissioners have found it more convenient to consider 
each subject separately as far as can be done.

WHEAT MARKETING.

Reference 1 (a).

1. "To enumerate and examine the factors in­ 
volved, including the effect of the most recent Fed­
eral wheat legislation, including the imposition of 
retrospective taxation on the proceeds of the 1945-
1946 crop?"

2. At the moment of writing this report, the 
question, "What will be the ultimate effect of the 
retrospective Federal taxation on the proceeds of 
the 1945-1946 (No. 9 Pool) wheat?" cannot be de­
initely answered. What the effect will be depends 
upon the decisions by the High Court and by the 
Commonwealth Government.

3. Some time ago a writ was issued in the High 
Court by the Ngalungalee Pty. Co., against the Com­
monwealth Government claiming an amount of 8s.
7d. per bushel on a quantity of bulk and bagged 
wheat delivered by the Claimant to the agents of 
the Wheat Board for inclusion into No. 9 Pool. The 
basis of the claim was that the plaintiff is entitled 
to compensation on "just terms" for wheat deliv­
ered to the Wheat Board, calculated according to 
its value as at the date of acquisition, and that the 
provisions of Regulation 19 of the Wheat Acquisi­
tion Regulations, S.R. 1939, Number 96, and Amend­
ments, do not provide "just terms" in accordance with the 
constitution. The amount of 8s. 7d. per bushel is the amount which the Plaintiff contends 
to have been the value of his wheat at the relevant 
date. Judgment on the claim has not yet been given.

4. On a date subsequent to the acquisition of 
the wheat in question and in fact after the writ had been 
issued the Commonwealth Government introduced 
into Parliament retrospective taxation upon 1945-46 
wheat under the title of the Wheat Export Charges 
Act, 1946, levying a tax on all wheat exported calcu­
lated at the rate of fifty per centum of the amount 
by which the average price per bushel f.o.r. at port
of export for a.s. aq. bagged wheat of all the wheat of that season exported exceeds 5s. 2d. This tax is payable by the exporter.

5. Ministerial declarations indicate that maximum tax levied under this Act will be 2s. 2d. per bushel but although there is power to prescribe such maximum by regulations, no such regulations have yet been promulgated.

6. The Commonwealth Government appears to think that this Act might not achieve the desired effect if the claim (mentioned in paragraph 3) happens to be successful and subsequently amended it so as to provide that the charge should not be collected on wheat handled by the Wheat Board prior to the 1st October, 1947; and introduced another Act known as the Wheat Tax Act, 1946, which imposes a tax in respect of all wheat of the 1945-46 and 1946-47 seasons which has been acquired by or is acquired by the Commonwealth. The tax under this Act is payable by the grower.

7. A complicated method is prescribed by the Wheat Tax Act for the calculation of the tax but in substance the meaning of that Act appears to be that growers will pay a tax which will yield to the Commonwealth a total sum not greater than 50 per cent. of the excess over 5s. 2d. per bushel received for all wheat exported, up to 9s. 6d. f.o.b.

8. The aggregate amount of the tax will be payable by all growers in proportion to their respective deliveries of wheat to the Wheat Board whether such wheat is exported or sold in Australia.

9. It appears to your Commissioners that, if a grower claims and receives compensation under Regulation 19 of the Wheat Acquisition Regulations, the net result to him will be that he will get an amount based on the total proceeds of the sale of wheat by the Wheat Board, less deductions including the tax payable by him under the Wheat Tax Act; but if he obtains compensation on the basis of “just terms” by making a claim against or suing the Commonwealth in the same way as the plaintiff (mentioned in paragraph 3) he will have to pay tax under the Wheat Tax Act out of the compensation he receives. The amount of tax will be based on the excess over 5s. 2d. of the average price realised for all wheat exported—even though the compensation received by the grower may be less than such average price.

10. The whole amount collected under the Wheat Export Charges Act and the Wheat Tax Act will be paid into the Wheat Prices Stabilisation Fund constituted by Section 31 of the Wheat Industry Stabilisation Act, No. 24 of 1946, which section was proclaimed on the 13th March, 1947. If the other relevant sections of this Act are proclaimed (this has not yet been done) the stabilisation fund will be used to purchase the minimum price of 5s. 2d. per bushel f.o.r. ports to all growers, but if these sections are not proclaimed growers will be at the mercy of the Commonwealth pending such proclamation or the enactment of substituted legislation.

11. In view of Ministerial declarations that the maximum tax collected under the Wheat Tax Act is to be 2s. 2d. per bushel on export wheat the Wheat Board has given a certificate to the Minister, pursuant to the provisions of the Wheat Tax Act, to the effect that a tax of 1s. 1½d. is the estimated amount per bushel, averaged over the whole of the wheat acquired by the Board, necessary to yield a tax of 2s. 2d. per bushel on all wheat exported. This figure may be fractionally increased when the accounts of number 9 pool are finalised.

12. The Commonwealth Treasurer in due course will make a demand on the Wheat Board or alternatively on the Minister for Commerce for payment from Pool funds of the due amount.

13. The effect of the taxation measure has been to reduce the payment of the amount involved as dividends to growers.

14. The total amount involved by the tax under the Wheat Tax Act on the 1945-46 wheat (number 9 Pool) is $6,016,780. The question whether or not the retrospective tax imposed on this wheat can have the effect of reducing the amount of compensation due to growers will not necessarily be dealt with in the action (mentioned in Paragraph 3).

15. At the time of writing this report it appears to your Commissioners that although growers may succeed in claims for compensation on the basis of “just terms” if the action (mentioned in paragraph 3) results in favour of the plaintiff, and although they may become entitled to receive payment from the Commonwealth of such compensation, they will still be obliged to pay the tax imposed by the Wheat Tax Act. Furthermore, it also appears probable that the Wheat Board will be required to deduct the amount of the tax from any sum found to be due to the growers on the basis of compensation on “just terms” because Section 8 of the Wheat Tax Act empowers the Commonwealth or the Wheat Board to deduct any amount of the tax payable by any grower from any moneys payable by the Commonwealth or the Wheat Board to that grower on any account whatsoever.

16. The ostensible purpose of the tax is to provide a fund to be used for the stabilisation of prices in future years as set out in Clause 31 (of No. 24 of 1946) and reads as follows:

31. (1) There shall be a Wheat Prices Stabilisation Fund into which shall be paid an amount equivalent to the charges from time to time collected under the Wheat Export Charge Act, 1946, and Wheat Tax Act, 1946.

(2) The Wheat Prices Stabilisation Fund shall be a Trust Account within the meaning of Section sixty-two A of the Audit Act, 1901-1934.

(3) Out of the moneys standing to the credit of the Fund there shall be paid to the Board such amounts as are necessary for the purpose of enabling the Board to make payments in accordance with the provisions of Section eighteen of this Act.

(4) In the event of the amount standing to the credit of the Fund being at any time insufficient to meet the payments required under this Act to be made from the Fund there shall be paid to the Fund out of the Consolidated Revenue Fund the amount necessary to meet the deficiency.

(5) The Consolidated Revenue Fund is to the necessary extent hereby appropriated for the purposes of the payments to be made to the Fund under Subsections (1) and (4) of this section.
Moneys standing to the credit of the Fund may be invested in securities of the Commonwealth or on deposit in the Commonwealth Bank and the income of such investments shall form part of the Fund.

17. As Section 31 is the only section of this Act which has yet been proclaimed the legislative provision for disposal of the fund contained in Section 18 has not yet come into force.

18. In the light of the fact that the proposed Wheat Plan has been rejected in South Australia the Commonwealth will no doubt give consideration to the matter at an early date.

19. In the meantime the proceeds of the tax appear to be governed by Clauses 81, 82 and 83, of the Constitution which reads as follows:

81. All revenues or moneys raised or received by the Executive Government of the Commonwealth shall form one Consolidated Revenue Fund to be appropriated for the purposes of the Commonwealth in the manner and subject to the charges and liabilities imposed by this Constitution.

82. The costs, charges and expenses incident to the collection, management and receipt of the Consolidated Revenue Fund shall form the first charge thereon; and the revenue of the Commonwealth shall be in the first instance be applied to the payment of the expenditure of the Commonwealth.

83. No money shall be drawn from the Treasury of the Commonwealth except under appropriation made by law.

Reference 1 (b).

20. "To ascertain what schemes or courses of action are open to the State both before and after the termination of the Commonwealth control of wheat marketing, including the possibility of the creation of a Western Australian Pool independent of as part of a national stabilisation scheme."

Reference 1 (d).

21. "To examine whether a marketing scheme, either State or Commonwealth controlled, should operate with the sole object of marketing wheat to the best advantage, or whether, and to what extent, the machinery of marketing should be linked with and form an integral part of a general scheme aiming to stabilise the industry for a period of years."

Reference 1 (f).

22. "To ascertain whether a Western Australian pool may be legally and satisfactorily organised on a compulsory basis and, if so, to advise whether it would be necessary or advisable for the State to acquire the right, title and interest in the wheat, or merely to act in a fiduciary capacity and market wheat on behalf of the producer."

23. Under the heading of "General Report," the Commissioners have drawn attention to the difficulty of setting out a course of action for the State to follow pending a clear pronouncement by the Federal Government in regard to their intentions.

24. Such evidence as the Commissioners have been able to secure has not resulted in any definite indication of Federal policy. Your Commissioners can, however, point to the undeniable fact that since the decision given by the Privy Council that Clause 92 of the Constitution binds both the Commonwealth and the States, provision of legal sanction for a 100 per cent compulsory Commonwealth pool is extremely difficult if not impossible to arrange.

25. Support is given to this view by the fact that responsible Federal spokesmen have repeatedly stated it would be necessary for all States to pass complementary legislation to support a Federal Act before a 100 per cent. compulsory pool could be set up.

26. The wheat plan recently propounded rested upon a basis of complementary State and Federal legislation. But the plan also stood upon two other props, the importance of which has not been generally appreciated, particularly by the farmers.

(a) In the States Acts a clause was inserted exempting from acquisition "all wheat the subject of trade, commerce or intercourse between the States or required or intended by the owners thereof for the purposes of trade, commerce or intercourse between the States."

(b) Provision in the Federal Act for the Minister to direct the Board in regard to selling prices plus a public declaration by the Federal Government of intention to sell wheat for internal consumption in all States at a price below current export parity.

27. The exemption clause in the State Act safeguarded the Act against attack on grounds of conflict with Clause 92 of the Constitution.

28. The relatively low price available for internal sales of inter-State wheat in competition with the pool made it a certainty that no growers would wish to avail themselves of the exemption provisions of the State Acts, since transfers across State boundaries could only result in the seller securing a lower price than could be obtained in the home State from the pool which had the advantage of some export sales in the make-up of average price. However, only two States, Queensland and Tasmania, have passed the necessary Acts. The South Australian Government stated in definite terms the plan would not be implemented in that State unless growers gave an affirmative vote at the ballot. The question submitted at the ballot was negatived. In Victoria, the Premier, Mr. Cain, has announced his Government does not intend to proceed with the measure, whilst New South Wales has not introduced the Bill to Parliament.

29. Other factors of importance which appear to operate against the continuance of Federal control of marketing are:

(1) The Defence (Transitional Provisions) Act, 1947, under which all wheat is now being acquired by the Commonwealth is due to terminate at the end of December, 1947.
(2) The fact that the declared policy of arbitrarily fixing internal wheat prices on a level below parity, a cardinal feature of the plan, is one which automatically and in varying degrees inevitably penalises States of relatively high production, and by the same token gives preference to States of relatively high consumption, thereby conflicting with the underlying principles of Clause 99 of the Constitution, which reads:

The Commonwealth shall not by any law, by any regulation of trade, commerce or revenue, give preference to one State or any part thereof over another State or any part thereof.

Your Commissioners are advised that as long as the fraction of selling prices of wheat for internal consumption within the States is uniform, such action does not constitute a breach of constitutional law. The continuation of such a practice does, however, operate so unjustly between the States that as a consequence cessation of Federal control may have to be abandoned for political reasons.

(3) The possibility of heavy claims upon the Treasury arising out of the fact that acquisition of property by the Commonwealth may only be made on just terms and for a purpose, in respect of which Parliament has power to make laws.

(4) The fierce public controversy surrounding the principles, terms and conditions of the recent wheat plan seriously jeopardises the chances of any other scheme, under similar jurisdiction, being brought to fruition during the relatively short life of the Defence (Transitional Provisions) Act.

(5) The steady trend towards abandonment of wage pegging and price controls.

(6) The apparent swing away from the ideals and mechanics of economic isolation in favour of the opening out and expansion of world trade in foodstuffs and raw materials, as witness the decision to sign the Bretton Woods Agreement.

30. On the other hand, evidences pointing towards continuance of Federal control are:

(1) The declared policy of the present Federal Government to maintain control of the wheat industry.

(2) The continuation of world shortages, and disorganisation in the production of foodstuffs.

(3) Internal and external transportation difficulties.

(4) The possibility of an international treaty being made in respect of wheat. Some eminent jurists have claimed that the existence of such a treaty would give the Commonwealth power over production and marketing of a primary product to an extent greater than would otherwise be permitted by the Constitution.

(5) The fact that the Commonwealth has entered into an agreement with New Zealand to supply 4½ million bushels per year for four years.

31. In the light of the conflicting circumstances enumerated above, most of which are beyond the powers of the State to resolve, being of a Federal character, your Commissioners can only set out a plan for marketing the wheat crop of W.A. based upon an assumption that the Federal authority may for one reason or another suddenly decide to vacate the field of marketing.

32. Your Commissioners also desire to draw attention to section 2, subsection (c) of the Commonwealth Powers Act, No. 4 of 1943, passed by the Parliament of Western Australia. This section provides that subject to certain limitations mentioned in the Act, the following matters, inter alia, are referred to the Parliament of the Commonwealth, that is to say—

Organised marketing of wheat, but so that no law made under this paragraph shall discriminate between States or parts of States in relation to the marketing of such commodities.

Section 5 of this Act provides that subject to earlier repeal and to any amendments thereof, the Act shall continue in force for a period ending at the expiration of five years after Australia ceases to be engaged in hostilities in the present war, and no longer.

33. Experience over more than a decade has proved that Federal Parliament rarely comes to grips with any wheat marketing plan until so late in the year that the harvest is nearly ready to be delivered to country sidings. If the present uncertainties are not resolved until a similar period this year, the State will be faced with extreme difficulty in passing the necessary State Act and making general arrangements to cope with the emergency. As a matter of fact, unless some enabling legislation has already been placed on the Statute Book, and other vital arrangements been advanced to such a stage they can be put into motion at short notice, chaos in marketing the crop will be a certainty.

34. Your Commissioners interpret the term marketing to cover the operation of receiving the wheat from the producer, making contact with and negotiating with buyers within Australia and overseas, and making all the arrangements for land and sea transport between producers and buyers on the most efficient and economical basis.

35. The marketing organisation has also to arrange the financial transactions which arise between producers and buyers variously separated by distance and time.

36. Broadly speaking, there are three general methods which can be adopted:

(a) Controlled marketing whereby all the producers are compelled by law to place their wheat into the hands of an organisation authorised by Parliament to receive, store, transport and sell to buyers, to arrange finance and pay advances on account, and finally the balance of the realisations to growers.
(b) Free marketing (usually termed "open marketing"), whereby outright sales by growers are made to grain merchants and millers at or near the time of delivery. Under this system ownership passes to buyers, who must on their own account make all subsequent arrangements to locate buyers and transport the wheat. 

(c) Co-operative marketing by growers on a purely voluntary basis. Under this system some part of the growers join together voluntarily or by mutual contracts, handling their wheat for marketing purposes to an organisation owned and directed by themselves.

37. During times of war when marshalling of food supplies is imperative for defence reasons, or because of disruption of trade finance or transportation, controlled marketing becomes almost a necessity. This was the method adopted in almost all countries during the 1914-18 and 1939-45 wars. But during the period between the two wars a combination of free marketing and voluntary pooling applied in U.S.A., Canada and Australia. The question naturally arises, "Are present circumstances such that control over marketing operations can or should be relaxed?" Ships and finance enter largely into the question.

38. Merchants operating in the open grain market conduct their operations to a great extent on a basis of simultaneous buying and selling and they are able therefore to finance the grain in hand or through the security of shipping documents. It will be clear, therefore, that to enable such transactions being carried on with financial safety, on a large scale, the merchants must be able to make fairly definite forecasts when he will be able to move grain from country points to seaport. Ships and finance enter largely into the question.

39. Quite apart from considerations whether in times of peace controlled marketing is preferable to open marketing, your Commissioners are of the opinion the essentials of open marketing are not available at the present juncture to such an extent that wheat merchants could cope with the task of marketing the crop expeditiously and in the volume required by the producers. Some form of pooling remains the only alternative.

40. Pools, whether compulsory or voluntary, arrange finance on a basis of overdrafts from bankers or loans from other financial institutions. Security is usually taken over the wheat pending sales, but in some cases Governments give the bankers a guarantee covering advances made. It is therefore not so essential when operating a pool to forecast exactly the date when wheat will move to buyers as it is with private merchandising. By reason of the fact that the first advances made by pools to growers are considerably below the current market price of steel wheats as is going into consumption, security against loans can be maintained, progress dividends being paid as sales are made during the year.

41. In times of war, when trade between producing and consuming countries as well as transportation is disrupted or uncertain, the pooling method is the most suitable.

42. It would be possible to re-establish a voluntary pool in Western Australia as was done immediately after the war of 1914-18. That pool served the industry as a marketing organisation faithfully and well over the whole period between the wars, and undoubtedly could do so again if called upon, the machinery and skeleton staff of trained officers having been retained through the war period. This applies in like degree to the London end of the business. The pool operates under an Act of Parliament of Western Australia.

43. There is, however, a strong desire amongst farmers that all growers should be brought into a pool. The question rests primarily upon State powers. The pool operates under an Act of Parliament of Western Australia.

44. Whilst your Commissioners have considerable sympathy with the idea of a Commonwealth Pool entirely controlled by growers we feel that the only way to work up to such a position is to start from the basis of a State unit; then as the machinery is developed it will be comparatively easy to form a common organisation throughout Australia to coordinate and manage the selling of wheat overseas.

45. In deference to that desire and in preparation to meet the situation which develops both before and after Commonwealth control ends, your Commissioner's consideration of a Bill should be brought before the State Parliament at a date not later than August of this year to sanction the establishment of a State Compulsory Pool covering all wheat marketed in Western Australia with the following exceptions:

(a) Wheat, retained on the farm of origin required for food and seed.
(b) Wheat which has already been sold by the Pool Board.
(c) Wheat sold or delivered to any person with the permission of the Pool Board.
(d) Wheat the subject of trade, commerce and intercourse between the States or required or intended by the owner thereof for the purpose of trade, commerce or intercourse between the States.

46. Proclamation of such an Act should be delayed until a date to be fixed, or until the State Government has obtained information publicly or otherwise from the Federal Government on the following points:

(1) Whether it is the intention of the Federal Government to extend for a further period that portion of the Defence (Transitional Provisions) Act, 1947, which applies to wheat.
(2) Whether the Federal Government intends to acquire that portion of the 1947-48 crop which will in the ordinary course be delivered to country sidings prior to the terminating date of the Defence (Transitional Provisions) Act, let., 31/12/47.

47. Although the Constitution of Australia preserves freedom of trade and intercourse among the States it would appear that an Act acquiring all the marketable crop within the State would be valid provided it specifically exempted wheat the subject of, or intended by the owner for the purposes of interstate trade. The presence of such an exemption in the Western Australian Act would have little material effect in diminishing the receipt into the pool since the high transport charges which would be incurred in sending wheat to another State would act as an effective deterrent to anyone desirous of sending it over the Western Australian border, unless the price obtainable in the East was much higher than in Western Australia. Such a position is not likely to arise in the near future. In any case the withholding of say 1 or 2 per cent. of the crop from the Pool for the purposes of interstate trade would have little influence on bushel costs of handling nor would it materially diminish the Pool's efficiency.

48. In the organisation of a Pool the sentiment of loyalty plays a vital part. It therefore follows that very definite benefits derive from a clear and unmistakable understanding that the Pool management shall at all times act in a fiduciary capacity on behalf of the Pool participants.

49. Trusteeship of that character builds up the sense of responsibility of the Executive Officers and staff to the producers on the one hand and of the pool participants on the other. Strong encouragement is given to the ideal of "all for each and each for all."

50. Development of this principle tends to build up self reliance and self help in the control of the business itself, a much more desirable attitude of mind than dependence on the Government.

51. There is, however, considerable difficulty in applying such a principle when reliance has to be placed on compulsory acquisition by Act of Parliament.

52. After giving full consideration to all the circumstances enumerated above and to the evidence tendered by witnesses, your Commissioners consider the State should in the first instance acquire the rights, title and interest in the wheat. Having done so the State should then strive to attach to the plan conditions of a true partnership in responsibilities and benefits as naturally arises in any joint effort.

53. In order to implement the foregoing your Commissioners make the following suggestions:

(a) Constitution of the Board.

Four representatives of the Growers.
One representative of the Government.

The representative of the Government to have the right of temporary veto over any decision of the Board, pending reference to the Minister—if in his opinion any proposed action of the Board will jeopardise the security for any advances made to growers or if the Board decides to charge the consumers in Australia a price higher than world parity, or higher than such other price as may be determined by Parliament from time to time.

The Chairman of the Board to be appointed by the Board itself.

(b) Basic Principle of the Pool.

It should be a basic principle of the Pool that the Board of Trustees should act on strictly commercial lines freed from political influences. In other words, the Pool should at all times act as a sales department for the wheat industry. The necessity for its establishment and the principles which should govern its operations, do not materially differ from those applying to the Dried Fruits and Dairying Industries and to big industrial units like the Broken Hill Proprietary and Imperial Chemical Industries. Should the Commonwealth desire to make deductions from the realisations for the purposes of stabilisation or equalisation of prices or concessions to consumers these deductions should be made through the taxing power of the Commonwealth Parliament not by administrative act of the Board of Trustees.

If the pooling system of marketing wheat is to operate successfully and with reasonable chance of permanence, the most positive steps must be taken to prevent the crop being used by any Government as a pawn in the business of internal or external politics.

(c) Finance.

Finance for the payment of the first and subsequent advances to growers and for handling costs should be arranged by borrowing from the Rural Credit Branch of the Commonwealth Bank which was established for such purpose, or alternatively through the State Rural Bank on the security of the wheat supported if need be by guarantee by the State Government. The amount of the first advance can only be determined by considerations of market values and opportunities existing near the opening date of the receiving season in question.

(d) Power of the Board to Take Over Assets.

The Board should be empowered to take over such assets of the Australian Wheat Board as are in Western Australia on terms mutually arranged.

(e) Export Control Board.

Even though the Commonwealth vacates the field of marketing proper it is practically certain some form of export control will be established in order to align national policy with world affairs. Such control will probably be exercised by the Customs Department in association with the Department of External Affairs. In all probability the control will be operated by means of permits. The State Pool would have to comply with control arrangements just as the Australian Wheat Board does at the present time. The existence of an Export Control Board presents no fundamental difficulty to a State Pool.

(f) Arrangements with Other States.

Subject to the obligation to keep separate accounts for each State, the Board of Trustees of the Pool should be empowered to enter into agreements with similar organisations in other States for the purposes of establishing overseas selling agency and co-ordinating export selling policies.
Act of the individual grower had perforce conflict that the collective interests of the respective it have 1950—a single selling organisation in will organisation. If most to war-caused disruption to transport, both by going into greater an; and any such facts and figures as are available. Also, it was to efficiency and was regard marketing policy for a downward and the obstacles which had to be overcome. began by trend in efficiency the full rewards of by conducting the physical handling of the grain the time wheat of the season they control been tested in to make one vote export was because process grower should machinery Lues to that set out in the Voluntary Pool Act.

Provision should be made in the Act for a ballot of growers to be taken towards the end of the 1950-51 selling season on the following two questions:

(a) Whether the marketing organisation established by the Act should be continued.

(b) Alternatively, whether the compulsory clauses of the Act should remain or be removed.

According to present arrangements control of wheat marketing by a single selling organisation in Canada is due to end in 1950. If at that time Canada, U.S.A. and Argentina all revert to free marketing, Australia will be compelled in her own interests to review her export marketing machinery in the light of those circumstances. It is hoped by that time world affairs in regard to trade, shipping and finance will have become more settled than they are at present, and moreover, the Pool organisation will have been tested in regard to efficiency and service. The growers should decide.

(i) London Agency.

The London Selling Committee which has been operating for the Australian Wheat Board and which has all the contacts at that end of the world, should be appointed.

(h) Review of the Act.

Provision should be made in the Act for a ballot of growers to be taken towards the end of the 1950-51 selling season on the following two questions:

(a) Whether the marketing organisation established by the Act should be continued.

(b) Alternatively, whether the compulsory clauses of the Act should remain or be removed.

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(i) Growers' Council.

Included in the Act should be provision for the appointment of an elected growers' council on similar lines to that set out in the Voluntary Pool Act.

Whilst it will be necessary for the Government in co-operation with producers to make the original appointments to the Board, the growers' council should act as an electoral college for the appointment of growers' representatives to the Pool Board after the first year. Each grower should have one vote in his respective district. Members of the Pool Board should hold office for four years and retire in rotation.

By this process it is calculated to align the right of each grower to take his place in pool control whilst at the same time provide machinery for selection of men of proved ability to the Pool Board.

(j) Other conditions of the Act might generally follow the lines of the State Act for the marketing of barley.

Reference 1 (e).

54. "To compare such schemes and courses with schemes and courses relating to the same subject matter contemplated by or open to the Commonwealth, stating the advantages of each."

55. In view of the fact that at no time has a Commonwealth and a State wheat marketing scheme operated simultaneously or under exactly similar circumstances any comparison regarding the advantages a Federal organisation has over a State one, or vice-versa, of necessity must rely upon the correctness of personal judgment supported as may be by such facts and figures as are available. Also, it is necessary to have a clear conception what is the principal objective of the marketing organisation.

56. If control over the crop is being set up for the purpose of marshalling the wheat to supply some national purpose outside the specific horizon of growers' interests, such as is the case in war time, then undoubtedly that purpose can best be served by highly centralised control in a Commonwealth pool. Wheat supplies may, by such a process, be directed to any point in the military or economic arena thought to be expedient by the high command. It was because of such necessity during the period of armed conflict that the collective interests of the industry and of the individual grower had perforce to be subordinated to the needs of Australia and the allied nations. Full and unfeathered control of all wheat coming off the farms had to be established. But the war has passed, and that being the case, a new orientation is called for. Efficient service to the industry becomes the paramount objective, so that the wheat-growers shall reap the full rewards of their labours and the industry take its rightful place with the other industrial elements of the community. The type of organisation most suitable for this purpose is one which is as close to the producer and his particular requirements as is consistent with economically co-ordinated, efficient and intelligent service.

57. By being located close to the producers, the management does not lose its singleness of purpose, namely, to serve the industry.

58. Furthermore, the proximity of the growers to the management preserves the all-essential spirit of responsibility to each other, and provides a continuous incentive to greater and still greater standards of efficiency. No observant person can possibly ignore the fact that centralised, and frequently distant, control over industry during the war period has brought about a downward trend in efficiency and in the general standards of willing service. As far as Wheat Pool affairs are concerned, the Chairman of this Commission, who has had full opportunity to judge, is definitely of the opinion that one of the most outstanding features of the organisation has been the management of local arrangements by the respective State superintendents and the agencies conducting the physical handling of the grain and flour. They had a clear conception what their job was and the obstacles which had to be overcome. Owing to war-caused disruption to transport, both internal and external, changes in working plans and improvisation have been almost a weekly occurrence. The men on the spot have shown their ability to deal with almost any emergency. In view of the great amount of publicity during recent months in regard to the operations of the Australian wheat scheme as a whole, your Commissioners do not wish to make further comment, excepting to point out that most of the controversy arise out of the fact that the Federal Government has decreed that selling prices for wheat consumed within Australia for any purpose shall remain at or near a level of 4s. 11d. bulk, or 5s. 2d., bagged, per bushel, f.o.r., ports, whilst export prices have steadily mounted to the present high level of 16s. per bushel, bulk. The steady increase in world prices began to show itself during the period when No. 5 Pool wheat was going into consumption.

59. By the time wheat of the season 1943-44, No. 7 Pool, began to go into consumption, the policy of maintaining fixed prices of wheat for internal
consumption began to have disadvantageous effects upon the producers as a whole and, moreover, penalised the States of relatively high production to a much greater extent than those of high consumption. By reason of the relatively small demand for local flour and stock feed, Western Australia has been and still is being adversely affected to an increasing extent as the figures taken from the Pools accounts will demonstrate (these figures are shown in Schedule "A" on page 19).

60. The table refers to the season 1939-40 to 1946-47 inclusive, for which figures can be given almost exactly, but in assessing the relative value of a State Pool as compared with a Commonwealth Pool in future years, dependence must be had on estimates rather than established facts.

61. Assumptions must be made in regard to—

1. The volume of the Australian crop.
2. The volume of the Western Australian crop.
3. The amount of wheat consumed as flour, stockfeed, breakfast foods and for other purposes.
4. Export prices.

62. The next table (Schedule "B," page 19), which attempts to measure effects from present date to the end of 1950, is based upon the following estimates:

<table>
<thead>
<tr>
<th>Million bushels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketable crop—Australia</td>
</tr>
<tr>
<td>Marketable crop—Western Australia</td>
</tr>
<tr>
<td>Internal consumption—Australia</td>
</tr>
<tr>
<td>Internal consumption—Western Australia</td>
</tr>
</tbody>
</table>

Internal Price, 4s. 11d. per bushel f.o.r. bulk.

Export price, average, 10s. per bushel f.o.r. bulk.

The reasons why these figures are accepted by the Commissioners are given later.

63. Similar estimates for Schedule "B" are as follow:

<table>
<thead>
<tr>
<th>Million bushels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketable Crop.—Australia, approximate average</td>
</tr>
<tr>
<td>Marketable Crop.—Western Australia, 20 per cent. of Australian figure</td>
</tr>
</tbody>
</table>

Since 1929-30 to date, the Western Australian crop has averaged almost exactly 20 per cent. of the total Australian crop.

Internal Consumption—

<table>
<thead>
<tr>
<th>Million bushels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local flour</td>
</tr>
<tr>
<td>Breakfast foods</td>
</tr>
<tr>
<td>Miscellaneous</td>
</tr>
<tr>
<td>Stockfeed</td>
</tr>
</tbody>
</table>

Internal Consumption Price.—Present level 4s. 2d. bagged, f.o.r. with adjustment to bulk basis 4s. 11d. f.o.r.

Export Price Average.—Ten shillings per bushel f.o.r. bulk.

64. The reasons causing your Commissioners to adopt the assumption of 10s. per bushel for export wheat calls for some explanation. At the outset your Commissioners wish to make the assertion that neither they, nor anyone else, can speak dogmatically about future wheat prices. There are uncertainties of today which become factors in the determination of wheat prices tomorrow, but which are unpredictable at the moment. Wheat prophets are no more dependable than weather prophets. Weather conditions in both exporting and importing countries, which in turn affect both supply and demand, cannot be forecasted. Who could have foreseen the terrible winter suffered in the Northern Hemisphere even a month ahead of the catastrophe? We can hardly guess what the weather will be next year in Kansas, Saskatchewan, Santa Fe, or New South Wales. We don't even know whether it will rain heavily at Kellerberrin in September. There may be bountiful seasons, droughts, frosts or rust in any of the principal wheat areas of the world. What we do know, however, is that there are no considerable areas of new wheat lands to open up as was the case after the 1914-18 war. We also know that the stark spectre of hunger stalks through Europe and Asia as never before. We know that the reserve stocks of wheat which were held a few years ago have gone into consumption and that the world is entirely dependent upon annual production to meet the excessive demand. We also know that the European machinery of production was substantially destroyed during the war, and has not yet been rebuilt. It is doubtful whether any great relief in prices will ensue till reserve stocks have built up and that seems unlikely to happen before 1950.

65. Another very important fact is that the Canada-United Kingdom contract, fixed upon "most favoured nation" terms will be likely to put a floor level into wheat prices till it terminates in 1950. After making all the adjustments which condition the minimum prices for the third and fourth year, that contract will probably average at least 155 cents Fort William or its equivalent 170 cents f.o.b. Montreal. On this basis there is reasonable assumption that the average wheat price at Australian ports for the same period will work out at not less than 10s. per bushel and may quite easily be more.

66. Another factor of major importance governing wheat prices is the high price level of all commodities in the United States of America. No one expects wheat prices to be on a low level even though we have good harvests while other consumable goods are phenomenally high. Moreover, the Roosevelt plan, which still operates in America, aligns to a considerable extent the prices of all agricultural products with other commodity price levels. It is well to remember that when the big break in wheat prices occurred thirteen years after the 1918 Armistice, there was no such machinery of stabilisation in existence in U.S.A. It was created later to assist in preventing a recurrence of such a happening. Canadian and American prices form the basis of all our export prices in Australia.

67. Your Commissioners are not unaware of the numerous forecasts from official sources that a slump would occur "within two years," but these three years have already passed since such warnings became common-
place, and meanwhile prices have risen from 6s. to 16s. Such statements are usually more politically objective than fastiduous.

68. Shipping Freights.—The geographical position of Western Australia, as compared with the Eastern States, brings about cheaper freights to U.K., India, Ceylon and Africa, where most of our export wheat will find a home. Recent advice from London estimate this benefit at threepence to fourpence per bushel on wheat cargoes. This saving should average about twopence per bushel over the whole W.A. crop.

69. Summarised, the benefits which appear to derive from a pool on a State basis are:—

(a) A State Pool can be established on a firmer legal and political foundation than a Commonwealth Pool, thereby achieving much greater chance of permanent and peaceful existence.

(b) The management will be more in co-operative contact with producers within the State and may in consequence be expected to meet their requirements with greater understanding. There are trained officers in this State the equal of any in Eastern Australia.

(c) Short of a return to open marketing, a State pool provides the only practical way in which wheat marketing can be rescued from the unfortunate position it has reached, i.e., a cog in the machinery of internal and external politics. Furthermore, the development of pools in each State will provide an automatic safeguard against arbitrary bureaucratic control over a very widely spread industry.

(d) Assuming average production conditions throughout Australia, and as long as it is public policy to sell wheat for internal consumption at the 5s. 2d. (bagged) level of prices when export wheat is, say, 10s., a State pool will give W.A. growers a greater return than a Commonwealth pool to the average extent of more than £200 each per year calculated over 8,000 growers. Should export prices fall to a point below the 5s. 2d. level, then the flour tax begins to operate again. The proceeds of the flour tax are distributed on a production basis throughout Australia. It has been suggested some future Federal Government might alter the distribution of the tax to a basis of flour consumption in place of wheat production. Assuming wheat dropped to 3s. 2d. at ports, such a change in distribution procedure would adversely affect W.A. about 3½d. per bushel annually. Such a change of procedure in distribution of the flour tax would raise serious political objection by other States as well as by W.A., and is not, in our opinion, a practicable proposal as viewed from the political angle. Moreover, farmers in Eastern States would benefit less than one penny per bushel by such an alteration of the method of distribution.

(e) Because of a more favourable geographical position in relation to principal buying countries, charter rates are lower from W.A. than from Eastern States ports. The State pool would automatically conserve this natural benefit to our own growers. A State pool can handle wheat at sidings, mills and ports as economically as a Commonwealth pool.

(f) A State pool can organise the sale of wheat to millers and stockfeeders on such terms and conditions as may be laid down by Parliament without meeting the difficulties which confront a Commonwealth pool. The State pool would, however, automatically limit the concession to Western Australian consumers, thereby conserving the State's income.

70. A Commonwealth pool can more easily align its operations with any export control which may be set up, but there is no insuperable difficulty preventing a State pool complying with any arrangements which may be necessary.

71. A State pool can supply the basis, if need be, for the collection of any stabilisation tax levied by the Commonwealth, just as readily as could a Commonwealth pool.

72. A State pool can by agreement with similar pools in other States participate in the organisation of a London selling agency and ensure that accounts be kept separately.

73. One advantage which a Commonwealth pool has over a State pool arises out of the fact that the Commonwealth organisation can divert ships intended to load at ports in one State to ports in another State, should any unforeseen circumstances such as breakdown of internal transport or industrial stoppage cause shortage of supplies at the point it was at first intended to load the ship or ships in question. The range of diversion available to a 'State pool would necessarily be more limited.

Reference 1 (e).

74. "To examine measures taken in American countries in relation to the stabilisation of their wheat-growing industries and whether it should be practicable and desirable to adopt similar measures in Australia."

75. Your Commissioners have studied the plan for stabilisation of the price of agricultural products which was developed as part of the late President Roosevelt's New Deal.

76. The plan aims to maintain prices for certain basic agricultural products at a parity with other commodities. It has now been in full operation for more than a decade and it has made a great contribution to the welfare of farmers in the United States. The depression of the 'thirties' left the farmers of U.S.A. in a condition of abject poverty. Partly due to the stabilisation plan and partly due to the very high prices they have obtained in the war years, the agriculturists have been raised to the position of a creditor class. The plan is purely voluntary in its
operations, and is implemented by the Federal Government offering loans without recourse to the farmer on terms decided periodically by Parliament. If the farmer does not wish to accept the loan rate offered by the Government, he is at liberty to sell his grain in the open market. Quite obviously, the loan rate puts a floor into the open market.

77. Attached to this report is a brief statement showing the set-up of the American plan as it applies to wheat.

78. Whilst your Commissioners are agreed the American plan constitutes the most ambitious and effective scheme of stabilisation of farm prices, we consider it is more suitable for a country with an extensive home consumption demand than for a country like Australia, with a relatively high export proportion. Moreover, the present period of abnormal prices for both primary and secondary commodities does not constitute sufficiently stable conditions under which to initiate a similar plan in Australia.

79. We have also attached to this report particulars of the Canadian contract with the United Kingdom covering the period till 1950. This agreement has had the general effect of stabilisation of farmers’ returns during that period. In reality, however, the stabilisation is provided by the British consumer.

Recommendations.

1. That the State Government draw the attention of the Federal Government to the fact that the aggregate income of Western Australia is being seriously diminished by the continuance of the policy of selling wheat for flour, stockfeed and other purposes within Australia at a heavy discount below overseas values and request the Federal Government to recoup such amounts as may be shown to be the net loss to the State which has arisen out of such concessional sales as have been negotiated since the termination of the war period covered by the original National Security Act ending December, 1946.

2. That in the event of the Federal Government continuing to control wheat sales by means of an extension of the period of Defence (Transitional Provisions) Act, request be made to the effect that the accounts for each State be kept separate and proceeds credited to the realisations from the producing State.

3. That the State Government represent to the Federal Minister for Commerce that current selling prices of wheat for milling into flour for home consumption, for stockfeed and all other purposes within Australia be raised to 8s. per bushel f.o.r. bulk basis, and further, that upon all sales for purposes other than flour production a subsidy be granted to lift the return to the pool to export parity as determined with comparable stockfeeds which at the present moment stand as follows:

- Barley, at 3s. 9d. per bushel of 60 lbs. = £10 10s. per ton of 2,240 lbs.
- Wheat, at 6s. per bushel of 60 lbs. = £20 4s. 4d. per ton of 2,240 lbs.

For the purpose of comparison:

- Wheat, at 8s. per bushel of 60 lbs. = £14 18s. 8d. per ton of 2,240 lbs.
- Wheat, at 16s. per bushel of 60 lbs. = £20 17s. 4d. per ton of 2,240 lbs.

This alteration of flour prices after allowing for proper offal returns should not raise the price of the 2-bushel lot more than one penny.

4. That in order to make timely preparation for the possibility that the Federal Government ceases to control wheat marketing by reason of the termination of the Defence (Transitional Provisions) Act, on 31st December, 1947, or for any other reason, a Wheat Marketing Bill on the lines indicated in this report be brought before the State Parliament not later than August, 1947.

5. That in the event that the Bill passes through Parliament successfully, proclamation be withheld until October, 1947, or such earlier date as may be decided should the Federal Government announce its decision to create the field of wheat marketing.

6. That the Act be administered with a view to assisting and encouraging wheat-growers to look upon wheat marketing as a task for the industry itself working on co-operative self-help lines freed from political influences.

7. That the first period of the Act be from the date of proclamation until the end of the 1950-51 selling season, but subject to extension or amendment thereafter, according to the will of Parliament and the wheat-producers.

8. That the State Government encourage other Governments in wheat-growing States to establish comparable organisations with a view to the creation of a joint organisation designed to co-ordinate and conduct overseas trade in wheat and wheat products. Providing one or more States agree to co-operate in such organisation, the plan proposed for the egg industry might be considered as a guide.

STABILISATION.

1. Ever since the calamitous fall in wheat prices in the early thirties, there has been a demand by farmers for some form of stabilisation of agricultural prices and in consequence Governments of many countries, notably the United States, Canada and Australia, have given serious consideration to the problem and more particularly as it applies to wheat. It is beyond question that instability in prices from year to year of a commodity like wheat brings unfavourable reactions to a great number of other industries. To a State like Western Australia, so largely dependent upon wheatgrowing, the importance of stability in prices cannot be over-estimated.

2. Before passing to a review of the various measures introduced into Australia, it is desirable to refer briefly to the steps taken to grapple with the problem in American countries.

U.S.A.

3. Although no country in the world was so highly developed industrially and financially as the United States when the depression came, primary producers, whether growers of wheat, maize, cotton, or livestock,
suffered as acutely as did their compatriots in Canada or Australia. Extreme hardship, poverty and bankruptcy became the lot of many industrious and efficient farmers.

The problem of right relationship of the prices of agricultural products to other consumable goods became one of first magnitude to the whole nation. It was this issue more than any other which brought the Democratic Party into power with the late Franklin D. Roosevelt at its head. With the help of his colleagues and his economic advisers, he brought forward the general plan of economic restoration which became known as the New Deal. Right at the base of the "New Deal for the Nation" was the plan to lift prices of basic agricultural products to a comparative level with the things farmers must needs buy for the equipment and operation of their farms and for the normal requirements of their households. Shortly put, the plan adopted provided for the establishment of a Commodity Credit Corporation financed from Federal funds. At the outset, some difficulties of a constitutional character were encountered, because of a conflict of State and Federal powers, but these were finally overcome by limiting the advantages of guaranteed prices to those farmers who undertook to comply with national plans for soil conservation.

Selection of a five-year period was made in which wheat prices were actuarially estimated to be relative to other commodities, and these prices were established as "parity." Parliament authorised the Commodity Credit Corporation to make loans without recourse to any farmer who had signed soil conservation agreements and on the security of his wheat documents. The Credit Corporation then proceeded to store or sell the wheat in the local or export market as circumstances warranted. The net result of this operation was that all the wheat in elevators or on farms which was outside the control of the C.C.C. remained at comparative price levels. One point in connection with this plan should be noted, i.e., that Parliament each year determined whether C.C.C. should offer a loan rate a little above or a little below statistical parity, and by so doing gave encouragement or discouragement through prices to extension or contraction of acreages.

Parity rises or falls in relationship with the general commodity price index.

The plan has been in successful operation for more than a decade and has, in conjunction with wartime prices, been the means of lifting the farming class from a position of penury to one of reasonable prosperity. Of the industry as a whole it can be said to have risen from a debtor to a creditor position.

The American plan can truly be said to be the most ambitious and successful plan of stabilisation implemented in any country. And, being American, it follows the lines of democratic freedom of choice. It is neither compulsory nor totalitarian.

Canada.

4. Canada for her part took a different course. Her first attempt was to authorise a wheat commissioner to buy on the Winnipeg Grain Exchange whenever prices fell to an agreed minimum level. The plan was helpful for a time, but eventually met with rather undeserved disaster. The prospective failure of the plan and the consequential financial responsi-

bility was partly the cause of the fall of the Canadian Government. But within a matter of weeks, crops suffered a serious rust visitation, with the result that wheat still in the hands of the Government more than liquidated the liability.

Despite the partial failure of the first attempt to stabilise Canadian wheat prices, farmers in that Dominion have shown a desire to achieve some measure of stability, and it was this desire, as well as to make a sale, which was responsible for the negotiation of the contract between Canada and United Kingdom in June, 1946. The sale covered 800 million bushels spread over four years, ending in 1950. This contract provides a basis for a first advance to growers of 1.35 dollars at Lakehead for the whole period, which is approximately equal to 7s. 1d. at siding in the centre of the Canadian wheatbelt. Stabilisation of growers' returns in Canada has in fact been supplied by consumers in Britain rather than by the Canadian Government.

In regard to wheat which the Control Board sells to other buyers, prices follow current world figures, which, of course, are mostly governed by Chicago values.

Realisations over and above the initial advances are placed into a common fund to be liquidated pro rata to bushelage delivered at the end of 1950 season. By this process of deferment, the Canadian farmer has assisted the cause of price level maintenance for the nation. Full control over wheat marketing in Canada has been established by a law which terminates in 1950.

International Agreement.

5. During the period since the depression, attempts have been made on an international plane to level out and control prices within limits. The first of these attempts was made by a group of 23 nations comprising both producers and consumers. The London agreement was entered into in 1935, but, owing to the heavy pressure of supplies, particularly in Argentina, the plan failed. This London agreement of 1933 was based upon a condition of unwanted surpluses, and to cope with that situation provision was made to restrict output from exporting countries when stocks reached certain dimensions.

6. Another attempt has been made by a much smaller group comprising Britain, Canada, U.S.A., Argentina and Australia, in 1941-42.

7. Discussions have dragged on spasmodically for some years, but little real progress has been made. Representatives of a larger group are again in conference, but as the condition of world surpluses has given place to one of general shortage, it is obvious a new basis must be sought. Argentina first announced that she would not enter into the agreement, and now Britain has followed suit on grounds of disagreement about proposed prices. Whether the other representatives will agree to submit a common plan to their respective Governments cannot be forecasted, but it is quite on the cards that there will be no immediate implementation of any plan, at any rate until the Canada-United Kingdom contract and the Argentina contracts with Brazil, Spain and Switzerland terminate in 1951.

8. About two years ago, as a result of conferences in Washington, suggestions were made to fix a two-year price agreement which would have given Aus-
9. Having in mind the production control clauses of the International Agreement, Australia, in 1940, commenced to take preparatory steps to put her wheat production and stocks position into alignment with the general plan. Namely, the international plan should have come into operation at the end of the war. If it had done so, and we had had heavy stocks on hand, we would have been obliged by the terms of the agreement to make further drastic cuts in production. However, the whole supply position changed, and the immediate need for an international agreement on the lines of that provisionally signed in London in 1942 does not appear to be very distant.

10. In 1930, the year in which world wheat prices broke, Australian growers harvested a record crop from the largest acreage they had ever sown. Government assistance for the industry became imperative and between 1931 and 1936 the Commonwealth Government paid some 234,000,000 in relief and bounty payments. On account of improved prices in the 1936-37 and 1937-38 seasons, the bounty was discontinued, but with falling prices there was a renewed demand for a more permanent scheme for stabilising the industry. In response to this demand, a scheme was evolved by the Federal and State Governments whereby the price of wheat for home consumption in the form of flour was maintained at 5s. 2d. per bushel f.o.b. Williamstown, equivalent to an average of 46. 7d. bulk at country sidings. When the world parity price was below this figure, an excess tax operated on immediately consumed flour. When the export price rose above 5s. 2d., the flour tax levied on consumers was to be replaced by a wheat tax levied on producers. The Federal legislation for this measure was embodied in the Flour Tax Act, 1930, and it is still operative. The complementary Wheat Tax Act of 1930 has, not, however, been proclaimed. As the Flour Tax Act is not dependent for its validity on the defence powers of the Commonwealth, it will continue after the expiration of the Defence (Transitional Provisions) Act, 1947.

11. With the outbreak of war, the Commonwealth Government entered the field of wheat marketing, and late in 1939 established a Commonwealth compulsory wheat pool under the National Security (Wheat Acquisition) Regulations.

12. Acreage restrictions were imposed in 1940, and there was a guaranteed price of 5s. 10d. per bushel f.o.b. ports for a marketable crop of 140,000,000 bushels. Similar conditions prevailed in the 1941 season. In 1942, a first advance of 4s. per bushel was made at country sidings for the first 3,000 bushels delivered by each farmer and 2s. per bushel on the remainder of his deliveries. Additional advances were made from each pool as the wheat was sold.

13. This quota system remained in force for the seasons 1943-44 and 1944-45, but in the latter year the first advance on non-quota wheat was increased by 1s. per bushel.

14. In the early years of the war, the problem was one of low prices, surplus stocks and difficulties in transport. As a result of increasing world demand, increased domestic consumption and better shipping facilities, stocks were already declining when the 1944 drought occurred. Since then, the situation has been entirely changed. Acreage restrictions have been abandoned, the use of wheat for stock feed has been brought within bounds by a rationing plan, and overseas prices have risen to extraordinary levels. The present problems are therefore those which arise from world scarcity and particularly concern the means by which sufficient grain can be retained at home and sold at levels far below what it would bring in the export market.

<table>
<thead>
<tr>
<th>First Advances by Pools</th>
<th>Season</th>
<th>Pool No.</th>
<th>First Advance (per bushel)</th>
<th>Bulk. (bagged)</th>
<th>F.O.B. Port (bagged)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1941-42</td>
<td>5</td>
<td>2s. 10d.</td>
<td>3s.</td>
<td></td>
<td></td>
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<tr>
<td>1942-43</td>
<td>6</td>
<td>3s. 1d.</td>
<td>4s. (quota wheat)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1s. 1d.</td>
<td>(non-quota wheat)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1943-44</td>
<td>7</td>
<td>3s. 1d.</td>
<td>4s. 1d. (quota wheat)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2s. 1d.</td>
<td>(non-quota wheat)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1944-45</td>
<td>8</td>
<td>3s. 1d.</td>
<td>4s. 1d. (quota wheat)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3s.</td>
<td>(non-quota wheat)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1945-46</td>
<td>9</td>
<td>4s. 1d.</td>
<td>4s. 1d. (quota wheat)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4s.</td>
<td>(non-quota wheat)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

16. In order to place Australian wheat production in alignment with the suggested export quota laid down in the international agreement, each State's basic area was calculated by taking the average area sown for grain over the five years preceding 1940-41, which was the year when the Wheat Industry Stabilisation Scheme was enacted. The basic area set for Western Australia was 3,243,458 acres.

17. The National Security Wheat Industry Regulations and the Wheat Subsidy Act of 1944 provided for the appointment of a Federal Stabilisation Board and for State committees. The Board was given powers in relation to the control and regulation of the production of wheat, the registration of wheat farms and the licensing of persons to grow wheat.

18. The basic area of each registered farm was calculated on the average area cropped from 1937-38 to 1940-41, inclusive. This Board is still functioning under the authorisation of the Defence (Transitional Provisions) Act, 1947.

19. Owing to the difficulties in transport, both by sea and land, coupled with the heavy carry-over of stored wheat, special restrictions amounting to one-third of the basic area were applied to Western Australia during the seasons 1942-43 to 1944-45, inclusive. As a measure of compensation for diminished revenue, the Commonwealth paid the growers 12s. per acre, calculated over the area specially restricted, i.e., one-third of the basic acreage.

20. During the 1945-46 season, there was a voluntary restriction of one-sixth of the basic area, and farmers who voluntarily adopted this measure of restriction were paid compensation to that extent. The total payments made by the Commonwealth in respect of the special acreage restriction in W.A. was £1,965,584.
21. For the season 1946-47, all forms of area restriction ceased. In addition, 223 farms in W.A. not previously qualified under the regulations were temporarily registered and licences issued to these new settlers.

**Methods of Price Equalisation.**

22. It seems desirable at this stage for the Commissioners to draw attention to the fact that there are three distinct forms of stabilisation receiving public consideration at the moment.

Firstly: There is the matter of limiting the range of prices to be paid by consuming countries to exporters. In other words, to arrange a world price.

Secondly: There is the matter of equalising the returns to growers over a period of years by some plan or plans operating within the limited ambit of each producing country.

Thirdly: There is the problem of relating wheat prices to the general commodity price level within Australia.

23. It is clear that the first of these objectives can only be achieved through international agreement. Representatives of the Commonwealth have been in conference with those of other countries in London, but the prospects of success do not appear to be very rosy. Your Commissioners are not quite sure whether the negotiations have or have not been entirely broken off. However, Argentina, a leading exporter, and Belgium, the biggest importer, have each notified their unwillingness to sign the agreement, the bone of contention being future prices. There does not appear to be any prospect of the problem of price fixation in the international arena being settled by general concord before the termination of the U.K., nine Canadian or the Argentine-Spanish-Brazilian and Swiss contracts in 1950-51.

24. Under the circumstances, your Commissioners do not consider they can usefully make any recommendation on this aspect of stabilisation, but we do affirm our belief that the avoidance of booms and slumps, which characterise wheat markets, would be of great benefit to producers.

25. A greater degree of stability in wheat prices would assist in stabilising land values, and would encourage the adoption of rotations and systems of farm management calculated to maintain the fertility of the soil. It would also facilitate the financing of farming operations.

26. Regarding the second and third aspects of stabilisation, your Commissioners are definitely of the opinion that suitable action lies with the Federal Government rather than with the State Government. Nevertheless, your Commissioners desire to make the following observations and recommendations to the State Government in order to assist in hammering out plans for the wheat industry throughout Australia.

27. It has been frequently stated that the great majority of farmers ardently desire stabilisation of prices. Whilst that may be true, there are quite a substantial number of farmers who have given little or no support to any of the proposals which have been adduced. As a matter of fact, these farmers really believe they are capable of providing their own reserve funds in good periods to tide themselves over lean years and also manage their funds to better advantage than anyone else. As a rule, these farmers are of mature age who are in the way of making good and wish to make better. They have learned the value of prudent investment.

28. Some wish to invest their savings outside the industry in order to facilitate retirement when age demands. Others wish to clear off indebtedness or improve the farm and its amenities. And just recently there has been a very striking and spontaneous demonstration by 'roll over a thousand West Australian growers of their desire to maintain the rights of ownership in wheat they have produced, which rights have been partially overthrown by constituted authority during the war period. These men claim they have purchased their farms—frequently from the Crown itself—have borne all the cost of production and by themselves or with the aid of hired labour have sown the seed and garnered the crop. Their claim to full ownership is as sound as the title deeds relating to any other form of property. Their equity in the produce of the land is unchallengeable except maybe on the theory that "the earth is the Lord's and the fullness thereof." And if that principle holds good for wheat producers, it ought to hold good equally with every other owner of goods or property whatsoever.

29. If the Government when setting up an equalisation plan desires to recognise the rights of self-determination of these farmers, then obviously provision should be made in the equalisation plan to allow them to contract out. Declaration of desire to contract out would of necessity have to be made at the very outset of the plan and be irrevocable.

30. Decision on this fundamental principle rests with the Governments of the people, not with a Commission of four men. Our task is merely to note the fact.

31. But, outside the group of producers referred to above, there stands another very considerable group who desire to participate with their fellows in an equalisation scheme of some sort, provided one can be devised on an equitable basis.

32. During the last few years, members of farmers' organisations have spent much time and effort discussing various aspects of stabilisation, equalisation and price guarantees and have carried a great number of resolutions at their meetings. These resolutions indicate a very wide range of variation in farmers' thought.

33. At one end of the scale is the sternly practical idea that equalisation of prices should be arranged over a relatively short period of years in which forecasts of events can be made with reasonable accuracy. Such a plan visualises a method of equalising the returns to growers by making deductions in high prices years, thereby accumulating a fund to augment returns in the years when prices are low. The greatest amount of outside aid these men expect is that the Government will stand behind the fund during periods of temporary shortage.

34. At the other end of the scale stand a fairly considerable group of growers who hold to the belief that it would be a grand thing if some Government or other organisation or some plan (heedless of world conditions) would guarantee the farmer a payable price for all his output over an indefinite period. Proponents of such resolutions can be classified as
devout wishful-thinkers. Whilst their sincerity is unquestioned, they do not serve the industry as well as they might. While they stand a dreaming, worshipping the "moon of their delight," solid, matter-of-fact opportunity to put the industry on a sounder financial basis passes by the door.

35. Your Commissioners do not consider that such a happy solution to producers' price problems lies within the horizon of practical economics. Greater service to the industry can be achieved by keeping the practical always in mind. We have to realise that when the Government promises a guaranteed price for wheat, it pledges the public credit by the same stroke of the pen, and that being the case, the guarantee fund (unless entirely provided by growers on an equalisation basis) must be limited in total amount either by the guaranteed price being low or the bushelage restricted. As a rule, both these limitations come into the picture. And just because Governments come and go, Parliamentary sanction for a policy dependent upon annual budgetary appropriations cannot be guaranteed for a lengthy period.

36. The general body of taxpayers, comprising producers of all kinds of commodities, are liable to ask whether they are not equally entitled to be guaranteed the cost of production plus a profit for all the output of their factories, whether for internal use or for export.

37. Your Commissioners consider that a claim for a guaranteed price for wheat can only be sustained to the extent it applies to the amount normally consumed within Australia in the form of flour and other processed foods for human consumption. There is little justification for the extension of the guarantee to that portion of the crop which is exported, either as wheat or wheat products. In this sphere, the grower must endeavour to produce at a price the overseas buyer is prepared to pay. After providing the home price for wheat consumed within Australia and apart from possible international action limiting the range of export prices, there appear to be two ways that relief from this hard fact can be provided. First, the growers can establish an equalisation scheme to operate over a period of years with such augmentation as the Government may choose to make or, secondly, the Government of the day may put a floor under wheat prices as circumstances warrant from time to time. Farmers should not lose sight of the fact that when Governments give any form of guarantee to cover other than for local consumption restrictions of one kind or another go hand in hand with the guarantee.

38. A self-supporting equalisation scheme is impossible of realisation if commenced in a period of low prices. Its chief assurance of success lies in the accumulation of substantial funds in prosperous years for use in augmenting receipts in low-price years. For that reason, the present is an appropriate time to lay the foundation in anticipation of less favourable conditions in the future.

39. In planning an equalisation scheme, the first point to be determined is the total sum required to provide a real safeguard against a fall in prices. Assuming internal prices can be arranged on a satisfactory basis, then the reserve fund need only be measured in relation to the export portion of the crop. Accepting an average marketable crop of 145 million bushels then, with floor and internal sales at, say, 55 millions, there remains 90 millions to be cared for. The next two points to be reckoned are the possible average range of the fall and the period of the slump. As an illustration, let us take the average shortage over the period at 1s. 6d. per bushel, which allows the dip down to, say, 3s. below datum point. Allow for a period of five years and the calculation is 90,000,000 x 5 x 18d. = £22,500,000. Allowing for the interest-earning capacity of the fund before disbursement, then a fund of the order of £30,000,000 would provide a very solid reserve, sufficient at any rate to cushion the effect pending the general reduction of costs which might be expected to follow a recession in cereal prices. This figure is not beyond the capacity of the industry. As a matter of fact, the total of the deductions made by the recent wheat tax legislation will be about £11 millions. Providing we have a normal season in 1947-48, and the tax remains as at present, it will approximate £20,000,000.

40. The question of the farmer preserving his individual equity in such a fund has been much discussed and presents some difficulty because, if, as suggested, the scheme is to be of a permanent nature, then it follows that the fund must belong to the farmers collectively at least while it does not exceed the amount stated as a necessary reserve, i.e., £30 to £33 millions.

41. When the fund exceeds this reserve, pro rata repayments could be made to the individuals who contributed the first year or alternatively pro rata to the payments to the fund in a five-year period, such process to be continued year by year as the fund warranted. Any repayments made to a grower still in the industry for the purposes of price equalisation could be deemed to diminish his equity in the general reserve to a like extent.

42. A similar procedure, called a revolving fund, is adopted in the marketing of certain primary products in U.S.A. and is in fact the basis of the debarment operations of Co-operative Bulk Handling Co., Ltd., in W.A. It would be necessary to have an equity register of growers with provision for inserting amounts contributed on the one hand and amounts withdrawn on the other. This again would follow C.B.H. procedure.

43. As in the case of marketing, the Commissioners consider that the machinery of equalisation should be as far removed from the realm of politics as possible. Nevertheless, since the only authority having powers of excise taxation is the Commonwealth, it would be necessary for that Government to levy the tax and the Commissioners recommend the State Government to make representations to the Commonwealth with this object in view.

44. The monies derived from the tax should be placed in a trust fund and operated on by a Stabilisation Board representing the Commonwealth, the State and the growers. This Board would also be the natural authority to handle production control if such again becomes necessary.

45. One of the basic principles governing the trust fund should be that it be used for price equalisation only. Withdrawals from the fund for drought or flood relief, insect or rust visitations or other similar happenings should be specifically debarred; otherwise the fund might be whittled away for a purpose for which it was not intended. This aspect deserves the closest attention by the State Government.
Soil Conservation and Guaranteed Prices.

Having in mind the stimulus given in America to a policy of soil conservation by limiting price guarantees to those farmers who will co-operate in a common plan to prevent erosion, your Commissioners gave consideration to the application of such a principle in Western Australian wheat areas. Although this idea is an attractive one, and may at some time in the future be possible of application, informal discussions with the Soil Conservation Commissioner indicated that sufficient basic information concerning the nature, extent and causes of soil depletion in the wheat-growing areas and the relative effects of different rotations and farm management systems was not at present in existence. Until such time as a considerable accumulation of information on this subject is available, which is not likely to be for some years, no action along these lines can be suggested.

Methods of Acreage Regulation.

Your Commissioners gave considerable thought to methods by which regulation of acreage might be effected, should action along these lines again become necessary. Broadly speaking, there are two alternative bases for production control, namely, according to area sown and harvested, or to quantity of wheat for which a market is sought, i.e., acreage of build-up.

The former method was the one adopted during the war period when it was necessary to restrict the quantity of wheat produced in Australia. Its obvious disadvantages are the tight control which has to be exercised over a farmer’s operations, and which extends to wheat planted for both hay and for grain for stock feed, and the difficulty of effectively policing restrictions of this type. Both these difficulties could be avoided if regulations were based on quantity marketed and the farmer left free to plant what area he wished in order to fill a pre-determined quota. However, a scheme on this latter basis would be attended by its own peculiar difficulties. Whether it would have a net advantage over an acreage restriction scheme can only be determined by careful investigation.

Acreage regulation is not an immediate issue. For these reasons your Commissioners have not pursued their investigations far enough to be able to express an opinion as to the desirability of one or other of the above methods. However, they feel that in any negotiations with the Commonwealth Government the need for such an investigation should be urged. In any case, they are of the opinion that even if the acreage basis is retained, it should be thoroughly revised and brought up to date as regards the individual licensees.

Although methods of acreage control on a common basis for all States might conceivably inflict hardships on growers in some of them, it would hardly be practicable for each to evolve its own scheme. However, if action along these lines becomes necessary, representatives of this State should press for a scheme which preserves the economic efficiency of the relatively large-scale wheat farms which are characteristic of the main Western Australian wheat belt.

Recommendations.

That the State Government urge the Commonwealth Government to reapproach the subject of stabilisation of wheat prices on the following lines:

1. That an equalisation trust fund be created embodying the moneys derived from the operations of the Wheat Export Charge Act of 1946 and which have been appropriated to a trust fund by section 31 of the Wheat Industries Stabilisation Act, No. 24 of 1946, and that similar taxation measures be continued with a view to the establishment of a permanent fund to be used to equalise export prices.

2. That after the season 1947-48 the amount of the tax per bushel be such an amount as will bring in a total sum equivalent to that arising from a levy of 2s. per bushel on wheat exported, or such lower amount per bushel as may be prescribed by the Minister, but in no case to be more than 2s.

3. That the Equalisation Trust Fund be used solely for the purpose of augmenting realisations when export prices are low.

4. That the Equalisation Trust Fund shall be administered as a revolving fund as outlined previously in paragraph 41 of this report.

Your Commissioners desire to place on record their appreciation and thanks for the valuable assistance rendered to them by the officers of the Trustees of the Wheat Pool of W.A., Co-operative Bulk Handling Ltd., and the Westralian Farmers Ltd., in making available data from their records and for the excellent graphs relating to price movements.

JOHN S. TEASDALE,
Chairman.

S. B. DONOVAN,
J. SADLER,
R. P. ROBERTS,
Members.

14th May, 1947.
### SCHEDULE A.

<table>
<thead>
<tr>
<th>Pool No.</th>
<th>(A) Marketed Australian Crop Bushels</th>
<th>(B) Marketed W.A. Crop Bushels</th>
<th>(C) Percentage W.A. Crop to Australian Crop</th>
<th>(D) Internal Consumption Australia Bushels</th>
<th>(E) Internal Consumption W.A. Bushels</th>
<th>(F) Average Price Exports during same period</th>
<th>(G) Average Realisation Price Internal Consumption including Subsidies</th>
<th>(H) Rate of Concession per Bushel</th>
<th>(I) Total Value of Concession to Consumers in Australia</th>
<th>(J) Proportion of Concession Supplied by W.A.</th>
<th>(K) Value of Draw back Concessional Wheat used in W.A.</th>
<th>(L) Net Loss to State</th>
</tr>
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<tbody>
<tr>
<td>5</td>
<td>122,974</td>
<td>34,077</td>
<td>20.7%</td>
<td>66,726</td>
<td>3,335</td>
<td>4/41</td>
<td>4/42</td>
<td>1/41</td>
<td>466,833</td>
<td>101,174</td>
<td>24,328</td>
<td>76,846</td>
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<tr>
<td>6</td>
<td>141,909</td>
<td>36,582</td>
<td>12.6%</td>
<td>72,920</td>
<td>6,134</td>
<td>5/32</td>
<td>5/32</td>
<td>6/31</td>
<td>1,823,150</td>
<td>229,175</td>
<td>332,350</td>
<td>76,355</td>
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<tr>
<td>7 and 8</td>
<td>133,472</td>
<td>20,555</td>
<td>20.4%</td>
<td>125,971</td>
<td>8,108</td>
<td>5/31</td>
<td>5/32</td>
<td>5/31</td>
<td>20,262,075</td>
<td>4,903,325</td>
<td>1,271,891</td>
<td>2,822,048</td>
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<tr>
<td>9</td>
<td>123,723</td>
<td>17,711</td>
<td>14.31%</td>
<td>60,832</td>
<td>4,600</td>
<td>10/41</td>
<td>4/11</td>
<td>10/1</td>
<td>30,250,000</td>
<td>6,333,300</td>
<td>2,208,750</td>
<td>4,059,550</td>
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<tr>
<td>10*</td>
<td>95,690</td>
<td>20,500</td>
<td>20.92%</td>
<td>60,000</td>
<td>4,300</td>
<td>12/0</td>
<td>4/11</td>
<td>10/1</td>
<td>30,250,000</td>
<td>6,333,300</td>
<td>2,208,750</td>
<td>4,059,550</td>
</tr>
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</table>

Net benefit to Wheatgrowers arising from distribution of Flour Tax in period when internal prices were higher than export.

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### SCHEDULE B.

<table>
<thead>
<tr>
<th>(A) Marketed Australian Crop Bushels</th>
<th>(B) Marketed W.A. Crop Bushels</th>
<th>(C) Percentage W.A. Crop to Australian</th>
<th>(D) Internal Consumption Australia Bushels</th>
<th>(E) Internal Consumption W.A. Bushels</th>
<th>(F) Estimated Average Price Exports during the Period</th>
<th>(G) Average Price Internal Consumption Estimated</th>
<th>(H) Rate of Concession per Bushel</th>
<th>(I) Total Value of Concession</th>
<th>(J) Proportion of Concession Supplied by W.A.</th>
<th>(K) Value of Draw back Representing Concessional Wheat used in W.A.</th>
<th>(L) Net Annual Loss to State</th>
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<tr>
<td>Estimated Average of all Pools to 1950</td>
<td>146,000</td>
<td>20.7%</td>
<td>60,000</td>
<td>4,500</td>
<td>10/1</td>
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<td>5/1</td>
<td>15,250,000</td>
<td>3,050,000</td>
<td>1,143,750</td>
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