

1955
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WESTERN AUSTRALIA

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REPORT
of
ROYAL COMMISSION

into

**Matters Relating to the Marketing and
Distribution of Potatoes, Onions
and Eggs**

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Presented to both Houses of Parliament  
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PERTH:

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1955

ROYAL COMMISSION.

WESTERN AUSTRALIA, } By His Excellency Lieutenant-General Sir Charles
TO WIT, } Henry Gairdner, Knight Commander of the Most
CHARLES HENRY } Distinguished Order of Saint Michael and Saint
GAIRDNER, } George, Knight Commander of the Royal Vic-
Governor, } torian Order, Companion of the Most Honour-
[L.S.] } able Order of the Bath, Commander of the Most
 } Excellent Order of the British Empire, Governor
 } in and over the State of Western Australia and
 } its Dependencies in the Commonwealth of
 } Australia.

To ALAN GREGORY SMITH, Esq.,
Stipendiary Magistrate of Perth:

I, THE GOVERNOR, acting with the advice and consent of the Executive Council do hereby appoint you Alan Gregory Smith to be a Royal Commission to investigate and report, in relation to the Marketing of Potatoes, Onions and Eggs, upon the following:—

- (a) The methods and present facilities of marketing, and whether, in the public interest, the Board system of marketing should be continued.
- (b) The distribution from the producer to the consumer, with particular reference to handling, storage, and losses due to deterioration during marketing.
- (c) The analysis of the wholesale and retail prices setting out the remuneration of all persons, agents, firms, or marketing authorities in the marketing and distribution from the producer to the consumer, and whether all these handling costs are justified.
- (d) The influence of seasonal production upon quality and the retail price.

- (e) The basis used in granting and refusing licenses to grow potatoes or onions.
- (f) To recommend any proposals for:—
 - (i) More efficient methods of marketing.
 - (ii) Ensuring an adequate supply of products of good quality to consumers.
 - (iii) Ensuring reasonable margins for distribution and sale between producers and retailers, and a fair price to the consumer.

And I declare that you shall, by virtue of this Commission, be a Royal Commission within the Royal Commissioners' 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 the Chairman thereof under the Act.

And I hereby request you as soon as reasonably may be 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 4th day of May, one thousand nine hundred and fifty-five.

By His Excellency's Command,
A. R. G. HAWKE,
Premier.

God Save the Queen!!!

Royal Commission to Inquire into Matters Relating to the Marketing and Distribution of Potatoes, Onions and Eggs.

REPORT ON GENERAL INQUIRY.

May it please your Excellency:

In pursuance of my Commission, between 25th May and 5th September, 1955, I took evidence from 211 witnesses on 43 different sitting days. There were 2,508 pages of evidence and 162 exhibits were tendered in evidence.

In addition to taking evidence, I endeavoured, by personal inspection, to gain an insight into every phase of both production and marketing.

There are many features common to all three industries. For instance, one could not help but be impressed by the outstanding efficiency of particular growers and producers. On the other hand, it was quite evident that many of the average producers and growers were quite content to rely on the price stability which organised marketing brings, without making any effort to obtain the advantages of that stability, by increasing their efficiency.

It is to be noted that I recommend the re-constitution of the Egg Marketing Board but not the Potato Marketing Board. The chief reason for this is that the problems of the Egg Marketing Board are mainly wrapped up in marketing whilst the Potato Marketing Board has its chief problems in production. It is essential, therefore, that the latter Board should have some competent and experienced growers on it.

Both the Potato Marketing and Egg Marketing Boards should keep the public well informed on important matters of policy, tell it of the difficulties confronting the respective industries and point out the reasons for the prices that are being paid. If all these things are done, the public can better appreciate the problems which those engaged in these two industries have to meet.

Generally speaking, I have found the greatest critics of orderly marketing to be those who know least about the subject. The public, however, is not nearly as much against organised marketing as some people think.

In 1946, a Commonwealth referendum was held into the question of orderly marketing of primary produce on a Commonwealth basis. Throughout the Commonwealth, 2,116,264 electors voted in favour of orderly marketing on that basis, 2,068,171 voted against it, and there were 269,506 informal votes.

In Western Australia, 145,781 electors voted in favour of orderly marketing, 113,562 voted against it and there were 19,723 informal votes.

In New South Wales and Victoria there was a majority vote in favour of "Yes," but as there had to be a majority in four out of the six States, the orderly marketing proposals were defeated.

It is impossible to generalise and lay down any one set of rules which may be applied equally to all three industries because each industry has features peculiar to itself.

For example, I feel that free marketing is the only solution of the onion industry's problems, whilst orderly marketing is the post on which both the egg and potato industries must lean.

No price manipulation can extricate the onion industry from its entanglement of over-production. On the other hand, the price equalisation scheme has been the saving of the egg industry, and without it the majority of producers would be ruined.

A cost of production formula would be useless in the onion and egg industries even if it were possible to arrive at an accurate average cost-of-production figure. It would only result in the consumers having to pay exorbitant prices for onions and eggs. On the other hand, a cost-of-production formula has worked very well in the potato industry, and will continue to do so provided it is kept within close limits. In order to increase efficiency, the Board must keep the cost of the various items on a strict economic level.

I consider that the Marketing Boards should strive to give producers a reasonably equitable distribution of whatever market is available and, wherever possible, to reduce the general costs of marketing. They can hardly do this without being given complete control of their respective industries so that they can reduce the price spread between producers and consumers. Nearly every inquiry into primary production has been worried about this price spread.

In 1922, in England, a Committee under the Chairmanship of the Marquess of Linlithgow, reported as follows:—

Our investigations have led us to the conclusion that the spread between producers' and consumers' prices is unjustifiably wide. Taken as a whole, distribution costs are a far heavier burden than society will permanently consent to bear.

In 1947, the Committee, under the Chairmanship of Lord Lucas, issued a report known as the "Lucas Report," and this is more or less the "Bible" of British organised marketing. The report approved of the principles laid down by the Linlithgow Committee, and itself came to the conclusion that some form of organised marketing in primary industries was essential.

I have given every consideration to the co-operative movement and I realise its ramifications throughout the world, but I feel that some form of legislation is necessary to accomplish orderly marketing in the egg and potato industries. The Lucas Committee realised that the primary industries lacked coherent production and proper market plan-

ning and that without organisation "they were powerless to emancipate themselves from the scramble of the market."

Dealing with this attempt to emancipate themselves from these difficulties, the Committee went on to say:—

In other countries, such considerations led to the formation of nation-wide producers' co-operative marketing organisations. In many cases, as, for example, in Sweden, Holland, Denmark and in the British Dominions, the main, if not the sole, purpose of these co-operatives was to sell their produce in the United Kingdom market. From time to time attempts were made to bring about organisation of producers on similar lines in this country, but success was not achieved. Sooner or later the ingrained individualism of the British farmer would reassert itself and cause the organisation to collapse. It was evident that to tackle producers' marketing problems successfully and on a national scale, some tougher form of organisation than the purely voluntary co-operative type was required.

This quotation might apply to the State of Western Australia with equal effect.

I would like to express my thanks to both Dr. G. L. Sutton, and to Mr. Walter Noakes for their evidence on orderly marketing, which has assisted me very materially when taken in conjunction with that of men actually engaged in the industries.

Before concluding, I desire to express in no formal way my sincere thanks to Mr. S. Royce and the "Hansard" staff, without whose assistance and co-operation this report could never have been written. For some portion of the time, in addition to the onerous duty of reporting the evidence in this inquiry, they were required to attend to their ordinary Parliamentary duties.

I also want to record officially my appreciation of the valuable assistance rendered by Mr. F. G. Logue, the secretary of the Commission. Mr. Logue was required to carry out many duties beyond those normally expected of a secretary. His advice, common-sense and his willingness to work all sorts of long hours during a period of over six months have helped me more than I can express on paper.