SEED WHEAT BILL.

Second reading.

The COMMISSIONER of CROWN LANDS (Hon. F. W. Young)—The matter that this measure deals with is one of the most difficult that can possibly be handled so as to secure the desired end, and to deal out justice in all directions. We have to recognise at this moment the great difficulty in securing supplies of' wheat for seed pur­poses, &c., and the fact that the State is suffering at the present moment from an unusually severedrought renders some drastic legislation necessary. We have before us the example set by other States

in the direction of fixing the price of wheat. But that example is not necessarily one that should be followed. It is not foT us to say, however, that the fixing of the price in the other States was not justified. They must judge of the circumstances there, and do what they think is necessary. But as far as I can judge, the circumstances in the two eastern States that called for legisla­tive action do not exist here. Those who have followed what was done in New South Wales and Victoria in the matter of fixing prices know that the agitation did not come from the general community, but from the people who were dealers either in wheat or flour. The people in those States who agitated for the fixing of the price were those who had become short sellers. They had been gambling on the market.

Mr. Denny—What do you mean by short sellers ?

The COMMISSIONER of CROWN LANDS—I mean all persons who are short of the commodity they have sold. There was a great deal of speculation in the two eastern States which did not prevail here. It is an admitted fact that in New South Wales the speculation in wheat was not limited to recognised wheat traders and millers. Even clerks in that State were gambling on paper. The same thing happened to some extent in Victoria. A witness in Melbourne stated that he had sold

bags of wheat and that he had no stocks. He said that the price should be fixed at 3s. lid. a bushel. The evidence given by that person and bv manv others indicate how extreme the gambling was in the eastern States, and drastic legislation was certainly called for. It was a very illegitimate form of trading. But there has been no agitation in this State for the fixing of the prices in such a way as was done in New South Wales. In this State the wheat trade has remained in the hands of legitimate traders. - From information supplied to the Government it appears that the traders are well in hand as regards their responsibility to the farmers who have stored with them, and the onlv other people from whom information can come—1 am referring to the smaller millers—are, believe, also well in hand, as far as their liabilities are concerned. I think the House wants to realise the great difference in the circumstances. in the eastern States and in this State as regards the gambling elementIn South Australia the present position arises out of the drought and not out of the war. If we were faced with a fairly good harvest our supplies would more than meet our needs. Our necessities for the year for seed and flour are something like 5,000,000 bushels. The fixing of prices at the moment is popular. In some respects it might be necessary, and we should be prepared, if circumstances warrant, to adopt that course. Some members always look upon this fixing of prices as a satisfactory proposition, even in normal times, and it has been suggested that the Government should not hesitate to fix prices, because that course was followed under the Foods Regulation Act. The object of that measure was to regulate the prices which were unduly raised owing to the' war, whereas in connection with wheat the price does not arise out of the war but out of the drought. Under ordinary cir­cumstances, if there had not been any question of fixing values the prices here might very well be higher than London, partly because we cannot disturb English prices, and if we had to import we would have to pay some other country the London value plus freight to Australia and plus duty, unless it was removed. While, in fixing the prices of imported commodities, the cost of handling can be estimated to a farthing and the profit of the merchant regulated, wheat is ordinarily an exportable commodity and it is almost impossible for any court to determine what is the cost price. Under the Foods Regulation Act it is contemplated that the seller should receive a reasonable profit. Applying that that principle to the price of wheat who can say what is a reasonable profit for a farmer this year ? Under existing circumstances nobody can answer that question, particu­larly as regards the coming crop, and we have to remember that as regards last year’s crop at least 70 per cent, of that which remains is held by the farmers, most of whom will reap next to nothing this year.

Mr. Vaughan—Can the Minister say what quantity is left ?

The COMMISSIONER of CROWN LANDS—As far as our figures show there is something like 1,500,000bush, of wheat visible, and it is held by merchants, while there is another quantity held by farmers, estimated, I believe, at 250,000bush. This latter is regarded as a conservative estimate. In addition there is a considerable quantity of flour in the State, though I cannot say what quantity of wheat it represents. It appears however, that there are 1,750,000 bushels of wheat or flour visible in the State and we want about 5,000,000bush, for our requirements. About 70 per cent, of the remainder of last year’s crop is held by the farmers, who are entitled to whatever benefit in prices might now accrue to them. If that wheat had not been stored on their account most of it would have been shipped and we would then have been in a very much inferior position than we are to-day. There­fore we must look upon this section of the community who hold the wheat with some degree of satisfaction, and not regard them as persons to be penalised by unfair legisla­tion.

Mr. Denny—Their motive was to hold for a rise in the market.

The COMMISSIONER of CROWN LANDS—I am well aware of that, and I feel quite sure the honorable member will appreciate the motive. But if we had a plentiful harvest this year, and other circum­stances had gone against them, they would have suffered. There has been some talk about a corner in wheat, but that would have been disclosed earlier in the year and before the position could be relieved by the coming harvest. Nobody would have been foolish enough to gamble on such a drought as we are suffering from at present. The position as regards wool does not seem to be so serious as it was two months ago. At that time those who had wool were faced with the probability of not being able to sell it for 12 months, except at an extra­ordinary sacrifice. Just after the war broke out prices of sheep dropped materially because there was no market for the skins, and that is one way in which the producers were hit.. They had to take steps at the time to shear their sheep so that they would not suffer with the pelt. They took risks as regards the wool, whether they sold it this year or 12 months hence. The price of sheep is affected by the price of tallow, which is very unsatisfactory at present. Above all the producer is most hit by the drought, because of the extraordinarily poor yields which the best of them can look to. The majority of them will have no yield in the way of wheat, and no produce with which to feed their horses and cattle for the next few months. Is the community going to make good to the producer all these losses ? No. We propose to help them with manures, seed wheat, &c., but we are only selling these commodities to them. Even the wool supply has to be husbanded by the merchants offering limited quantities, and it is difficult to say how the wool market is going, although the wool prospects are more favorable for the Commonwealth than had been expected. I notice that in the Mel­bourne sales yesterday America and Japan were in the market in addition to the Eng­lish buyers. The market is satisfactory as regards crossbred and long, shafty Merino wool, and that will be a considerable relief both to the woolgrowers, and in regard to the Australian gold supply. Nobody is suggesting that we should make good to the producers all they are going to suffer from the drought, and on the other hand we should take the utmost care that we do not take one penny from them in connection with the market for what they have. After all the wheat grown is the farmer’s wage, find we hear nobody talking about cutting down their wages at present. The Government contend that the wage of the producer should be kept up, and that is the wheat which he grows.

Mr. Jackson—The wheat which was sold 12 months ago.

The COMMISSIONER of CROWN LANDS—The great bulk of the wheat sold has been shipped.

Mr. Vaughan—Is not the price fixed for the benefit of the farmers ?

The COMMISSIONER of CROWN LANDS—The farmers are not going to be caught by chaff like that. There are people in this State who would fix prices in normal times. What we want to know from those who believe in fixing the price of wheat as a very desirable proposition, and not one arising out of necessity, is who is going to pay the interest on the cost of producing the wheat during the season we are now finishing, because the fixing of the price must have an effect on new wheat as well as old. The Government in this Bill are not proposing to move as honorable members opposite are inclined to think, but we pro­pose to move on lines which have been thoroughly well-recognised in many previous Acts of Parliament. Those lines, I think, will meet the necessity of the case and do justice. Honorable members opposite are contemplating the fixing of a price for all wheat, and refusing the right to any person to sell above that price. It is very easy to see the difficulties and anomalies that would arise if that course were followed. To fix the price, say, at 4s. 9d. for all the wheat in this State might be perfectly fair as regards wheat which is straightway taken for the necessities of the community, but a great deal of the grain will not be wanted for months hence. Not until practically this time next year will the last bushel be wanted, and how are we going to regulate what the owner of that wheat is to receive on that occasion ? Who is going to take charge of the wheat for nine months ? Who is going to stand the ravages of mice, weevils, and weather; and who is going to stand all the risk, and take 4s. 9d. per bushel as the price for next May, June, or September ? If you ,are going to alter the price as was done in New South Wales you flounder into another injustice, as that State has bought wheat at 4s. 2d. and later fixed the price at 4s. 6d.

Mr. Vaughan—Four shillings and eightpence.

The COMMISSIONER of CROWN LANDS—Four shillings and sixpence is the correct price. The man who received 4s. 2d. was unlucky when some received 4s 6d., as the latter had an advantage of 4d. per bushel for holding it for one month. That is a handsome profit. The difficulties which arise out of fixing the price are not easily adjusted between various parties between now and the harvest of 1915 relieving the position. If you fix the price as the other States at 4s. 6d. or 4s. 9d., and the harvest does not prove any more satisfactory than it looks at present, Victoria will be in the position of having to import a nestimated quantity of two to three million bushels of wheat, and she will have to go to America and pay 5s. per bushel to the prosperous farmers in that country, which is more than she is giving to her own farmers.

Mr. James—New South Wales will have to do the same.

The COMMISIONER of CROWN LANDS—She may have her supplies, but none of the other States have. Take Queensland ; she is only allowed to go into the markets of New South Wales and Victoria and give 4s. 6d. to 4s. 9d. per

A COUPLE OF PARS WERE NOT SCANNED

aim 1 have had the advantage of discussing the matter with several—and one gentle­man has been good enough to inform us that, based on S.A. Farmers’ Union business, he does not think it unlikely that we will receive 4 million bushels from the coming crop. I do not think, however, that he has made due allow­ance for hay.

Mr. James—I think we will want 1 inch of rain.

The COMMISSIONER of CROWN LANDS—With your estimate of 2 bushels we will have sufficient, and I believe we have a chance of 3 million bushels. I prefer, however, to base our calculations on 3 million bushels, be­cause I question it the gentleman with whom I conferred has made allowance for some of the best crops being cut for hay. I believe that what leads them to look to the higher yield is that they considered that we can only look for one million acres to be reaped, and that area is on Yorke Peninsula and Eyre’s Peninsula, and behind Tumby Bay, where it is difficult to market chaff, and therefore there will be a considerable area reaped for wheat. The prospects on

Mr. James—As to which way the wheat will go.

The COMMISSIONER OF CROWN LANDS—Yes. I believe with some people that wheat in a certain locality in the vicinity of the river has been counted twice. The position in New South Wales is that she has had very little wheat to go on with, and the millers are clamoring for it to carry out contracts. Victoria, according to the paper reports, anticipates, unless things are better than estimated, that she will be two or three million bushels short. Western Australia is con­siderably short, unless the rain which they had yesterday improves her position. Queensland usually produces less than she needs. Likewise Tasmania. Queens­land and Tasmania are both clamoring for wheat from the other States, and it is only a matter of time when they will have to import.

Mr. Vaughan—What about New Zea­land ?

The COMMISSIONER of CEOWN IjANDS—New Zealand does not come into our calculations, but they are import­ing and throwing off their duty.

Mr. Rudall—Have you ever had any

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LOOKS LIKE I NEED TO RESCAN PAGE 1159

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The COMMISSIONER of CROWN LANDS—South Africa is short, and repre­sentations have been made by the South African Government and certain shipmentsand appoint our own agents throughout the State to buy directly for the Government. The Farmers’ Union is so widely distributed and their interests are so closely associated with those of the farmers that we feel that we can work satisfactorily through them The Victorian Government are endeavoring to make similar arrangements with a private firm in Vic­toria to buy seed wheat there. We do not entirely exclude other buyers from the market. The result, however, of the meas­ure will be that other buyers will be almost entirely absent from the market this year. At this particular time every farmer will want to sell and the Government will be prepared to purchase the wheat at a fair price. I hope that farmers generally will realise to the full the purpose of the Govern­ment’s action and that our prime aim is to help those in need of seed wheat. I trust that the farmers will take more than ordinary trouble to reap their crops in separate varieties and clean the wheat reasonably well. It will be to the advantage of the farmers to reap as large a quantity of seed wheat as possible for the coming season. The Government are standing behind a great number of farmers in financing them, and I hope that the more fortunate farmers will stand behind the Government in sup­plying us with as much seed wheat as pos­sible. We will make the matter as public as possible through the medium of the Farmers’ Union agencies and by notices in the press and in other ways. With the help of the more fortunate farmers I hope that result of the operation of this measure will be most satisfactory. The Bill is one that may be clearly understood by reference to three or four clauses. Clause 3 provides for the constitution of the Seed Wheat Board, which will have the responsibility of purchasing wheat and selling it. Tho board will either sell the wheat direct to farmers who are able to pay for it or will deliver it to farmers who are obtaining assistance under the Drought Relief Act. As far as possible we will endeavor to supply suitable varieties of wheat, realising, of course, that in many cases we will not perhaps be able to achieve that result.

Mr. James—Will one board be sufficient ?

The COMMISSIONER of CROWN LANDS—Yes ; the board will have the assistance of the Farmers’ Union agencies throughout the State. If a man wants to buy wheat he will only have to go to the local union agency and make his selection. The agency will receive instructions from the board as to prices. It will be a very easy and simple way of both acquiring and dis­tributing seed wheat

Under clause 11 the board is empowered to acquire all or any of the wheat now and thereafter within the State up till September 30 of next year. After that the coming crop will relieve the position. If it does not, fresh legislation will have to be passed, but that is extremely improbable.

Mr. McDonald—Will the board have power to go outside the State ?

The COMMISSIONER of CROWN LANDS—The Government will necessarily be guided by the board, and if it becomes necessary to import wheat from outside the State that will be done. Under clause 12 the board is empowered to acquire wheat in three different ways. It may purchase the wheat in the same way as a merchant purchases it to-day, giving the market price. If a man has a special variety of seed wheat the sample can be dealt with, and the board or the head office of the Farmers’ Union, under the direction of the board will fix an extra price for the sample as shown. That extra price is just. Extra trouble will be needed to reap the wheat according to varieties, to clean it, to keep it separate, and to cart it separate. All that means extra handling, and we realise that that wheat is worth more than ordinary mixed wheat. If the Board are unable to purchase wheat voluntarily power is given under subsection (2) to take possession of it on giving notice to the owner. Clause 13 deals with the price which the State shall pay for any wheat acquired by the Board as agreed between the board and the owner. If the price is not agreed upon within 14 days after the wheat is acquired it will be fixed by the Prices Regulation Commission.

Mr. Pfiaum—Will you take wheat from wheat buyers ?

The COMMISSIONER of CROWN LANDS—Yes ; if it is necessary for the purposes of this Bill we will take it and pay the farmers whose interests will be safe­guarded. Subsection (3) provides that the price shall be fixed by the Commission in the absence of an amicable arrangement. The Commission will fix the market value of such wheat at the place and at the time where and when it is acquired. This will be absolutely fair for the man who holds wheat which the community needs. There is special power under subsection (4) for the board to fix a special price for wheat which is specially suitable for seed and true to name. In addition to the price to be paid for any wheat as provided by this section there is provision enabling the board to pay interest at the rate of 5 per cent, on any wheat, the delivery of which is not taken at the time of purchase. Honorable mem­bers will see that it may be necessary for the Government to take possession of a fairly large parcel which might have to remain on storage until required, and if so the owner will be entitled to interest at 5 per cent, from the time of purchase. Under section 14 it is provided that when the board does not take delivery of any wheat imme­diately it is acquired the storage shall be upon and subject to such conditions as are agreed between the board and the person having the custody of the wheat, or if the terms and conditions are not agreed upon within 14 days after the wheat has been acquired, they will be fixed by the Com­mission, the intention being that the person who provides the storage shall be paid reasonable charges for the use of the premises. Section 15 incorporates all the provisions of sections 19 to 33 of the Prices Regulation Act. These are machinery clauses which the Government do not consider it necessary to incorporate in this Bill because, like the Prices Regulation Act, it is a temporary measure. Section 16 deals with the persons to whom payments shall be made. Under subsection (1) it is provided that the board may deduct from any payment on account of the purchase of wheat any sum which may be due to any persons in respect of liens or charges on such wheat. Subsec­tion (2) of this clause provides that where there is a doubt as to the persons who are entitled to this money, the board may pay such sum, or part of it, into court, and that this money shall be subject to any orders of the court or a judge made on application by, or on behalf of, the persons interested in the wheat. I have been assured by the manager of the Farmers’ Union that it will be very easy to trace exactly the interests of the various persons or firms in any parcel of wheat that may be bought, and that he does not expect it will be necessary to pay any of this money into court. We have also provided that no court fees shall be payable on the payment into or out of court of any such money, nor in respect of any application or other proceeding con­cerning such money.

Mr. Rudall—Is there not a danger of the board being too zealous ? Are its mem­bers under the control of the Minister in any way ?

The COMMISSIONER of CROWN LANDS—The board is in effect under the control of the Minister. Where a board is appointed by the Governor it follows that the Governor may remove any member, and consequently the board would have to pay due heed to the policy of the Minister at the time. If it did not, the Government would have to remove one or more members of the board, and appoint others. Clause 17 gives the board power to inspect premises, and if necessary to break into premises to deal with wheat. That is a power which being in the Bill will achieve its purpose, but there may be odd cases where men have wheat which they will store until their death, and we have to deal with them if possible by very drastic methods. Power is given in clause 18 to store wheat at such places as are provided by the Minister for that purpose, and it may be disposed of in such manner as the board considers best for giving effect to the objects of the Act. We have made that power very wide, so as to provide for all possible purposes. Clause 19 is as follows :—

In case any wheat is, at the time when it is ac­quired by the Board, in the custody of any person who under any contract is bound to deliver such wheat, or any wheat in lieu thereof, to or in accord­ance with the order of any other person, the obliga­tion so to deliver shall be discharged upon the taking of such wheat by or on behalf of the Board or the delivery thereof to the Board, but without pre­judice to any claim which such other person may have to the price or any other sum paid, or to be paid, by the Board for or in respect of such wheat, or to any part of such price or other sum.

Clause 20 deals with regulations to enable the Bill to be given effect to. Clause 21 has penalties for persons obstructing officers and others in the exercise of any powers or duties under the Act. Clause 22 pro­vides a simple method of providing appoint­ments, declarations, &c. Clauses 23, 24, and 25 are further machinery clauses, and clause 26 is the financial provision which enables the Treasurer to make advances from time to time of the moneys which will be held in the shape of a suspense fund. As the wheat is sold the money will be paid back into that suspense fund. This par­ticular financial operation should not in itself show any material loss, because the wheat will either be sold direct to farmers for cash, or delivered to them for whom the drought relief fund will provide the necessary money, so this particular fund ought not to be of long duration. We are not fixing the price as regards all wheat, but only in respect of such wheat as we take under the compulsory powers in the Bill, as we take land for instance under compulsory statutes. We hope under this meas­ure to be able to deal voluntarily with farmers and merchants to a great extent, if not to the whole extent of our needs. We are taking the stand that whatever our needs are on behalf of the community it is the community’s obligation to pay a fail' market value for the commodity which is taken, according to the time and place when it is taken, and not to fix a price and take the commodity at the buyer’s convenience. With the pros­pects before the States, I believe we have a fair chance of obtaining all our needs locally, and consequently we will not be faced with import prices, plus duty. Under these circumstances I submit the measure to the House, and ask that it be supported in its present form. I rely upon the fact that the Government, and I believe the whole House, are anxious not only to secure the needs of the community, but to do a fair thing to the individual, whether merchant or producer.

Mr. Goode secured the adjournment of the debate until October 28.