WHEAT HARVEST (1915-16) ACT FURTHER AMENDMENT BILL 1917

House of Assembly, 30 October 1917, page 871

Second reading

**The TREASURER (Hon. Sir Richard Butler)** —A few weeks ago I expected that Mr. Ritchie would have piloted this Bill through the House, but that was not to be. The duty has fallen on myself. I devoted a great part of last Sunday to the consideration of the question and the preparation of the statement which I shall now place before honourable members. I realize how great is the interest taken by the producers in the handling and marketing of their wheat, and naturally so, for it is their bread and butter. Occupying the dual position, first as the Minister controlling the scheme in this State, and secondly, being vitally interested, as are my sons, as fairly large shareholders, I am anxious that the most satisfactory results possible for the shareholders shall be secured. In the short Bill before honourable members, provision is made to carry on the wheat pool for another 12 months, which I never anticipated would be necessary when the system was inaugurated. Experience in the working of the scheme has proved that the interest of the farmers and the community in general can be better served if rather wider powers be given to the Minister controlling the scheme; consequently certain clauses taken from the Victorian Act are included in this Bill. The fact that very large quantities of grain are damaged by weather and mice, sufficient to render it unsuitable for flour, but leaving it quite suitable for feeding livestock of various kinds, renders it absolutely necessary for the Minister to direct this class of wheat into the channels of stock feeding trades, and to do this he must have the power to prevent the filling of these markets with good grain from the coming harvest. The unsold wheat held here, which must suffer from weevil and result in enormous losses unless shipped away or consumed locally, is in itself ample justification for the inclusion referred to. No restriction will be placed on the sale or transfer of seed wheat from farmer to farmer, but in the interest of the whole there must be power to control the action of individuals. I never anticipated that for three successive years it would be necessary to control the wheat trade of the Commonwealth on the present lines. When the scheme was first brought forward, I thought, and still think, that for the first year before the submarine menace had become so acute, and before the Imperial Government had commandeered all shipping, a better system of handling and shipping could have been devised, leaving the growers with more freedom in conducting their own business. But we must all admit that under present conditions, when no ships are available except those supplied by the Imperial Government, and a stray one from neutral countries or one of the Allies, the main principles of the scheme are absolutely necessary, though in the details of management perfection may not have been reached. Considering the magnitude of its operations and the difficulties connected with it, it would be unreasonable to expect that mistakes would not be made. It is easy to be wise after the event, but in this country of extraordinary ex­tremes it is not easy to see into the future and to lay down definite plans, guided by the experience of the past. Three years ago the State was spending £750,000 in providing the farmers with grain, fodder, &c., and thousands of farmers were supplying their own needs by purchasing at high prices. For the two years following we have had record yields, and now are faced with heavy loss owing to the almost insurmountable difficulty of putting the wheat on the world’s markets. Three years ago a buggy and pair could be driven across the bed of the Murray in many places, and the settlements were within an ace of being ruined by scarcity and bad quality of the water. Now the same settlers are being driven off their holdings by a record flood, the loss and damage not being pleasant to contemplate. Three years ago hay was unobtainable; since then farmers have put together big reserves, only to see them ruined in many districts by a plague of mice—another record. The loss the farmers have suffered in consequence is extremely heavy. In addition—and I speak from absolute personal knowledge—as much as 25 per cent., and in many cases 50 per cent., of the wheat reserved for seed was destroyed by the mice plague, and the inferior wheat reserved for feeding was reduced to a greater extent. Farmers have been buying the damaged wheat from the pool, because their supplies ran out months earlier than would have been the case under normal conditions. This brings me to the consideration of how the farmers would have fared in protecting the wheat they had for sale, without the pool. With the wheat in the pool the loss has been heavy. It is no use attempting to dispute that fact, and the Commission which will sit shortly will have the fullest opportunity of investigation. How far the heavy loss will fall on the pool, and to what extent on the agents, it is too early to make any estimate about, but justice will be done as far as it is possible to do it. Had it not been for the mice plague, coupled with the continuous rains, the loss would have been very small; the mice were the cause of the stacks being uncovered. I am referring only to the stacks which were covered and reasonably protected by the agents. In cases where this was not done, the loss should not, in any degree, fall on the pool. When the large purchase by the Imperial Government was carried through it was intended to ship the wheat by August, but the submarine menace made that impossible. There is no doubt if earlier steps had been taken to enclose mice-proof areas, and to shift and recondition the wheat, a portion of the loss would have been avoided, and better still, if the enclosures had been made mice-proof in the summer while the wheat was being delivered, a still greater saving would have been made. Probably if this expense had been incurred, and mice had been non-pest, adverse criticism would have been indulged in as to the waste of money in anticipation of a danger non-existent. The question has been raised as to whether the community should not stand the loss. That is a matter which it is premature to discuss, but putting the difference between what would have been obtained for the wheat if no damage had been done by mice, rats, wet, and weevil, at £500,000 to £750,000 (and this is only an estimate), as Treasurer I am inclined to put on my considering cap by looking ahead and puzzling how this large amount is to be saved. Candidly I can see no other way than by a big increase in the land tax, as the income tax is being well exploited from State and Federal sources. I know my brother farmers are, and will be, prepared to look at this matter all round fairly and squarely, apart altogether from the vote-catching aspect of the proposal, and they will first consider what proportion of their wheat would have been lost if left in their own care, with no ships available and no merchants operating. In my ease, I am doubtful whether I should have had half the original quantity today. Then they will consider, after the two years’ transactions have been completed, and they know the worst or the best, whether, under any other conditions, a better result would have been obtained. Taking the two harvests separately—1915-16 and 1916-17. The pool received in the former year approximately 9,800,000 bags, and on October 22 there was still on hand approximately 2,500,000 bags. The farmers have so far received net 4s. a bushel on the whole, after deducting freight and agents’ charges, and it is anticipated there will be 2d. to 3d. a bushel still to come. The 1915-16 account cannot be closed, as, though New South Wales and Western Australia have cleared theirs out, Victoria and South Australia have considerable quantities still on hand. If in addition to the 24 million bushels sold to the Imperial Government, satisfactory prices can be obtained for the balance still to be sold (from 12 to 15 million bushels), it will naturally add to the final payments the farmers will receive. Take the 1916-17 harvest. The farmers delivered to the pool approximately 13,721,000 bags; only 1,546,000 bags have been shipped or sold, leaving 12,175,000 bags still to ship or sell locally. Not allowing for the ravages of mice, &e., there would be still on hand in South Australia about 14,720,000 bags, containing about 44,160,000 bushels. Taking the quantity bought by the Imperial Government, over which their agents will take responsibility from January 1, at 24,000,000 bushels, it would still leave 20,000,000 bushels to dispose of, but the quantity required for home consumption, and the wheat damaged but still saleable at reduced price, say, 1,000,000 bags, and the large quantity absolutely lost, must be deducted. There is stacked at the ports, a great proportion of which has been reconditioned and rebagged, about 10,912,000 bags, as follows:—Port Adelaide, 4,555,000; Outer Harbor, 1,027,000; Port Pirie, 1,975,000; Wallaroo, 2,500,000; Port Lincoln, 375,000; and Port Augusta, 480,000 bags. In addition there are 774,000 bags of wheat not fit for shipment, which will be sold to the best advantage. It is stacked as follows:-—Inferior or weevily wheat—Port Adelaide, 105,000; Outer Harbor, 20,000; Port Pirie, 129,000; Wallaroo, 400,000; Port Lincoln, 70,000; and Port Augusta, 50,000 bags. In addition to these, it is estimated that there are at railway stations 1,000,000 bags, and at outports 500,000 bags. What proportion of this quantity will be fit for shipment, what proportion suitable for feeding purposes, and what is absolutely useless cannot be stated until it is reconditioned. This accounts for a total of 13,186,000 bags, or 40,600,000 bushels, and Imperial flour now on hand accounts for approximately 2,000,000 bushels. I asked Mr. Nicholls if he could give me an approximate estimate of the total loss, and this is his statement;—

“Until the stacks have all been cleaned up we cannot say what the waste in wheat has been, and I regret that I am unable to hazard a guess at the figures. A previous estimate of the loss, including waste wheat, cost of bags, labour, &c., was something under 4d. per bushel on the whole crop. This was arrived at by striking an average on 12 typical stacks at 12 typical stations. It can only be regarded as a rough forecast, and until stacks have been cleared up and claims checked I regret my inability to give any further information on that point.”

Personally I am afraid the loss will be greater, but until we know to what extent the agents will have to shoulder the loss, and until the balance of the wheat is reconditioned, any estimate is, to a large extent, a guess. Apart from the South-Eastern division, none of the districts is quite cleared up, a small quantity still being left on the Pinnaroo line, about 80,000 bags on the western division, 200,000 bags on the midland division, exclusive of 100,000 bags stacked at Hamley Bridge in rat-proof enclosure, as a depot. There are still 10,000 bags on the Great Northern division, 7,000 bags on Eyre’s Peninsula lines (apart from depots, in rain sheds), 35,000 bags at Mundoora, whence we have been removing wheat with all possible speed ever since delivery, and 500,000 bags on the division feeding Port Pirie. I referred previously to the amount which would be received by the farmers on the 1915-16 harvest, viz., 4s. 2d. to 4s. 3d. a bushel; but it is far more difficult even to hazard a guess as to the total payment on the 1916-17 crop. Three shillings a bushel has been paid to the farmers on the whole 1916-17 crop; 24,000,000 bushels have been sold at 4s. 9d. a bushel f.o.b., or, say, 4s. 3d. to the farmer at his nearest railway station. It will depend, first on what can be obtained for the balance of the f.a.q. wheat still unsold; if 5s. a bushel, and the loss from ravages of mice, &c., does not exceed 4d. to 5d. a bushel on the whole crop, then it seems possible that the wheatgrower will receive 4s. a bushel on both harvests. I hope this is an underestimate, but personally, I, and I believe thousands of others, would be relieved to know that the result would be no worse. Our geographical position—our distance from the markets of the world—is our chief handicap, as with the pressure there is to get supplies, and the great risks involved in a long sea voyage, wheat is virtually secured first where it can be obtained most quickly and at least risk. I hope the time will soon come when normal conditions will prevail, and we shall be able to revert to the old order of things, with the prospect of payable prices for many years. There is some misunderstanding as to the functions of the Australian Wheat Board, and, I believe, some disappointment as to the work of Mr. Giles, the representative of the growers, will undertake as a member of the Board. He will have an equal voice with the State Ministerial representatives. I have before me the agenda paper which was dealt with at the first Australian Wheat Board meeting that I attended, and among the subjects dealt with, purely of a Commonwealth character, were;—Arrangements 1917-18 harvest and carry-over 1916-17; election of growers’ representative; payment by States (that is, advances to the farmers, which must be uniform in each State); and shipping allotments. The last-named item was discussed, with the following result:—Originally freight was allotted to States on an arbitrary basis, in proportion to the exportable surplus of each State, and in this respect South Australia became entitled to 20.92 per cent, of the Australian tonnage, and, as a matter of fact, received, in so far as the 1915-16 harvest was concerned, 2.13 per cent, in excess of her due proportion. Taking the unshipped 1915-16 wheat in conjunction with the 1916-17 wheat, however, the necessity arose for a revision of pro rata tonnages, and I am pleased to say that success attended my efforts to place tonnage allotments on a more equitable basis. The tonnage basis now allotted to South Australia will be approximately 27.725 per cent., and when freight is available, this should result in marked activity in shipping in this State. Flour exports is another matter of considerable importance to the farmers which has now been put on a proper footing. Until recently the returns from wheat sold for manufacture into flour for oversea trade were credited to the State pool concerned, in manner similar to the returns from wheat sold for local consumption. As the value of flour varies in the many markets open to Australia, the effect of this was to favour the farmers in those States from which shipping space for flour could be secured to the highest and best markets. This was particularly hard on South Australia, whose millers had opened up some of the best of these markets, and under war conditions had lost their trade to other States. Owing to the shipping position we cannot at present restore to the millers the opportunity to regain their connection with these Eastern and African markets; but as we are keeping the mills working full time in gristing for the Imperial Government, the hardship to them is mitigated to a very great degree. In order that the farmers in all the interested States shall be treated equally in the returns received from the flour business, it has been arranged that the whole of the proceeds from wheat sold to millers for flour for oversea shall come into the general pool, and be divided amongst the State pools in the same way as the returns from wheat exported. As to the Imperial Government wheat purchases, Queensland and the pooling scheme, and the allocation of guarantees, the latter deals with the Commonwealth and State advance on the coming harvest of 4s. a bushel. There is to be another meeting of the Board in a few days, when probably a further dividend on the 1916-17 crop will be considered (and per­sonally I see no risk in a further advance of 6d. a bushel, notwithstanding the losses from mice), and I suppose payment on next year’s crop, which I understood was to be 3s. a bushel on delivery. Knowing how urgently these payments are required here, I shall endeavour to get further payments made as soon as possible. With reference to Imperial Government wheat, I have referred to the contract with the Imperial Government for wheat bought by them. It will be necessary for us to indicate to a representative of that Government in January next, the stacks which represent South Australia's quota of the balance of their wheat unshipped at that time. They will then be responsible for the condition of that wheat, including damage which may from that time forward be done by weevil. They will also pay us a storage charge which will ensure that farmers will not lose anything further through the inability of the British Government to lift their purchase earlier. By arrangement with that Government we have been able to keep the mills of Australia fully employed in gristing portion of the wheat purchased by the former. The great advantage to us is that, when ground, the flour is held at the risk of the owners, who also pay cost of storage on same. In addition, our stock owners have had the benefit of bran and pollard from mills working full time, which otherwise would have been impossible. Still another advantage is, that the shipment of one ton of flour means the disposal of a ton and one-third of wheat. The following are the main conditions of the Imperial Government contract:—Shipment not later than December 31, 1917. There is the following clause:—

“In the event of any part of the within-mentioned quantity not being shipped by Decem­ber 31, 1917, the balance is to be shipped later under the terms of the contract.”

Quantity, three million tons of 2,2401bs. (3,000 tons more or less at buyers’ option). Contract price, thirty-eight shillings (38s.) for 4801bs. gross, free on board, shipped in the usual twill bag or bags equal in value thereto, which are to be weighed and paid for as wheat. Selling, all reselling of this wheat to be done by the Australian Wheat Committee in London, free of charge, as instructed by the Royal Commission on Wheat Supplies, from time to time, without departing from the conditions and customs existing for Australian wheat. I feel certain that not only will honourable members, but the shareholders will also, gladly admit that without the assistance and purchases of the Imperial Government of Australian produce (their latest purchase being 30,000 tons of butter at about 1s. 2d. a lb. to the farmer) the producers would have been in a sorry plight, besides which the losses by mice would pale into insignificance. I can tell honourable members nothing as to the movements of shipping and the prospect of the wheat being shipped more rapidly, even if I had the information, for reasons which honourable members can well understand. But not only from self-interest (for the wheat will be held at the risk of the purchasers in two months) should we support this scheme, but from a nobler and loftier motive—the appreciation by the Imperial Government of the part Australia has played in this war, the heroism and self-sacrifice of her sons, between 30,000 and 40,000 having given life itself, so that the Empire and the world shall be saved from a military oligarchy. I will quote a letter I have received from Mr. Pitt (the remarkably able and tactful manager of the Australian Wheat Board):—

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With regard to the press extracts forwarded by you on the 19th inst., the principal matters referred to therein have been dealt with in my letter of this date. The personnel of the Australian Wheat Board consist of the Prime Minister, representing the Commonwealth Government; the Minister in charge of the administration of the wheat scheme in each of the four States concerned, New South Wales, Victoria, South Australia, and Western Australia, and Mr. C. Giles, the growers’ representative; in the Prime Minister’s absence Senator Russell acts as his deputy. This Board—1. Dictates the general policy to be pursued in the handling and marketing of wheat. 2. It decides the amounts to be advanced to growers. 3. It makes the financial arrangements. 4. It makes all overseas sales of wheat. 5. It fixes prices at which sales are made to millers both for local consumption and for export. 6. It charters (through the chartering agents) freight for overseas contracts, and it apportions shipping among States upon a definite basis. 7. It arranges terms of conversion of wheat purchases into flour purchases. The executive consists of the Prime Minister and the Minister for Agriculture of Victoria (in the Prime Minister’s absence Senator Russell acts as his deputy). Its functions are to determine any matters of emergency which may arise, and in regard to which there is no time or perhaps, necessity, to call the Board together for deliberation. As a rule these matters involve questions of Government policy, which in any case must be decided by Ministers alone. The Advisory Board consists of—Mr. G. T. Bell (Jas. Bell & Co.), Mr. H. G. Darling (John Darling & Son), Mr. G. C. Boehme (Dalgety & Company, Ltd.), Mr. M. J. Lasry (Louis Dreyfus & Co.). These are in charge of all the technical details of such portion of the scheme as is under the jurisdiction of the Australian Wheat Board. They are the expert advisers of the Wheat Board. All sales are made through them, except such sales as are made direct to Allied Governments, in which ease the contracts are prepared and carried through by them. The London representatives of these firms constitute the London selling agency. Sales are all reported to Melbourne for confirmation. The manager attends the deliberations of the Advisory Board, and any sales are made with his cognisance. It is also his duty to see that the defined policy of the Wheat Board is observed.

Mr. Genders in his letter states that a dual interest arises through the sale by the Wheat Board agents of wheat received by them under the wheat handling scheme. There is no conflict of interests as suggested, and it is hard to see by what stretch of imagination anyone could conceive there would be. These gentlemen simply sell the wheat to the best advantage, their only interest is to sell at as high a rate as possible. In what way could the interests of growers suffer thereby? In any case the manager is always present when negotiations are in progress. In the most unlikely event of a conflict arising he would bring the matter under notice. The Central Board has but limited jurisdiction over the State Boards. If the Central Board were to take entire charge of the management it would not be to the advantage of the scheme. Circumstances differ in each State, and it is well that each State should be responsible for the efficiency of its management. Uniformity throughout is impossible, and, if possible, it would be undesirable. The Australian Wheat Board has always acted on the principle that where local knowledge could be most advantageously utilized in the administration of the scheme this should be done. In all local matters, therefore, the administration of each State is responsible to the growers of that State. Each State already provides specifically representation of growers’ interests. No Minister of one State interferes with the local administration of any other State. Any interference by the Victorian Minister of Agriculture, for example, with the New South Wales administration, would be resented—just as political interference of a Federal Minister with State administration would be objected to. Mr. Giles can have no jurisdiction over the administration in New South Wales, Victoria, or Western Australia, and similarly he cannot be permitted to take part in the discharge of executive functions in the South Australian scheme.”

I am anxious, as the administrator of the scheme in this State, and as its representative on the Central Board, that the work shall be carried out as effectively and economically as possible, and I shall have the loyal co-operation of the Advisory Board and the officers. I welcome any suggestions made with the desire to bring about more effective management. The scheme is a colossal one, and difficulties of an unprecedented character have been met with. I shall endeavour to take advantage of the experiences gained by making losses to anything like the same extent impossible for the future. The agreement for the coming harvest has not yet been finalised. I have placed a draft copy in the hands of Messrs. O’Loughlin and Hannaford, and after they have considered the proposal and placed their views before me in writing, it will then go on to the agents for their acceptance or otherwise. While I am hopeful that the agreement will show a saving to the farmers as compared with the last two, what is of infinitely greater importance is that the wheat which, in all probability, will remain here for two years (some think much longer) should be kept dry and protected against mice or other scourges. The cost of reconditioning the wheat in stacks has been heavy owing to the scarcity of labour experienced in that class of work, and to the rate of wages; but if the log recently placed in my hands is to be acceded to—signed “Lundie”, as Secretary of the A.W.U.—the cost of handling the crop will be largely increased. Most extraordinary demands have been made under the log. I have not replied to the letter, because I do not think it advisable to do so, but I want to show what the farmers now are paying for the reconditioning of the wheat, in wages, in addition to the enormous cost of buying new bags. What with these extraordinary demands for next year they will mean that if such continual extra charges on production are going to increase half the farmers will be pushed out of the business altogether. The proposed rates and conditions as set out in the log arc as follows:—Wheat lumpers—Present rates, 2s. per hour, 16s. per day, £4 16s. per week; rates demanded, 22s. 6d. per day, £6 15s. per week, £351 per annum. Truckers, upenders, and weighers—Present rates, 1s. 9d. per hour, 14s. per day, £4 4s. per week; proposed rates, 18s. per day, £5 8s. per week, £280 16s. per annum. Sewers, rebaggers, or any other class, or work at stacks not otherwise specified—Present rates, same as for truckers; proposed rates, 16s. per day, £4 16s. per week, £249 12s. per annum. Men laying dunnage, roofing stacks, and curtain hanging—Present rates, same as for truckers; proposed rates, 20s. per day, £6 per week, £312 per annum. Weighing, slinging, or leading (if boys under 18)—Proposed rates, 11s. per day, £3 6s. per week, £171 12s. per annum. For hire of one horse, 6s. per day, £1 16s. per week, £93 12s. per annum. For each vehicle used, the rate to be 2s. per day, making horse and dray 8s. per day, and each additional horse 6s. per day without driver. At present 48 hours constitute a week’s work. I will indicate in a moment the conditions demanded. But we must put our foot down and say that we will not pay, and the farmers will have to rally round us. That is what it is coming to, and when the wheat is taken off the farmers will have to come forward and do this work, if it cannot be done any other way. The conditions are:—

1. That 44 hours constitute a week’s work.
2. Overtime rates—First two hours to be paid for at the rate of time and half, and after first two hours double time to be paid.
3. That all holidays and Sundays be paid for at the rate of double time.
4. That the following be classed as holidays:—Christmas Day, Boxing Day, Com­memoration Day, New Year's Day, January 26, Good Friday, Easter Monday, King’s Birthday, Eight Hours’ Day, and Prince of Wales’s Birthday. No work to be done on Christmas Day, Good Friday, and Eight Hours Day. All other holidays, if worked, to be paid for at the rate of double time.
5. That proper sanitary arrangements be provided at all stacks with covers to seats and made fly-proof.
6. That accommodation huts be erected at all sidings where accommodation cannot be obtained.
7. That two “smoke-ohs” be allowed, 15 minutes each, one in the morning and one in the afternoon.
8. That a pay day be mutually arranged by the employees, but all men be paid weekly and in full. Payments to be made on pay day, before the signal is given to cease work.

It means that we shall have to be paying those rates for a 40 hours’ week. And that is to apply to farmers who have lost such a huge amount on their recent crops and who have in many cases given all that they could, including their sons, to this great war.

Mr. Edwards—You can put some of the returned soldiers on to that work now—decent money and good conditions.

The TREASURER—In conclusion we have increased production always on the tip of our tongues. We realise that the heavy burdens the people of the Commonwealth must carry for many years can only be lightened by adding to the wealth of the country, but while realizing all this we cannot shut our eyes to the fact that the increased burdens the producer has to carry, higher rates of interest, increased cost of machinery and labour, can only have one result—yearly shrinkage in the productions of the country and ruin to numbers of our producers. The Bill itself is small, but the scheme is of such vital interest to the farmers that I considered it my duty to place before them as clearly as possible the present position. If the farmers, in view of their enormous difficulties in getting their wheat away, can procure an average of 4s. per bushel for the two years, they should not complain. I appreciate the work connected with this department. I did not expect when I joined the Government, to have to undertake it, but I know I shall have the cordial assistance and co-operation of all the members of the Advisory Board, and I welcome from honourable members any suggestions to enable us to better protect the wheat next year and give the producer as nearly as possible what his labours deserve.

Mr. NICHOLLS secured the adjournment of the debate until October 31.