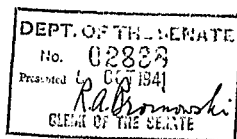


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COMMONWEALTH OF AUSTRALIA



JOINT COMMITTEE

ON

PROFITS

FIRST

REPORT

ORIGINAL PAPER LAID ON THE TABLE OF THE SENATE.

(TO BE RETURNED TO THE CLERK OF THE RECORDS AND PAPERS.)

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JOINT COMMITTEE ON PROFITS.
FIRST REPORT.

Joint Rep.

The Joint Committee appointed on 3rd July, 1941, by resolution of both Houses of the Parliament of the Commonwealth to inquire into -

- W. A. C. M. P.*
- (a) methods of restricting or controlling profits or prices; and
- (b) the question whether any and what alterations should be made in the existing methods of taxing profits,
- have the honour to present the following Progress Report.

PART I.

PRICES AND PROFITS.

EXTENT OF INQUIRY.

Safe

1. At the outset of our enquiries it became necessary to consider how far our enquiries should extend, having regard to the appointment of the Joint Committee on War Expenditure. Under its terms of reference that committee is required to examine current expenditure for the defence services and other services connected with the War. This reference involves a consideration of expenditure arising under Government contracts for munitions and supplies and the terms on which such contracts are let. It seemed convenient therefore that questions relating to the prices of such supplies to the Government and the profits accruing to contractors thereunder, should be left to the consideration of the War Expenditure Committee, and we have excluded these matters from our enquiries.
2. On the first branch of our terms of reference we have directed our enquiries to a consideration of methods of restricting and controlling the prices of commodities supplied by traders to the general public and the profits earned in the course of such operations. This has involved a consideration in particular of the National Security (Prices) Regulations and of the activities of the Commonwealth Prices Branch pursuant to those regulations.

10/10/40
~~to these regulations.~~

LEGISLATION.) *see*

3. The National Security Act 1939-1940, section 5, conferred on the Governor General power to make regulations for securing the public safety and the defence of the Commonwealth and the Territories of the Commonwealth, and in particular for prescribing the conditions (including the times, places and prices) of the disposal or use of any property, goods, articles or things of any kind.
4. Steps were taken immediately upon the outbreak of war to fix the prices of certain commodities at the prices current on 31st. August 1939. Thereafter regulations were published prescribing a general policy of price control and these regulations as amended from time to time are now to be found in the Manual of National Security Legislation p.285.
5. The Regulations provide for the appointment of a Commonwealth Prices Commissioner and also a Deputy Prices Commissioner in each State and each Territory being part of the Commonwealth. The following list shows the names of the present occupants of these positions:-
 - ✓ Professor D. B. Copland, C.M.G. - Commonwealth Prices Commissioner.
 - Mr. M. E. McCarthy - Secretary and Deputy Prices Commissioner for the Australian Capital Territory.
 - Mr. W. E. Addicoot - Deputy Prices Commissioner for New South Wales.
 - Mr. H. E. Bishop - Deputy Prices Commissioner for Victoria.
 - Mr. E. H. Lindsey - Deputy Prices Commissioner for Queensland
 - Mr. W. F. J. McCann, D.S.O., O.B.E., M.C., Deputy Prices Commissioner for South Australia.
 - Mr. C. P. Mathea - Deputy Prices Commissioner for Western Australia.
 - Mr. L. C. Johnson - Deputy Prices Commissioner for Tasmania.
 - Mr. J. A. Watson - Deputy Prices Commissioner for the Northern Territory.

3 The Commissioner has the assistance of the following

Advisers:-

✓ Sir Marcus Clark, K.B.E.

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10/10/41
 Mr. A. McK. Hislop

Mr. M. J. Lasry

There are also Advisory Committees associated with the Deputy Prices Commissioners in each State.

On 24th July, 1941, the Commonwealth Prices Commissioner was granted leave of absence for three months in order to take up the duties of Economic Consultant to the Prime Minister. During his absence the Secretary, Mr. M. E. McCarthy has been appointed Acting Commonwealth Prices Commissioner, while the duties of Secretary are being performed alternately by the Deputy Prices Commissioner for New South Wales and the Deputy Prices Commissioner for Victoria.

6. The Commissioner and the Deputy Commissioner have extensive powers to obtain information from any person (Reg. 17) to enter premises and inspect documents and take samples (Reg. 18) and to require returns to be furnished in relation to quantities of goods held, costs and prices charged (Reg. 20).
7. By Reg. 22 the Minister is empowered to declare any goods to be declared goods or any service to be a declared service and under Reg. 23 the Commissioner is empowered with respect to declared goods and declared services to fix and declare the maximum prices for such goods and services. The Commissioner is given extensive powers for fixing and declaring maximum prices of declared goods and services and a wide choice of methods including the power to fix maximum prices according to or upon any principle or condition specified by him.

DECLARED GOODS AND SERVICES *in case*

8. A large number of goods and services have been declared pursuant to the regulations and a list of these is set out in Schedule A. to this report. In the first part of

10 June 1939

4

the Schedule appear goods and services as to which a specific price has been fixed. In the second part of the schedule is a list of declared goods and services as to which no specific price has been fixed.

METHODS. *John 1939*

9. The Commissioner in exercising control under the regulations has not attempted to fix a specific price for a large number of commodities or services which have been declared. In the absence of the fixation of a specific price the goods are subject to the provisions of Prices Regulation Order No. 100 (superseding Prices Regulation Order No. 2).
10. In Prices Regulation Order No. 100 are to be found the general principles upon which the Commissioner has proceeded. Although this order is in terms applicable only to declared goods and services it affects the prices of most non-declared goods and services in that any such goods and services can be brought directly within the ambit of its operation by declaration of the Minister. This order in fact is the foundation upon which the whole existing structure of price control in Australia rests.
11. The order in the first place fixes wholesale prices by declaring that goods imported into Australia or manufactured in Australia and held for sale by a trader or manufacturer may be sold at the basic price, i.e. the price at which goods substantially identical in quantity and quality were sold on 31st August 1939. This starting point provides the foundation upon which the whole structure of price control has since been erected.
12. The maximum price at which goods may be sold by a retail trader is based on their cost to him together with a gross profit margin equal to that on the 31st August, 1939, or such other date as may be prescribed for that purpose. The Commissioner is empowered to vary the gross profit margin which the trader may otherwise be entitled to charge under the Order. *44*

13.

It was obvious from the commencement that all prices could not be stabilized at the figure at which they stood at the outbreak of war. Many factors operated immediately to prevent traders replacing existing stocks at a cost similar to that which prevailed before the outbreak of war. In such circumstances traders sought to write up the price of existing stocks to a figure sufficient to cover costs of replacement - and such a course would have been consistent with existing trade practices. It would, however, have brought about an immediate and substantial increase in prices, and traders holding substantial stocks would have made a large profit thereon.

14.

Consumers contended on the other hand that existing stocks should be disposed of at prices based upon the cost to the trader of the stocks held by him and that increases should only be permitted when the trader had exhausted those stocks. Consumers purchasing old stock would thus have the full advantage of the old price, and consumers purchasing new stock would carry the full burden of the increased cost of new stocks.

15.

The Commissioner met this problem by the application of principles which are, we believe, novel in the realm of price regulation. Prices Order 100 provides that the cost of old and new stocks (including a reasonable volume of forward commitments) may be averaged and that in these circumstances the maximum price shall be the average cost of old and new stock plus gross profit calculated on the same basis as on 31st August 1939 or such other date as may be substituted for that date as the prescribed date within the meaning of the Order.

16.

The effect is in most cases to limit the trader to the same gross profit margin on the average cost of his old and new stock as at the outbreak of war.

17.

The application of these principles to any particular case is subject to the control of the Commissioner in that he determines the date upon which the averaging of the cost of old and new stock may be commenced, and he may also vary the gross profit margin.

lower into

18. It is necessary to emphasise that these provisions of Prices Order 100 only have legal application to declared goods and services, but in practice the principles enunciated in this order have become of general application. This arises from the fact that all goods and services can be brought within the ambit of the order by Ministerial declaration under Regulation 22 of the National Security (Prices) Regulations, and the Commissioner and his officers possess very wide powers of investigation in relation to any business whether dealing in declared or undeclared goods (See Regulations 18 and 20). Traders are aware of the general principles applied by the Commissioner and that failure to conform to those principles may result in specific declarations being made in relation to their particular business. When such declarations are made against a trader who has failed to conform to the principles referred to, it is the practice of the Commissioner to take into account excess charges which have been made to the public, in fixing new prices at a lower figure than might otherwise be justified until the excess is returned to the community in the form of specially reduced prices.

19. We think the methods which have been applied by the Commissioner are sound and have proved efficacious in avoiding undue increases in prices. At a time when costs are increasing rapidly some increase in prices is unavoidable, and no system could successfully stabilize all prices at figures which prevailed at the outbreak of war. The averaging principle has operated to spread the burden of increased costs between purchasers of old and new stocks on an equitable basis and has permitted increased cost to be reflected more gradually in increased prices than would be the case in an unregulated market. Instability due to sudden and large increases has thus been avoided.

6

RESULTS

20. The general effect is best seen by a consideration of the retail price index numbers which are customarily used to measure changes in cost of living. The following table shows the movement of cost of living in Australia, Great Britain, Canada, New Zealand and United States of America during the period 1914 to 1920 and the movement in those countries and India during the present war:-

COST OF LIVING - RETAIL PRICE INDEX NUMBERS.

	Australia.	Great Britain.	Canada.	New Zealand.	United States of America.	India (Bombay.)
(A) 1914-1920.						
July--						
1914	100a	100	100	100	100	..
1915	114a	125	97	108	102	..
1916	116a	148	102	116	109	..
1917	123a	180	130	125	128	..
1918	132a	203	146	135	156	..
1919	140a	208	155	140	175	..
1920
(B) 1939-1941						
1939--						
September Quarter	100	100	100	100	100	100
December Quarter	101	109	103	102	99	105
1940--						
March Quarter ..	102	114	103	102	99	107
June Quarter ..	104	116	104	103	100	106
September Quarter	105	120	105	105	100	108
December Quarter..	108	124	107	109	100	109
1941--						
March quarter ..	109	127	107	106	100	112
June quarter ..	109	128b	108a	107c	102b	..
(a) November. (b) April. (c) May.						

CONTENTS OF INDEXER.

All Countries shown--Food, Rent, Clothing, Miscellaneous, Household Expenditure.

These movements are shown in graphs in Schedule B.

21. In Australia the rise has been a little more than 50% of the rise during the corresponding period of the last war, and is considerably less than the rise which has occurred in Great Britain during the present war.
22. The following table shows the movement in retail prices in Australia according to the C. Series Index which includes rent and clothing:-

RETAIL PRICES 2/13/42

VARIATIONS SINCE OUTBREAK OF WAR. 2/13/42

Group	"C" SERIES INDEX (Aggregate)				"GROUP" INDEXES		
	September Quarter 1939	June Quarter 1941	Differ- ences	Percentage Increase	September Quarter 1939	June Quarter 1941	Percentage Increase
SYDNEY							
Food ..	193,333	197,409	4,076	0.7	930	949	2.0
Rent ..	138,602	139,181	579	0.1	1039	1043	0.4
Clothing ..	106,559	140,876	34,317	6.4	841	1109	31.9
Miscellaneous	100,394	111,103	10,709	2.0	939	1039	10.6
TOTAL:	538,888	588,569	49,681	9.2	933	1019	9.2
MELBOURNE							
Food ..	193,866	195,033	1,167	0.2	932	938	0.6
Rent ..	127,699	130,020	2,321	0.4	957	974	1.8
Clothing ..	104,390	139,578	35,188	6.6	823	1100	33.7
Miscellaneous	104,140	112,347	8,207	1.6	974	1051	7.9
TOTAL:	530,095	576,978	46,883	8.8	918	999	8.8
BRISBANE							
Food ..	177,895	187,023	9,128	1.8	855	899	5.1
Rent ..	114,119	114,742	623	0.1	855	860	0.6
Clothing ..	105,762	139,896	34,134	6.9	834	1103	32.3
Miscellaneous	102,151	109,113	6,962	1.4	955	1020	6.8
TOTAL:	499,927	550,774	50,847	10.2	866	954	10.2
ADELAIDE							
Food ..	184,711	186,642	1,931	0.4	888	897	1.0
Rent ..	118,751	119,142	391	0.1	890	893	0.3
Clothing ..	108,982	141,910	32,928	6.3	861	1115	29.5
Miscellaneous	109,028	118,571	9,543	1.8	1020	1109	8.7
TOTAL:	521,472	566,265	44,793	8.6	903	981	8.6
PERTH							
Food ..	196,432	207,448	11,016	2.1	944	997	5.6
Rent ..	117,618	117,826	208	0.1	881	883	0.2
Clothing ..	106,096	137,136	31,040	5.9	836	1075	28.6
Miscellaneous	101,943	110,916	8,973	1.7	953	1037	8.8
TOTAL:	522,089	573,326	51,237	9.8	904	993	9.8
HOBART							
Food ..	190,497	199,172	8,675	1.7	916	958	4.6
Rent ..	123,700	124,472	772	0.1	927	933	0.6
Clothing ..	108,101	142,903	34,802	6.7	852	1123	31.8
Miscellaneous	100,526	107,564	7,038	1.3	940	1006	7.0
TOTAL:	522,824	574,111	51,287	9.8	905	994	9.8
5 CAPITALS							
Food ..	191,298	195,270	3,972	0.8	920	939	2.1
Rent ..	129,071	130,171	1,100	0.2	967	976	0.9
Clothing ..	106,033	140,260	34,227	6.4	836	1104	32.1
Miscellaneous	102,734	111,978	9,244	1.8	961	1047	8.9
TOTAL:	529,136	577,679	48,543	9.2	916	1000	9.2
CANBERRA							
Food ..	217,547	219,289	1,742	0.3	1046	1054	0.8
Rent ..	131,164	131,297	133	0.0	983	984	0.1
Clothing ..	107,691	146,071	38,380	7.0	850	1151	35.4
Miscellaneous	92,623	102,353	9,730	1.8	866	957	10.5
TOTAL:	549,025	599,010	49,985	9.1	951	1037	9.1

It will be observed that the most substantial rise in these prices occurs in clothing which shows a percentage increase for the six capital cities of 52.1 per cent. and accounts for more than two-thirds of the 9.2 per cent. total increase for the whole range of items shown by the figures for the six capital cities.

24. The figures for food and groceries alone for the six capital cities are as follows :-

FOOD AND GROCERIES : GROUP INDEX NUMBERS

Capital City	Month of September 1939	Month of June 1941	Percentage Increase Sept 1939 to June 1941	Average for Year ended 1941		June quarter 1941	Percentage increase June quarter 1941 over -	
				June 1939	September 1939		June quarter 1939	September 1939
Sydney ..	934	936	0.2	929	930	949	2.2	2.0
Melbourne	930	932	0.2	927	933	936	1.2	0.5
Brisbane	860	887	3.1	856	858	899	5.0	4.8
Adelaide	893	889	-0.5	887	891	897	1.1	0.7
Perth ..	941	1003	6.6	922	931	997	6.1	7.1
Hobart ..	920	953	3.6	901	911	958	6.3	5.2
6 Capitals:	922	930	0.9	916	920	939	2.5	2.1
Canberra:	1048	1040	-0.8	1049	1057	1054	0.5	-0.3

More detailed particulars of the movement of prices of commodities included in the cost of living regimen appear in Schedule C.

25. The following table shows the movement in wholesale prices in Australia, New Zealand, Great Britain, United States and Canada, during the period 1939-41 and the movement in those countries during the period 1913-1919.

WHOLESALE PRICE INDEX NUMBERS 1914-1941

I. 1939-1941.

Year	Australia (Basic Materials and Foodstuffs, Common- wealth Statistician)	New Zealand (Average of four chief centres, Census and Statistics Office)	Great Britain (Board of Trade)	United States (Bureau of Labour Statistics)	Canada (Dominion Bureau of Statistics)
1938 Average	-	979	1040	1040	1072
1939 Average	-	1012	-	1080	1089
1939-39 Average	1000	-	1000	-	-
January-August 1939 Average	-	-	-	-	-
1941 - June	-	1000	-	1000	1000
August	964	1025	-	992	988
November	1020	1050	1216	1048	1042
1942 - February	1041	1078	1216	1041	1034
May	1096	1112	1271	1097	1072
August	1114	1153	1437	1094	1128
November	1104	1189	1507	1053	1142
1943 - February	1095	1210	1538	1044	1162
May	1108	1232	1523	1123	1207
August	1157	1240 (June)	1543 (June)	1175 (July 24)	1222 (June)

II. 1914-1919.

Annual Average	Australia (Melbourne Wholesale Price-Index, Common- wealth Statistician)	New Zealand (Average of four chief centres, Census and Statistics Office)	Great Britain (“Statistic”)	United States (Bureau of Labour Statistics)	Canada (Dominion Bureau of Statistics)
1913	100	100	100	100	100
1914	106	104	100	94	108
1915	148	123	127	100	110
1916	139	134	140	122	122
1917	153	151	205	148	179
1918	176	175	225	202	199
1919	189	178	242	179	200

26.

During the ¹⁹³⁹⁻¹⁹⁴¹ same period there have been increases in basic wage rates. Increases are shown in the following figures :-

BASIC WEEKLY WAGE RATES (ADULT MALES) FIXED BY COMMON-WEALTH COURT OF CONCILIATION AND ARBITRATION.

Payable from	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Six Capitals
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1939 - 1/6/7							
1st September	81. 0	81. 0	76. 0	78. 0	77. 0	77. 0	78. 0
1st December	82. 0	80. 0	"	77. 0	"	"	"
1940 -							
1st February	"	81. 0	77. 0	"	"	78. 0	80. 0
1st May	83. 0	82. 0	78. 0	78. 0	"	"	"
1st August ..	85. 0	84. 0	79. 0	80. 0	79. 0	80. 0	82. 0
1st November	"	"	"	"	80. 0	81. 0	83. 0
1941 -							
1st February	88. 0	86. 0	82. 0	82. 0	81. 0	83. 0	85. 0
1st May	"	87. 0	83. 0	83. 0	82. 0	84. 0	86. 0
1st August ..	89. 0	"	"	"	84. 0	85. 0	"

BASIC WEEKLY WAGE RATES (ADULT MALES) BY STATE INDUSTRIAL TRIBUNALS.

Sydney	Melbourne	Brisbane		Adelaide		Perth		Hobart
		Wage	Payable from	Wage	Payable from	Wage	Payable from	
Same as Commonwealth Court Rates	None declared	84/-	7.8.39	78/-	5. 1.39	82/2	24.4.39	None declared
						82/8	1.7.40	
		89/-	31.3.41	84/-	28.11.40	85/4	31.7.40	
						86/11	26.2.41	
						88/-	28.4.41	
						90/5	28.7.41	

27.

These figures do not reflect the total increase in wage costs. On this matter the Prices Commissioner said :-

" Labour costs are up by more than 7.6 per cent. but it is exceedingly difficult to get the full facts. My general impression is that the labour costs would be up by about 11 per cent. in industries which I have examined, such as fertilizers, boots and shoes, leather, woollen yarns and cotton piece goods, where we have records of labour costs at the outbreak of war and today. That is compared with the known movements in the basic wage and the wage rates generally as measured by the Commonwealth Statistician. It is exceedingly difficult to define 'labour costs' because it is not merely a matter of the wage rate. The labour cost does not necessarily go so high as the wage rate, though it may go higher. I always speak with caution on such a matter as labour costs just as I do about net profits."

and later on he also said :-

" When I said that labour costs have risen by 11 per cent. I used a very conservative figure. It may be higher."

28.

We think a great deal of praise is due to the Commissioner, and his staff and advisers for the manner in which they have carried out the difficult task assigned to them, and that such success as has attended the undertaking is attributable in no small measure to the methods which have been employed. The Committee has, however, not exhausted its enquiries and a number of criticisms have still to be investigated.

29.

It will be observed that many of the commodities with respect to which specific prices have been fixed are basic commodities the price of which largely determines the price of other commodities. The Commissioner has proceeded on these lines rather than attempt to fix retail prices for a large range

of commodities. We think this method of approach is sound. It enables control to be exercised at the point where commodities first enter the Australian market whether imported or locally produced and at a stage when control is more effective as the activities of a relatively small number of traders is involved and effective supervision of their dealings is possible. With effective control over the basic products competition between retail traders combined with the prospect of declaration if excessive prices are charged operates as a check on retail prices.

30. This method, is, we believe, preferable to attempting to fix retail prices for a wide range of commodities. To do so is to approach the problem at the wrong end frequently after substantial profits have already been made in the processes of production and distribution. Wide differences exist in the costs of manufacture and distribution as between manufacturers and dealers even in the same commodity, and the circumstances of a large city retail store cannot be compared with the position of a small suburban or country shop serving a relatively small number of people.

10.

The cash trader supplying goods over the counter is able to operate on a smaller gross profit margin than the retailer who delivers goods to customers and engages in credit business. The circumstances of traders vary so widely that it is not possible with justice to fix retail prices of many commodities, and this would involve extensive administrative machinery and create much friction. We think the control which has been exercised based upon a limitation of gross profit margins is a much more practical and equitable approach to the problem.

PRICES AND FINANCIAL POLICY } *care*

31-50. The degree of success which attends the attempt to avoid heavy increases in prices depends, we believe, in large measure upon the financial policy which is followed to meet the rapidly increasing costs of war, and this factor is becoming of major importance as more and more man power and industrial resources are diverted to war production and service. Government expenditure for defence purposes has greatly increased the income of large sections of the community and added to the present capacity of consumers to demand goods and services. The capacity to meet certain of these demands is relatively reduced by reason of the transfer to defence production of machinery and man power which might otherwise be available for civil production. In these circumstances there is a real danger that the capacity of industry to satisfy demands on civil production will fall short of the demand, and that this situation will be reflected in rising prices. Financial policy should, we think, be directed to the avoidance of such a development.

POST-WAR RECONSTRUCTION AND MINIMUM PRICES } *care*

39-51. One other aspect of future policy which is of major importance is associated with post-war reconstruction. At the end of the war it will be as necessary to restrain a rapid fall in prices as it is today desirable to avoid a rapid rise. From the social point of view the evils

14

15
11

associated with a rapidly declining price level are greater than those associated with a rise. The experience of the depression years is sufficiently fresh in our memory to render any further amplification of this view unnecessary. If a rapid fall in prices following upon the conclusion of the war is to be avoided, it will become necessary to fix minimum prices, and the Prices Commissioner will require ample powers for this purpose. We believe ~~this~~ task will be even more difficult than that in which he is at present engaged, and unless steps are taken well in advance his efforts may be rendered useless by insuperable Constitutional and political obstacles.

33-38. It will be realised that the conclusions which we express in this report are tentative in character and represent our reaction to the evidence which has so far been submitted to us. It is our intention to carry out a much more extensive investigation than has so far been possible, and we may find it necessary to revise some of the views we have expressed. As our enquiries are by no means completed we are not in a position to make final recommendations, but we think the evidence justifies our drawing particular attention at this stage to the following additional matters:-

- 5*
- (a) We were very unfavorably impressed with the accommodation provided for the staff at the central office in Canberra. The offices are situated in what was formerly the Hotel Acton. One branch occupies a two-storied wing of the building and another, including the correspondence section, an entirely separate upstairs wing. In view of the existing demand for accommodation in Canberra we appreciate the difficulty of providing offices which would be entirely satisfactory, but we think the work in the Prices Branch would be more satisfactorily dealt with if the staff at present housed in the upstairs wing of the building were to change places with the Re-construction Branch of the Department of Labor, which occupies a portion
- 15*

of the building much more conveniently situated for the purposes of the Prices Branch than the upstairs section at present occupied by it.

- (b) Schedule D. to this report contains a list of prosecutions instituted against traders, and the result of the prosecution in each case. It has been represented to us that the penalties imposed are on the whole lighter than the offences justify. We do not feel it would be proper for us to criticise decisions reached by judicial authorities in relation to matters as to which they are the ultimate judges, but we think that where deliberate breaches of the regulations and orders are proved, it is in the public interest that such offences should be regarded as grave breaches of the law, and treated accordingly. The existing penalties are provided for in the National Security Act 1939-1940, section 10, which reads as follows:-

10.—(1.) Any person who contravenes, or fails to comply with, any provision of any regulation made in pursuance of this Act, or with any order, rule or by-law made in pursuance of any such regulation, shall be guilty of an offence against this Act. *Trial of offence.*

(2.) An offence against this Act may be prosecuted either summarily or upon indictment, but an offender shall not be liable to be punished more than once in respect of the same offence.

(3.) The punishment for an offence against this Act shall be—

(a) if the offence is prosecuted summarily—a fine not exceeding One hundred pounds or imprisonment for a term not exceeding six months, or both; or

(b) if the offence is prosecuted upon indictment—a fine of any amount or imprisonment for any term, or both.

(4.) An offence against this Act shall not be prosecuted summarily without the written consent of the Attorney-General, or the Minister of State for Defence, or a person thereto authorized in writing by the Attorney-General or the Minister of State for Defence, and an offence against this Act shall not be prosecuted upon indictment except in the name of the Attorney-General.

(5.) For the purpose of the trial of a person summarily or upon indictment for an offence against this Act, the offence shall be deemed to have been committed either at the place in which it was actually committed or (subject to the Constitution) at any place in which the person may be.

(6.) In addition to any other punishment, a court may, if it thinks fit, order the forfeiture of any money or goods in respect of which an offence against this Act has been committed.

These provisions appear to us to provide ample scope for the imposition of adequate penalties.

17.
18.

5/8

(c) We think that information in the possession of the Commissioner of Taxation may at times prove useful to the Prices Commissioner in carrying out his investigations and that information in the possession of the Prices Commissioner may be of value to the Commissioner of Taxation. Section 16 of the Income Tax Assessment Act should, we think, be amended to include the Prices Commissioner among the persons to whom information may be supplied under subsection (4) of that section. A corresponding amendment to the National Security (Prices) Regulations R.11 could be made to enable the Commissioner of Taxation to have information supplied to him by the Prices Commissioner.

17

PART II.TAXATION OF PROFITS.

34. The second branch of our enquiry is related to the question whether any and what alterations should be made in the existing methods of taxing profits.
35. The only legislation which is directed to the imposition of taxation upon profits, apart from that which is to be found in the Income Tax Acts, is that which was enacted last year by the War-time (Company) Tax legislation. By that legislation a Special tax was imposed where the taxable profits derived by a Public Company exceed 8 per cent of the capital employed. The War-time (Company) Tax Assessment Act contained provisions whereby a Board of Referees is entitled in appropriate cases to prescribe a greater percentage than 8 per cent as the basis upon which the tax shall operate in particular cases. The rate of tax is prescribed by the War-time (Company) Tax Act, and it commences at 4 per cent of the first 1 per cent of the capital employed by which the taxable profits exceed the percentage standard, and increases by steps of 4 per cent for each additional 1 per cent until the tax reaches a maximum of 60 per cent on the excess when that excess itself exceeds 14 per cent, or a total taxable profit of 22 per cent.
36. The present Act is not a tax upon War-time profits as such, but is rather to be described as a tax upon high percentage profits in War time. The method which has been adopted by this Parliament in this War for the purpose of imposing direct taxation upon high profits is a departure from the methods employed during the last War and differs from the procedure followed during this War in the United Kingdom, Canada, New Zealand and South Africa.
37. The alternative to the type of tax which has been adopted here is to enact legislation which is directed to

Adm

taxing, and taxing heavily, profits which are attributable to the War. This is done by imposing the tax upon the amount by which current profits exceed profits earned over a selected number of pre-war years. Such a tax suffers from two main disadvantages -

- 5/8 (1) It will inflict a heavy impost in many cases in which increased profits in the war period are not necessarily attributable to the War, and
- (2) Companies whose rate of profit was high before the war can continue to enjoy that high rate of profit without being subject to the tax.

38. Excess Profits Duty imposed in England during the last War does appear to have been successful from the financial point of view during the war in that it resulted in the payment to the Treasury of very large sums in taxation. The collection in one year exceeded £300,000,000. While this was so there were very heavy refunds after the determination of the War. The similar tax which was operative in Australia during the period of the last War was by no means as successful from the financial point of view. The tax operated over a period of four years, but the collections amounted to less than £8,000,000, after deducting the refunds, and the tax was reported upon very unfavourably by the Commissioner of Taxes on page 172 of his Seventh Annual Report, where he referred to it as a tax which is unequal and harsh in its incidence.

39. The Taxation Authorities have placed before this Committee a comparative table showing the effect in the case of some 35 representative but undisclosed Companies of the operation of the War-time (Company) Tax and an Excess Profits Tax assuming that the rate of Excess Profits Tax was 100% upon the excess over the pre-war standard. That table indicates that less revenue would be collected under the Excess Profits Tax than under the War-time (Company) Tax, and this was so notwithstanding the fact

that no allowance was made in the calculations of Excess Profits Tax for additional capital employed in the war period as compared with that employed in the periods before the War. If this factor were taken into consideration it is clear that the disparity between the two sets of figures would be greater than was indicated in the table submitted to us.

40. The existing tax has the advantage of being closely related to the Income Tax, and the necessity for rendering complicated returns upon a different basis is avoided.

41. It may be thought desirable, although on this matter we make no recommendation one way or the other, to increase the rates of tax imposed under this legislation. This does not present any great difficulties. The percentage standard can be brought lower than 8 per cent, or the rates of tax upon the excess over the percentage standard can be increased and the Super Tax can be increased.

42. The yield from ^{the War-time (Company)} ~~this~~ tax in its first Year is estimated to amount to £2,333,000, and from Super Tax £2,800,000. While the revenue from this source is not great, we think this problem should be considered, not merely from a revenue producing point of view. There is strong and justifiable objection to the exploitation of the community in war time, and this tax does place some curb upon the accumulation of excessive profits. On the other hand we would emphasise the dangers of imposing a rate of tax which is so high as to discourage initiative and enterprise at a time when the exercise of these qualities is itself a valuable contribution to a total war effort.

43. We have set out in Schedule ~~F~~ hereto the principal features of the legislation relating to the taxation of profits in Great Britain, New Zealand, Canada, South Africa, United States and Australia.

44. It is of course not possible to discuss the question of the taxation of profits without regard to other forms of taxation which are in operation, and it is impossible to assess the merits and defects of the War-time (Company) Tax legislation without regard to

other taxes which fall on Companies. All Companies are subject to income tax at a flat rate of 2/- in the £. In addition to this tax Private Companies are required to pay tax upon undistributed profits at the rate which would be applicable to those distributions if in fact they were distributed to the shareholders, and Public Companies are charged 2/- in the £ upon their undistributed profits. In addition there is a Super Tax of 1/- in the £ upon Public Company incomes which exceed £5,000, but this tax is deducted for the purpose of the War-time (Company) Tax Assessment Act, so that in effect a Company is not liable to both War-time (Company) Tax and Super Tax.

45. It will be observed that Private Companies are exempt from the operations of ~~the~~ War-time (Company) Tax. We think this exemption is justifiable at the present time, having regard to the other imposts which apply to Private Companies, and we gather that it was for the purpose of avoiding an unjust impost upon Private Companies as compared with Public Companies that they were exempted from the Act. There is evidence before us to suggest that, at least in some cases, the total tax imposed upon Private Companies is considerably in excess of that which operates in the case of a Public Company. But while it is possible to point to anomalous cases, we think, looked at as a whole, that the taxation upon Private Companies is fairly comparable with that applicable to Public Companies. It is not possible to make an exact comparison, but the figures placed before us indicate that the burdens upon the Private and the Public Company do not differ so greatly from each other as figures in relation to isolated cases may suggest.

46. Your Committee proposes to hear further evidence on the question of the taxation of profits and will report at a later date after having made a much more intensive study of the question than has been possible so far.

J. A. Spicer
CHAIRMAN.

Journal

Schedule A.) 21/2/41 baf

LIST OF DECLARED GOODS IN WHICH A SPECIFIC

PRICES REGULATION ORDER HAS BEEN ISSUED, FIXED

As at 26th September, 1941.

	Declaration No.	Gazette Date
Almonds -	6-11	15-1
shelled and unshelled	41	5/7/40
Australian-grown	41	5/7/40
Bags, sacks and woolpacks	3	6/10/39
secondhand (see Orders for details)	3	6/10/39
Balls, tennis	18	20/11/39
golf	18	20/11/39
Beams, structural	3	6/10/39
Biscuits	3	6/10/39
Blankets	44	23/7/40
Blind rollers - (furniture and furnishings)	20	28/11/39
sales by J. Gadsden Pty. Ltd. West Melb.	20	28/11/39
Bread	3	6/10/39
Bricks	3	6/10/39
Butter	3	6/10/39
Bran	46	27/9/40
Cement, Portland	3	6/10/39
Coal briquettes sold by Victorian State	3	6/10/39
Electricity Commission to industrial consumers	3	6/10/39
Coal	3	6/10/39
Coke	3	6/10/39
Copper, bars	23	14/12/39
blocks	23	14/12/39
ingots	23	14/12/39
pig	23	14/12/39
Chalvey & Co. J. household wringers sold by	56	7/5/41
Casein	65	15/9/41
Calves' vells	66	24/9/41
Diamonds, industrial	20	28/11/39
Drugs and chemicals -		
Magnesium sulphate (Epsom Salts)		
(manufactured in Australia)	20	28/11/39
Debenhams (Aust.) Pty. Ltd. goods sold by	60	3/7/41
Electrical appliances and articles -		
Batteries (storage) and parts	21	30/12/39
Cable, weatherproof braided aerial sold		
by Metal Manufacturers Ltd., Melbourne	21	30/12/39
Fertilizers -		
Sales by Export Abattoirs Board, Adelaide	3	6/10/39
Blood manures	3	6/10/39
No. 1. bone manure		
" 2 " "		
" 2 " "		
Fish, canned (Crayfish) (H. Jones & Co. P/L.		
Hobart)	3	6/10/39
Flour plain	3	6/10/39
Fruits, dried	3	6/10/39
Fruit pulp	35	21/3/40
Firewood (Melbourne)	59	17/6/41
" (Hobart)	63	25/8/41

	Declaration No.	Gazette Date
Handles, wooden, for tools and implements	9	3/11/39
Hides and skins -		
Calf skins	1	4/10/39
Cattle hides	1	4/10/39
Export sales	1	4/10/39
Sheep Pelts	10	3/11/39
Yearling skins	1	4/10/39
Kalsomine	36	19/4/40
Lead, pig	23	14/12/39
Leather -		
dressed from hides	5	6/10/39
from s h e e p skins	2	5/10/39
Sole		
Splits		
Uppers from calf skins	2	5/10/39
hides		
yearlings		
- Meat Sheep tongues (Sales by Westalla Canning Co. outside W.A.)	3	6/10/39
Mica produced in Australia	40	5/7/40
Mercury	3	6/10/39
Motor spirit - including benzene, benzol, benzoline, gasoline, pentane, petrol, naphtha	38	2/5/40
any mixture of these spirits and any mixture of one or more of these spirits and power alcohol.		
Meat sold by specified butchers (see Declaration for details)	58	9/6/41
Nectarines, dried - Sales by A.D.F. Assn.	3	6/10/39
Oils - Diesel (Shell Co. of Aust. Ltd. Melb.)	3	6/10/39
Pans - Sanitary pedestal	3	6/10/39
Piece goods, Bemberg, Kabe silks, printed silks - see Order for details	27	5/2/40
Powders - Metal -		
(a) Bronze	21	30/11/39
(b) Gold	33	8/3/40
Pollard	46	27/9/40
Potatoes (N.S.W. and Queensland)	48	21/11/40
" (Victoria)	61	17/7/41
Refrigerators, and parts therefor	22	7/12/39
Rice	3	6/10/39
Rope, cordage, twine, yarn and manufactures thereof (see Order for details)	29	6/2/40
Robt. Reid & Co. Ltd. - goods sold by	55	30/4/41
Richard Allen & Sons (1919) P/L. goods sold by	54	25/8/41
Serum canine tick	32	22/2/40
Sugar	3	6/10/39

List of Declared Goods in which a specific
Price Regulation Order has been issued.

	Declaration No.	Gazette Date
Services. Every service of transporting passengers or goods or both by sea from any place in Australia to any other place in Australia carried on by any person or body of persons incorporated or unincorporated	4	6/10/39
Sargood Gardiner Pty. Ltd. - goods sold by	62	17/7/41
Sugar	3	6/10/39
Timber -		
Dressed and undressed (including shocks)	3	6/10/39
Logs not sawn (Oregon)	24	14/12/39
Logs not sawn	25	20/12/39
Troughing, structural	3	6/10/39
Terry towels and robing	53	18/3/41
Vegetable pulp	35	21/3/40
Wattle Bark	49	20/1/41
Wax - compounded containing Carnauba Wax manufactured by Gen. Paint Co. Pty.Ltd.	51	5/3/41
Yarns - woollen or containing wool	47	14/11/40
- cotton produced in Australia	50	7/2/41
Zinc bars	23	14/12/39
blocks	23	14/12/39
dust	28	6/2/40
ingots	23	14/12/39
shavings	28	6/2/40

Lower 10/4

LIST OF DECLARED GOODS IN WHICH A SPECIFIC
PRICE REGULATION ORDER HAS NOT BEEN ISSUED - *FIXED*

As at 26th September, 1941.

	Declaration No.	Gazette Date
Acid, Citric	3	6/10/39
Acid, Tartaric	3	6/10/39
Almonds, Imported	41	5/7/40
Aluminium plates and sheets	3	6/10/39
Asbestos, crude	3	6/10/39
Baking powder	3	6/10/39
Bags, sacks and woolpacks manufactured in Australia	3	6/10/39
Belting, rubber	18	20/11/39
Bicycles	6	13/10/39
Bicycle parts and accessories	6	13/10/39
Biscuits, imported	3	6/10/39
Irrespective of origin	3	6/10/39
Bitumen	8	25/10/39
Cutback	8	25/10/39
Bituminous emulsions	8	25/10/39
Blind rollers (furniture and furnishings) imported	20	28/11/39
Boards - wall and ceiling	3	6/10/39
Borax	22	7/12/39
Borax Glass	22	7/12/39
Brackets (builders' hardware)	3	6/10/39
Brooms and brushes	14	14/11/39
Camphor	3	6/10/39
Candles	3	6/10/39
Cases (packing, wooden)	7	20/10/39
Casings, frankfort and sausage	3	6/10/39
Cocoa	3	6/10/39
Coffee	3	6/10/39
Colours dry	3	6/10/39
Cotton wool (medicated or otherwise)	3	6/10/39
Cornflour	3	6/10/39
Cream of Tartar	3	6/10/39
Dental supplies, equipment, parts and accessories	13	6/11/39
Door closers (builders' hardware)	3	6/10/39
handles (builders' hardware)	3	6/10/39
knobs (builders' hardware)	3	6/10/39
springs (builders' hardware)	3	6/10/39
Doors (building materials)	3	6/10/39
Drugs and chemicals -		
Ammonium bromide	3	6/10/39
Bismuth carbonate	3	6/10/39
Copper sulphate	34	14/5/40
Lead acetate	22	7/12/39
Lead nitrate	22	7/12/39
Magnesium sulphate (Epsom salts)	20	28/11/39
Methyl salicylate	3	6/10/39
Paradichlor-benzene	31	22/2/40
Phenazone	3	6/10/39
Potassium bromide	3	6/10/39
Potassium citrate	3	6/10/39
Potassium Bichromate	11	3/11/39

List of Declared Goods in which a specific
Price Regulation Order has not been issued. *fixed*

	Declaration No.	Gazette Date
Drugs and chemicals (contd.)		
Potassium iodide	3	6/10/39
Sodium bromide	3	6/10/39
Sodium bichromate	11	3/11/39
Sodium iodide	3	6/10/39
Sodium salicylate	3	6/10/39
Dyes	3	6/10/39
Earthenware - Sanitary articles of	3	6/10/39
Electrical appliances and articles -		
Cable and wire. (covered)	21	30/12/39
Fanlight openers	3	6/10/39
Fasteners, cupboard, door and window	3	6/10/39
Fertilizers	3	6/10/39
Fish in tins	3	6/10/39
Fish paste	3	6/10/39
Fittings, sash	3	6/10/39
Flour, self-raising	3	6/10/39
Foods, Infants' and invalids'	3	6/10/39
Footwear, rubber	18	20/11/39
Frames, window (all kinds)	3	6/10/39
(metal only)	3	6/10/39
Fruits, canned	3	6/10/39
Glass, plain clear sheet	36	19/4/40
Glycerine	3	6/10/39
Grain and pulse prepared or processed -		
(a) Breakfast foods	3	6/10/39
(b) Oatmeal	3	6/10/39
(c) Wheatmeal	3	6/10/39
Handles, wooden, for tools and implements		
(imported)	9	3/11/39
Hides and skins -		
Rabbit skins dyed and dressed	34	14/2/40
Hinges (builders' materials)	3	6/10/39
Hooks, hat and coat	3	6/10/39
Hooks, screw	3	6/10/39
Hose, rubber	18	20/11/39
Hosiery full fashioned	14	14/11/39
socks and stockings for human attire	43	19/7/40
Jams	3	6/10/39
Jellies fruit	3	6/10/39
Latches (builders' hardware)	3	6/10/39
Latex	14	14/12/39
Leather -		
From marsupial skins	39	29/5/40
Kid	12	3/11/39
Lime	3	6/10/39
Locks (building materials)	3	6/10/39
Matches	3	6/10/39
Matting, rubber	26	11/1/40
Meat, canned	3	6/10/39
extract of	3	6/10/39
Mica, imported	40	5/7/40

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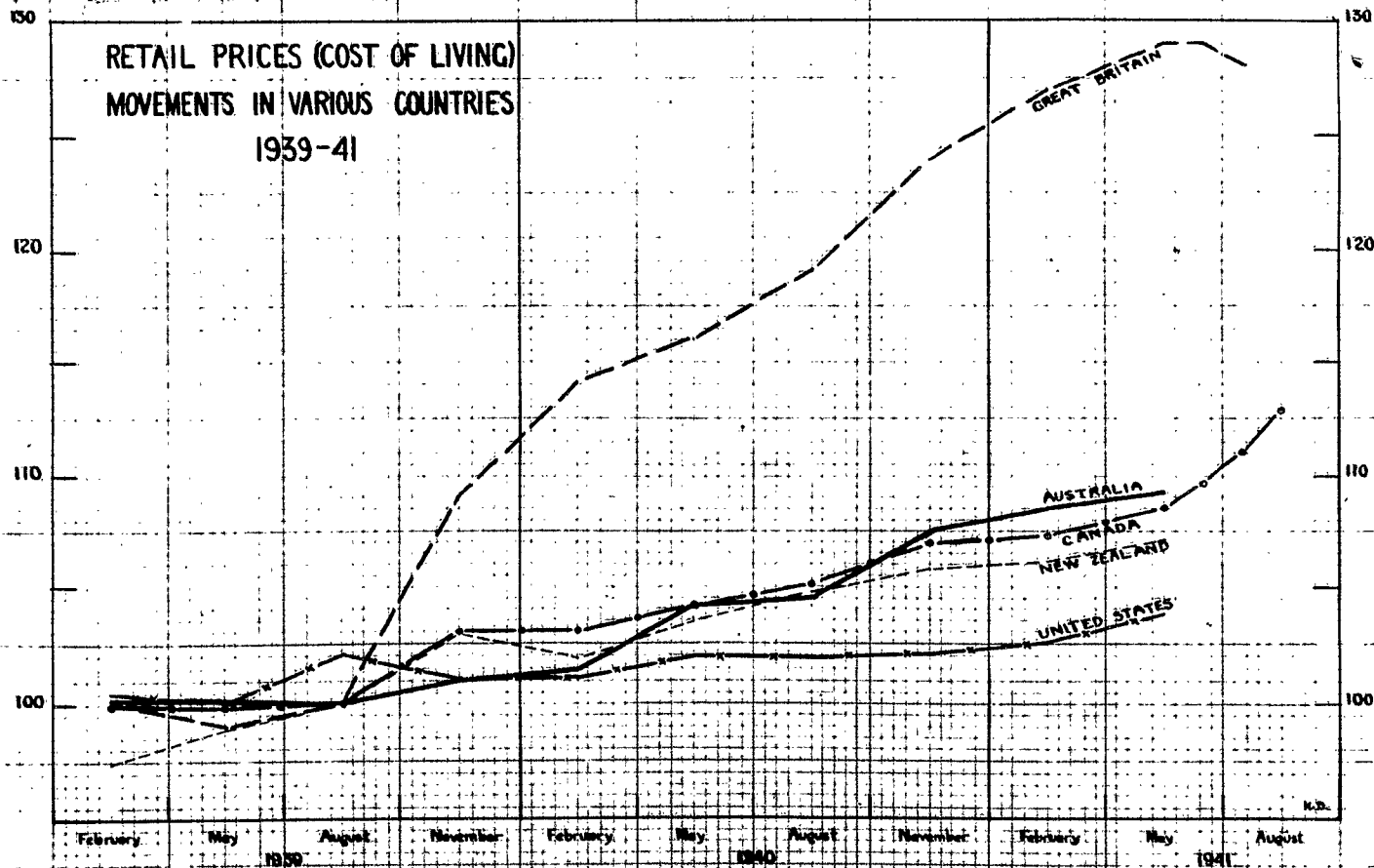
List of Declared Goods in which a specific
 Price Regulation Order has not been issued *fixed*

	Declaration No.	Gazette Date
Milk and cream, condensed, concentrated and powdered, including powdered skim milk	3	6/10/39
Needles for knitting machines	16	14/11/39
Oils - Castor	3	6/10/39
Crude petroleum	3	6/10/39
Essential - produced in Australia - (Citrus), lemon	42	10/7/40
(Citrus), imported	42	10/7/40
(Citrus), orange produced in Aust.	42	10/7/40
Fuel	3	6/10/39
Kerosene		
Linseed		
Mineral lubricating		
Olive		
Paraffin (medicinal)	19	21/11/39
Paints, varnishes and enamels	3	6/10/39
Paper	3	6/10/39
Paper hangings	3	6/10/39
Paper manufactures - paper bags	22	7/12/39
Piece goods, hessian	3	6/10/39
jute	3	6/10/39
cotton, silk, artificial silk	3	6/10/39
Plaster of Paris	27	5/2/40
Plates, finger (builders' hardware)	3	6/10/39
Resins and gums -	3	6/10/39
Colophony (Rosin)	43	19/7/40
Shellac	25	20/12/39
Rubber, crude	3	6/10/39
Sago	3	6/10/39
Salt	3	6/10/39
Separators, cream	3	6/10/39
Sewing machines and parts therefor	22	7/12/39
needles	22	7/12/39
Shafting, flexible and casing for same (see order for details)	3	6/10/39
Sheets, iron and steel (building materials)	3	6/10/39
Black		
Galvanized corrugated		
" flat	3	6/10/39
Shirts, men's and boys'	45	26/7/40
Skewers, butchers'	3	6/10/39
Soap	26	11/1/40
household	3	6/10/39
Soda, bicarbonate of	3	6/10/39
carbonate of	34	14/3/40
Stationery -	22	7/12/39
Envelopes		
Writing paper	22	7/12/39
Surgical dressings -	3	6/10/39
Bandages		
Gauze		
Lint	3	6/10/39
Tapioca	3	6/10/39
Tiles (builders' hardware)	3	6/10/39
Tin ingots	5	6/10/39
Tea	3	6/10/39

List of Declared Goods in which a specific Price
~~Regulation Order~~ has not been issued *fixed*

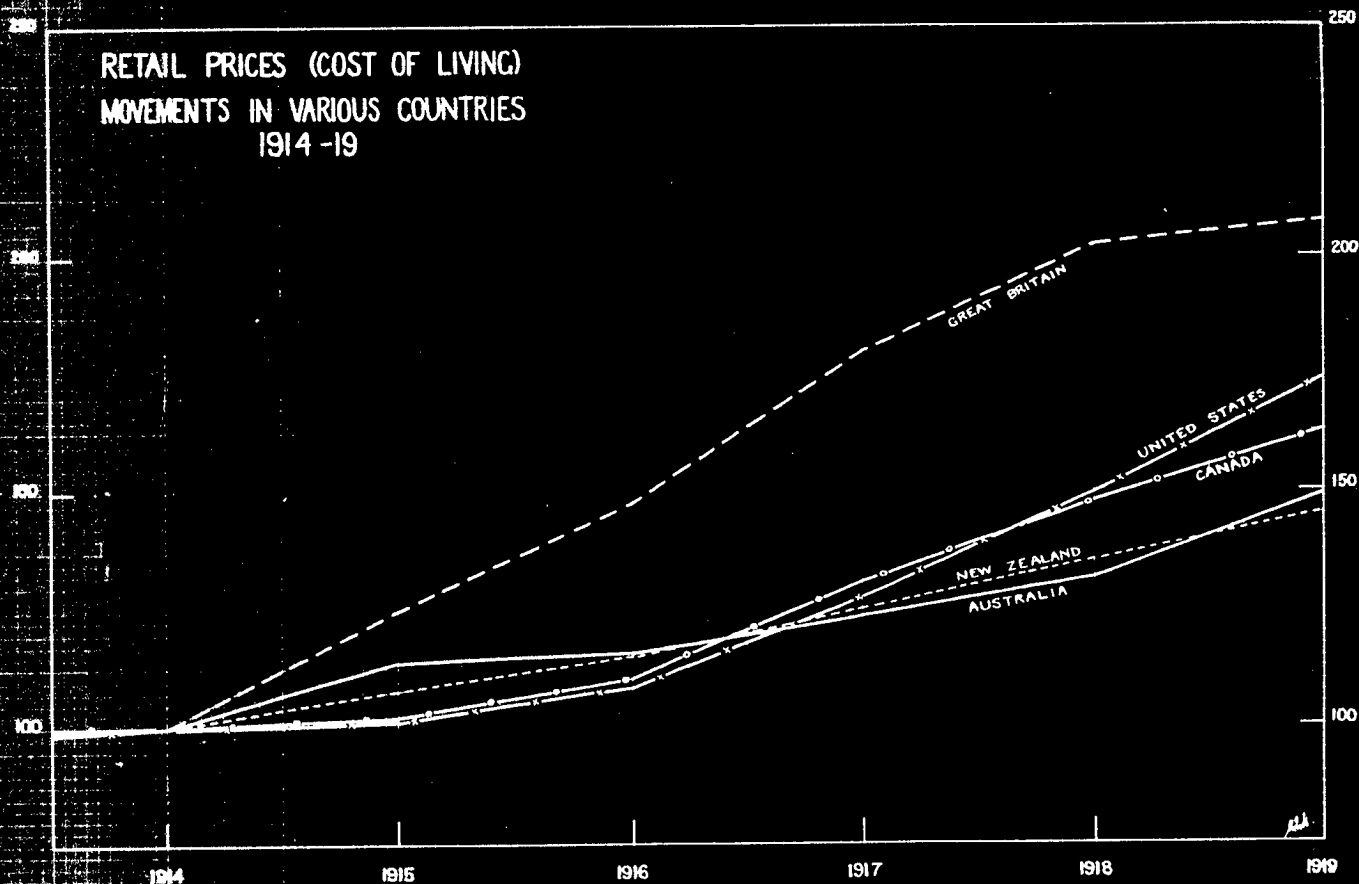
	Declaration No.	Gazette Date
Tinplate	3	6/10/39
Tractors	3	6/10/39
Twine - Reaper and binder (See also under rope, cordage and twine, yarn and manufactures therefrom).	3	6/10/39
Tyres and tubes, rubber	3	6/10/39
Unions, steam, of gunmetal and bronze	22	7/12/39
Valves, gate (engineers' supplies)	22	7/12/39
Vegetables, canned } dried }	3	6/10/39
Whitelead	17	15/11/39
Wire netting	3	6/10/39
Watches and Watch movements	57	12/5/41

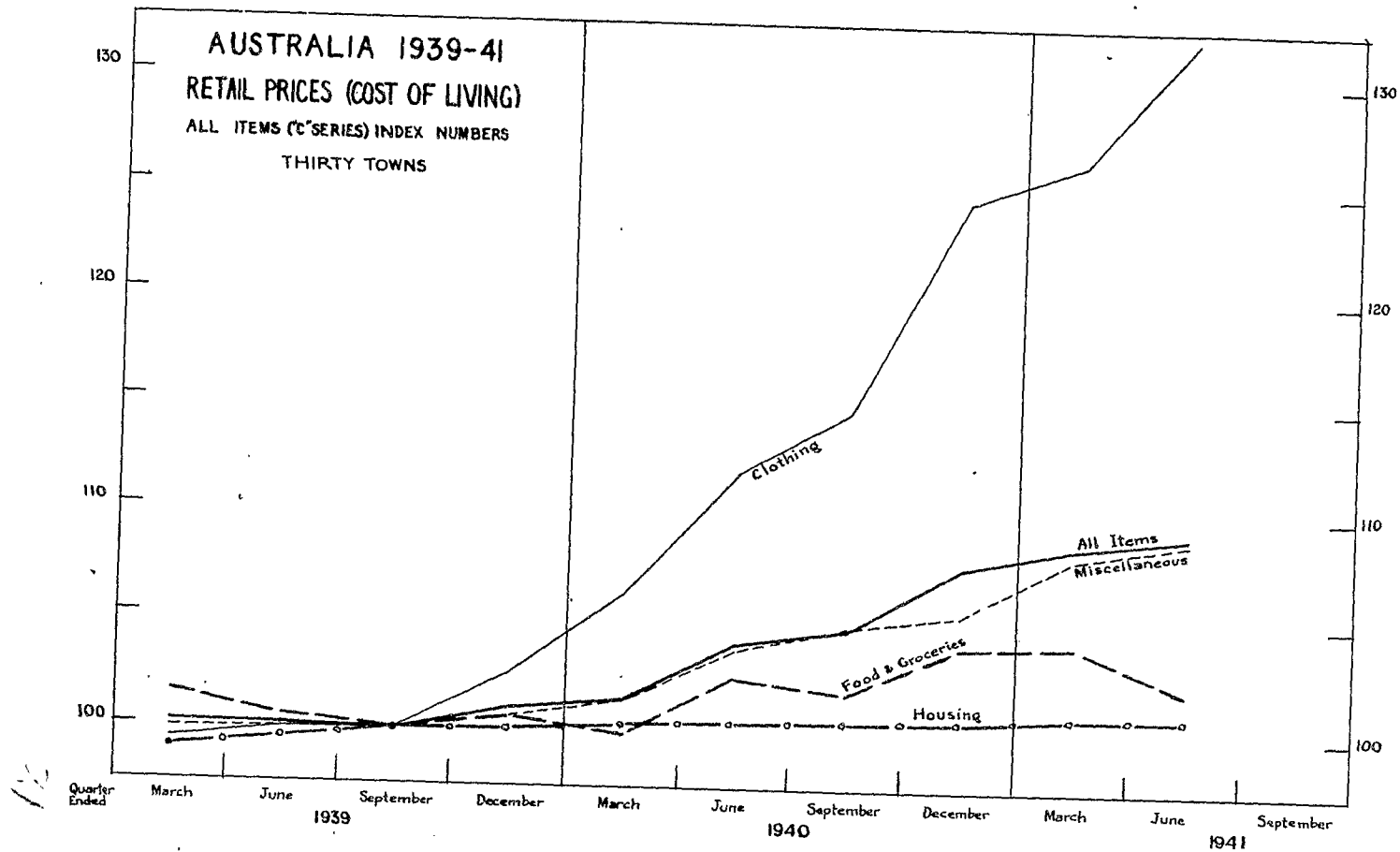
RETAIL PRICES (COST OF LIVING) MOVEMENTS IN VARIOUS COUNTRIES 1939-41

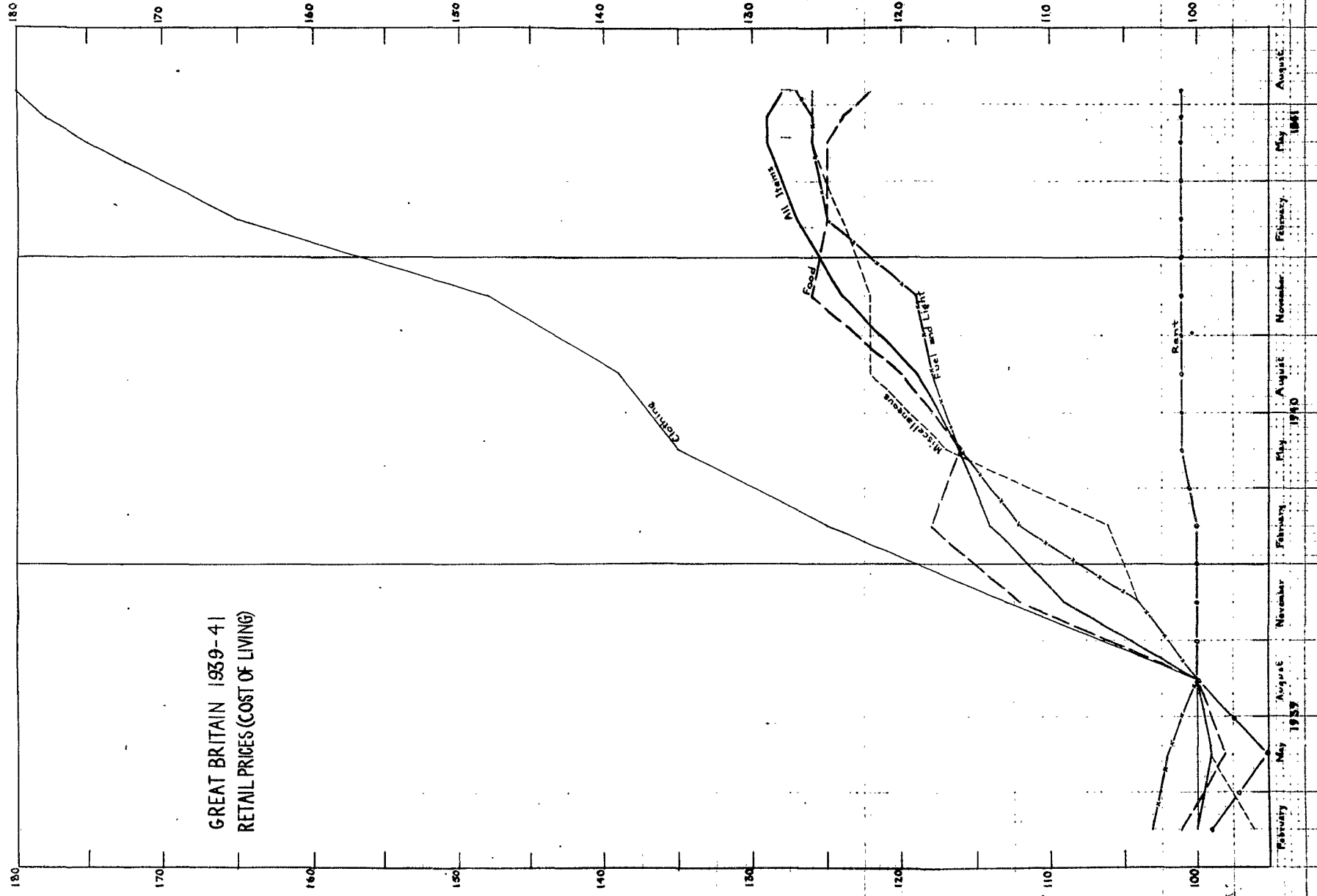


schedule B

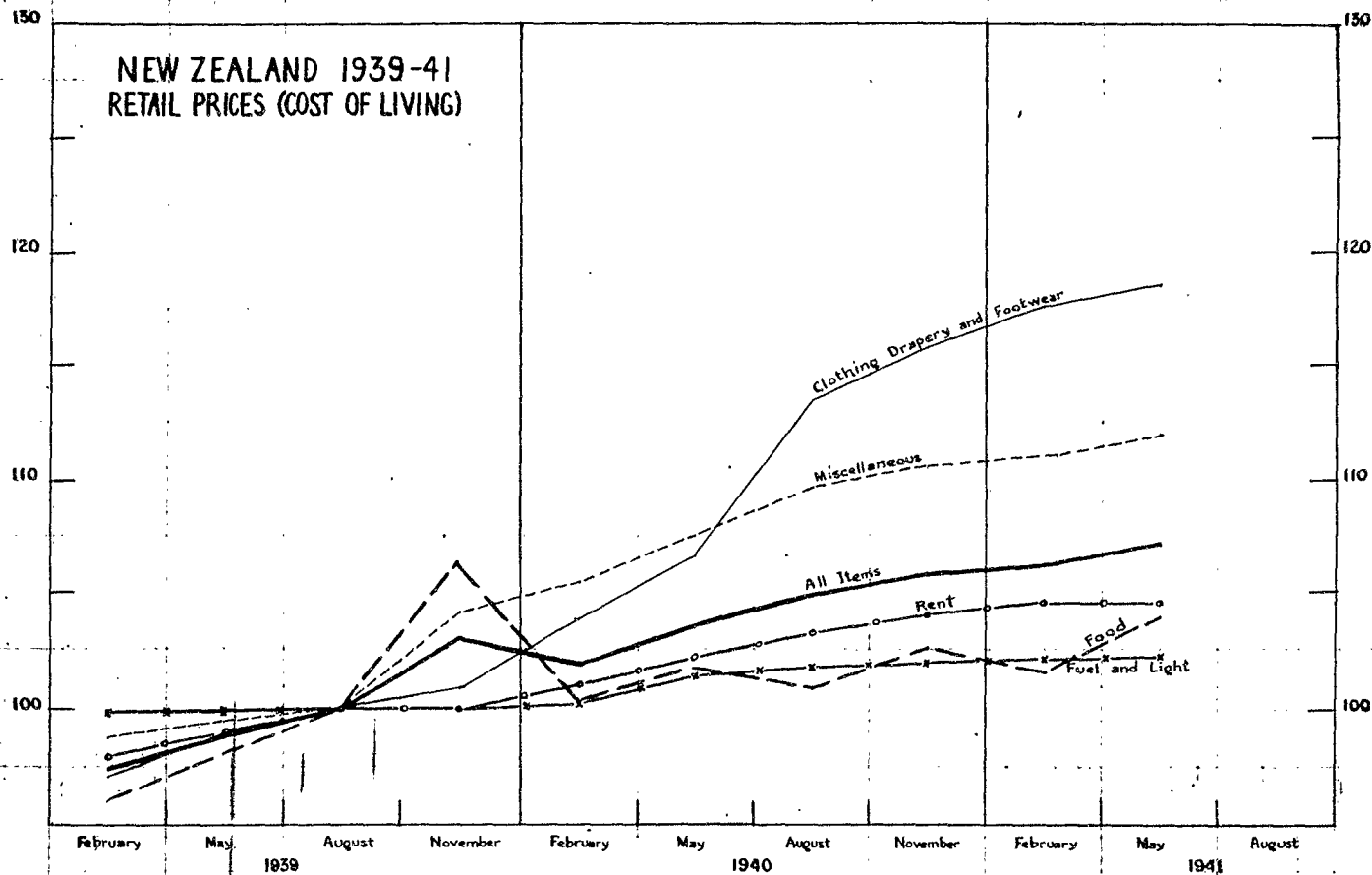
RETAIL PRICES (COST OF LIVING)
MOVEMENTS IN VARIOUS COUNTRIES
1914-19



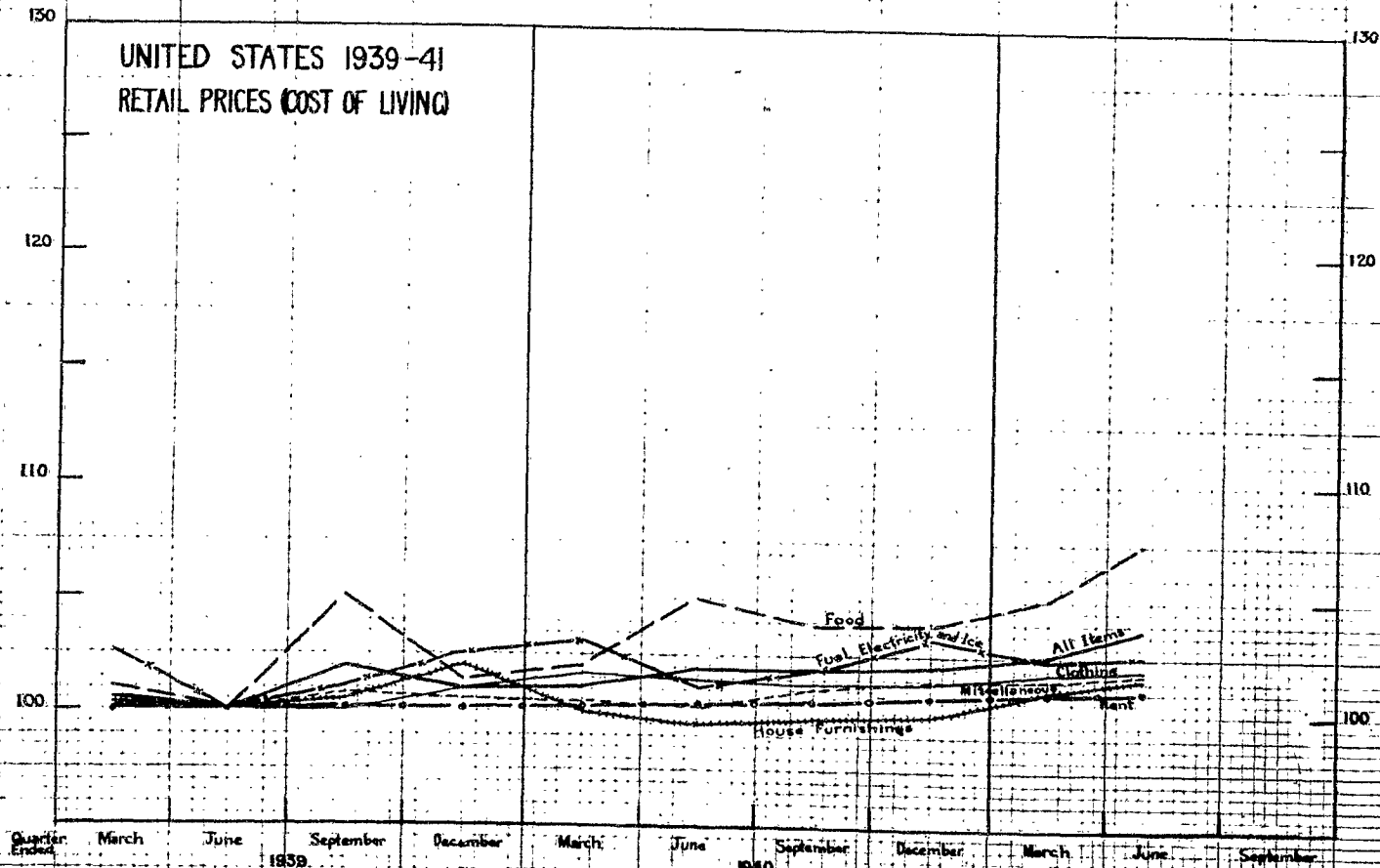




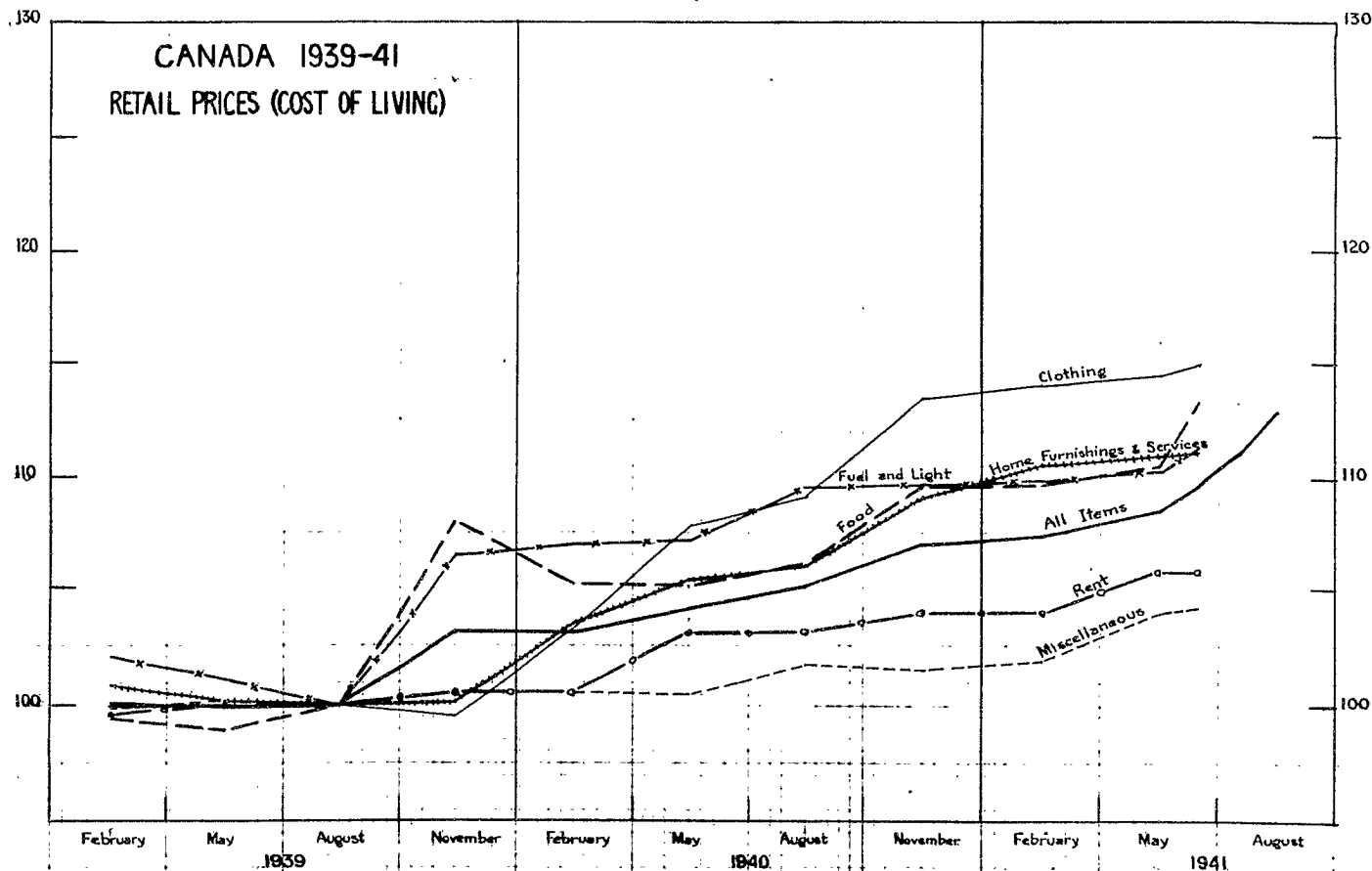
NEW ZEALAND 1939-41 RETAIL PRICES (COST OF LIVING)



UNITED STATES 1939-41 RETAIL PRICES (COST OF LIVING)



CANADA 1939-41 RETAIL PRICES (COST OF LIVING)

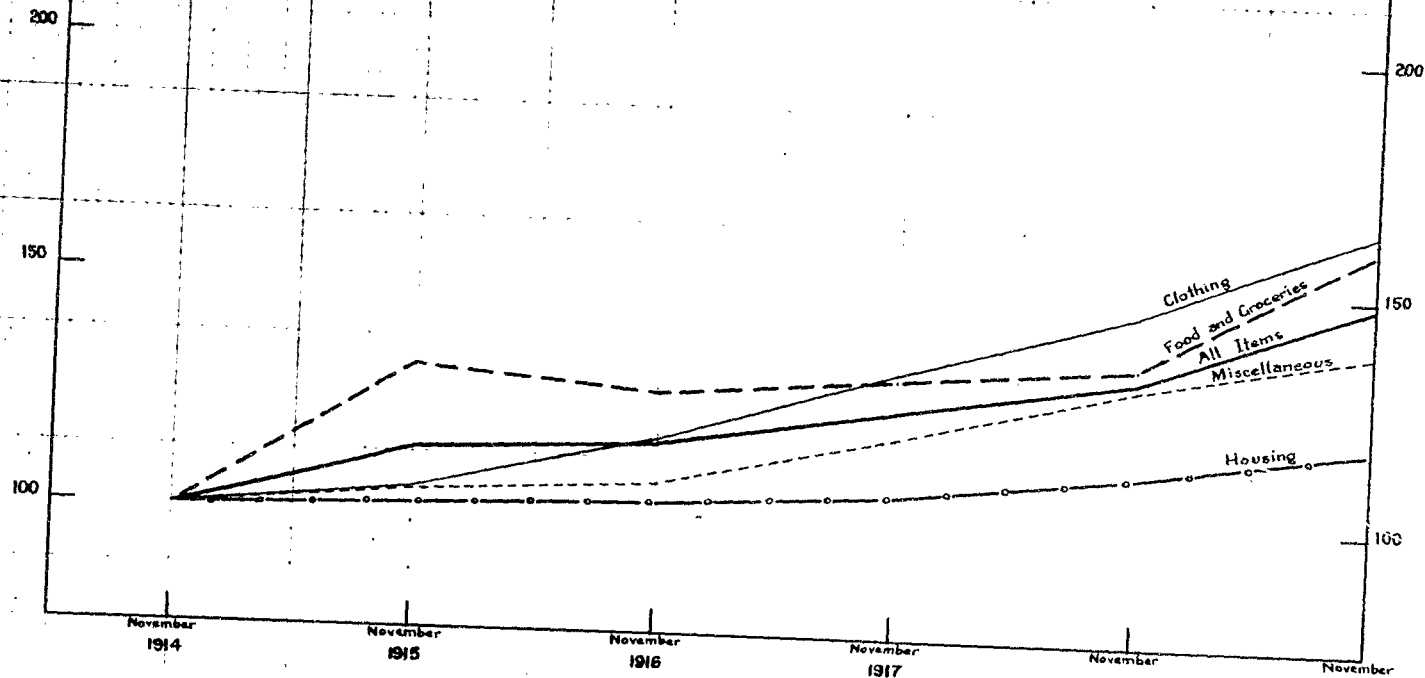


AUSTRALIA 1914-19

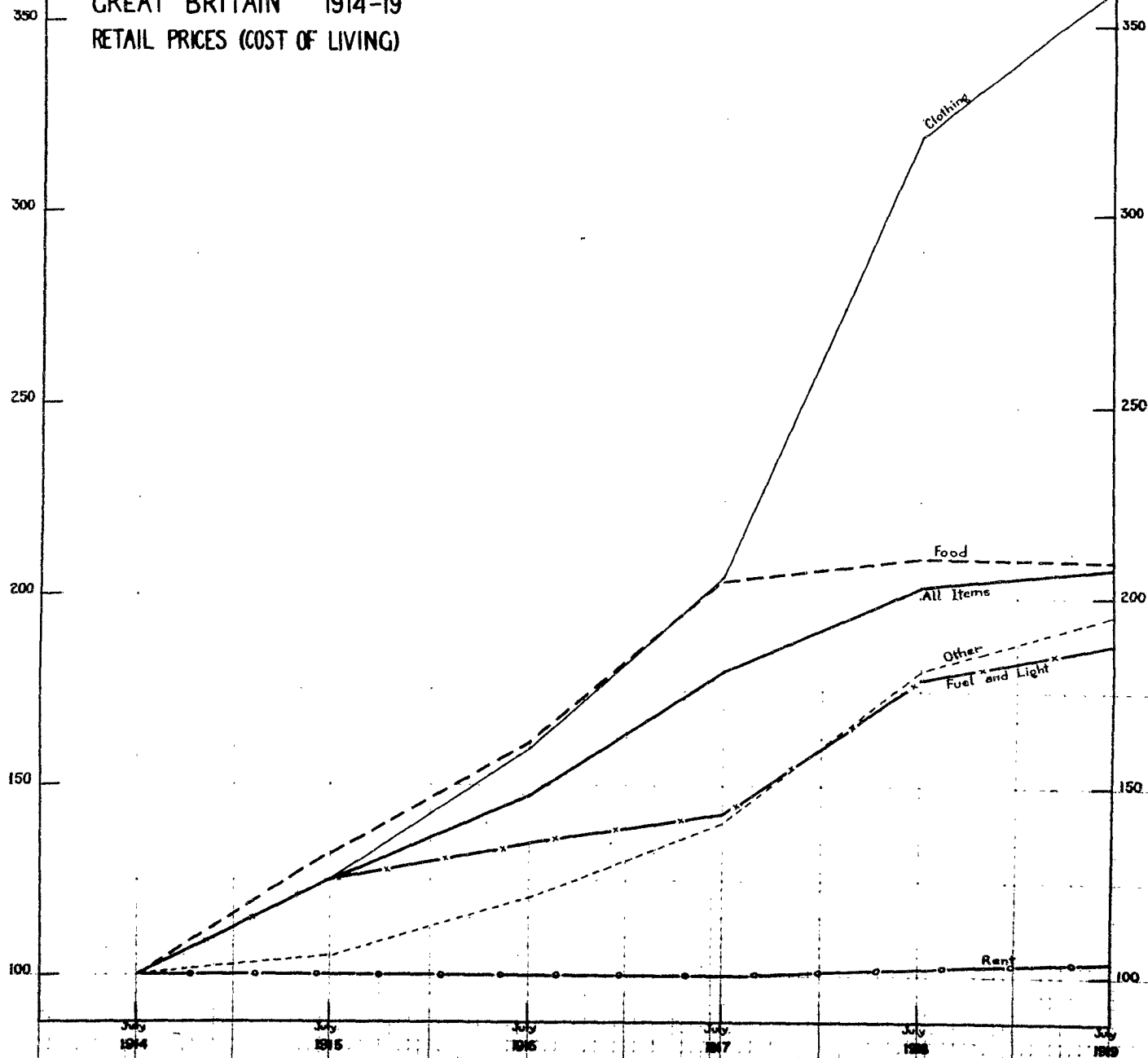
RETAIL PRICES (COST OF LIVING)

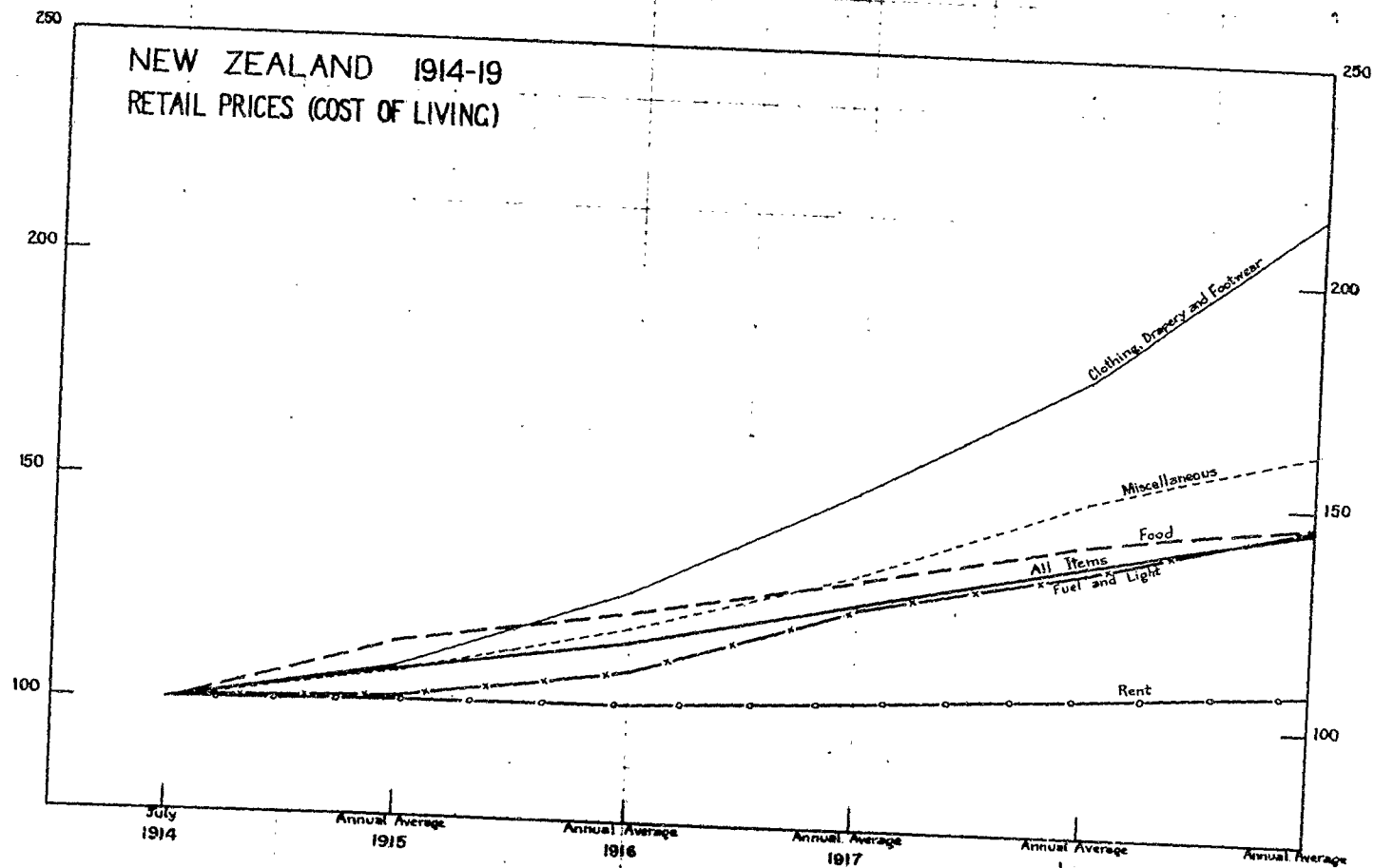
ALL ITEMS ("C" SERIES) INDEX NUMBERS

SIX CAPITAL CITIES

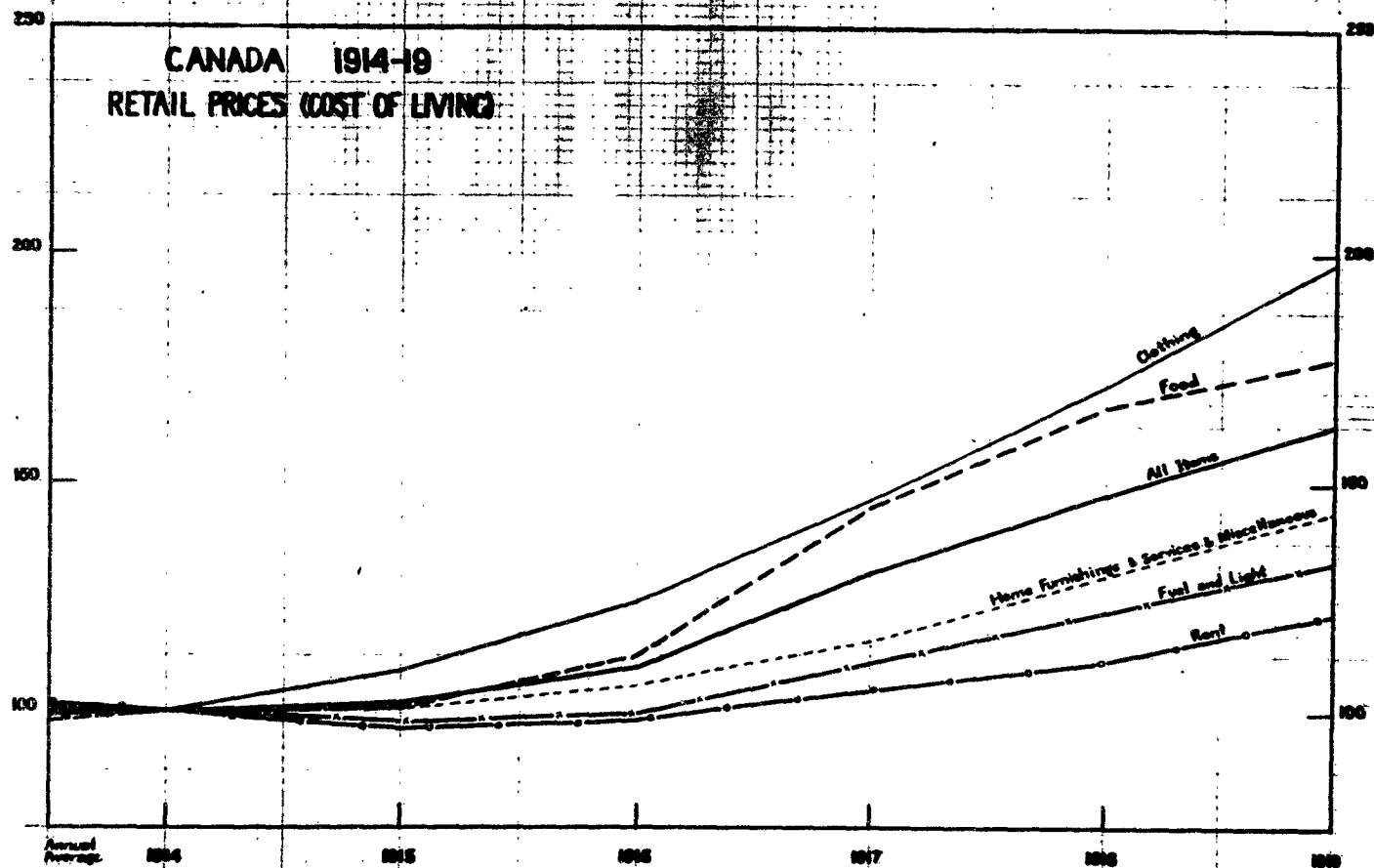


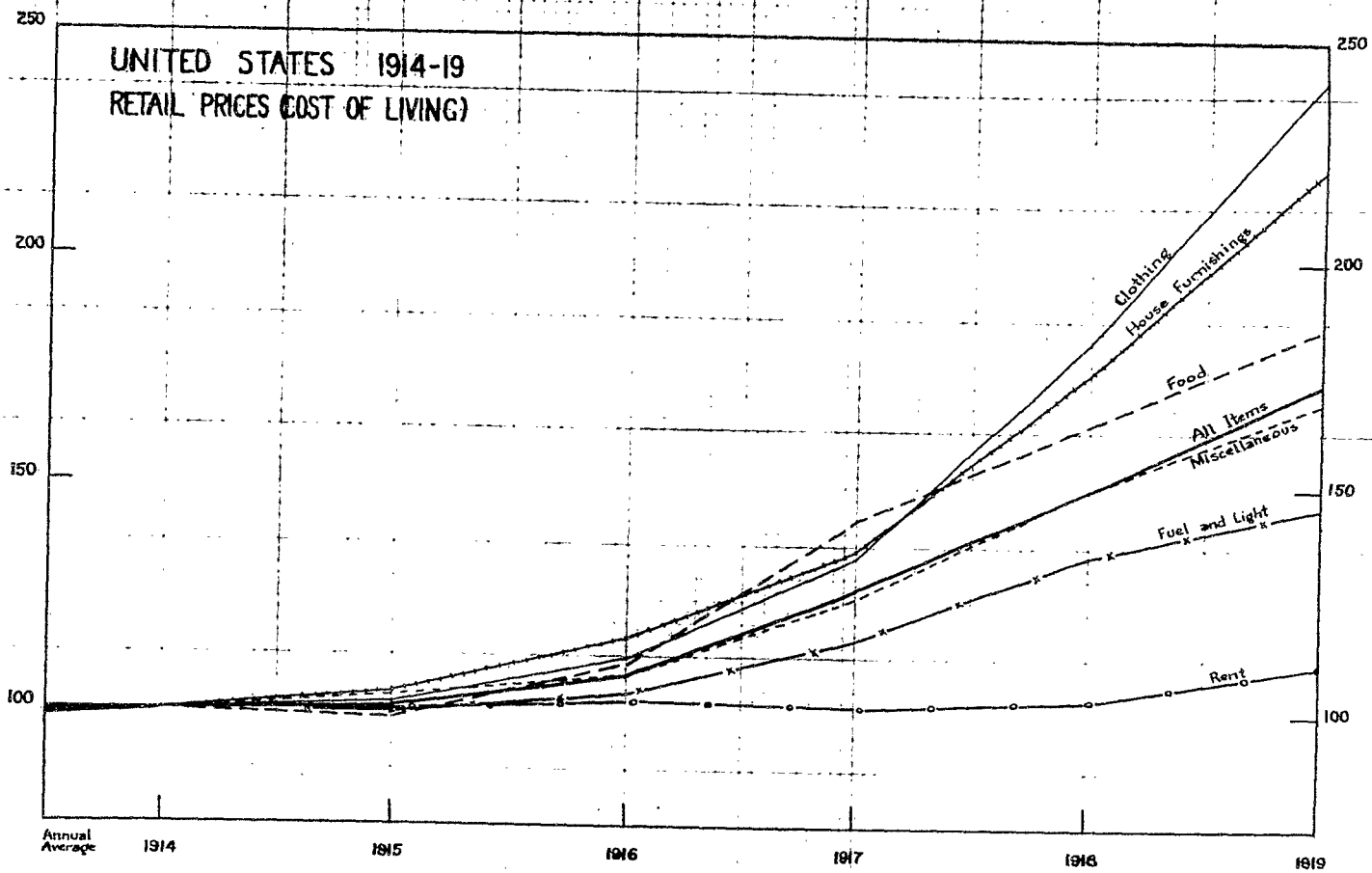
GREAT BRITAIN 1914-19 RETAIL PRICES (COST OF LIVING)





CANADA 1914-19 RETAIL PRICES (COST OF LIVING)





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AUSTRALIA - RETAIL PRICES

September Quarter, 1939 and June Quarter, 1941.

A comparison of average retail prices for 165 items which enter into cost of living is shown in the following tables. These are the items which are combined into the All Items ("C" Series) Index Numbers compiled each quarter by the Commonwealth Statistician. Neither the list nor the index purport to cover all items entering into "cost of living". They do, however, include most of the important items for which price comparisons can be obtained. Obvious omissions from the list are fresh fruit and vegetables and fresh fish.

The prices are for goods of specified grade and are ascertained by Field Officers from representative retailers in each of the six capital cities. As a rule the comparative quality of the goods and the prices are inspected and checked by the Field Officers.

The prices are collected for the purposes of the Index Number which is designed to measure as accurately as possible the degree of change in price levels for the individual groups of commodities and the whole of the groups combined. The method of compiling the index is described in the "Labour Report" published annually by the Commonwealth Statistician.

(The amounts shown for rent and miscellaneous items represent averages used for periodical comparison only and have no relationship to amounts assessed as basic wages by any industrial tribunal.)

Commonwealth Bureau of Census and Statistics,
CANBERRA, A.C.T. 26th September, 1941.

COMMONWEALTH OF AUSTRALIA *cap.*

RETAIL PRICES - FOOD AND GROCERIES. *1924*

SIX CAPITAL CITIES *1924*

Commodity	Unit	September Quarter 1939.	June Quarter 1941.	Per- centage Variation
<u>SECTION "A" - GROCERIES</u>				
<u>"A"</u>		d. 17	d. 17	
1 Bread ..	2-lb.	5.58	5.71	
2 Flour - ordinary ..	2-lb.	4.41	4.50	
3 " - self-raising ..	2-lb.	7.27	7.86	
4 Tea ..	1-lb.	27.22	33.95	
5 Sugar ..	1-lb.	4.05	4.00	
6 Rice ..	1-lb.	3.48	3.56	
7 Sago ..	1-lb.	3.09	4.42	
8 Jam, Plum ..	1 1/2-lb.	8.54	9.34	
9 Golden Syrup ..	2-lb.	6.97	7.15	
10 Oats, flaked ..	1-lb.	3.59	3.65	
11 Raisins ..	1-lb.	10.08	10.92	
12 Currants ..	1-lb.	8.87	9.58	
13 Apricots, Dried ..	1-lb.	15.03	17.05	
14 Peaches (canned) ..	30-oz	10.24	11.19	
15 Pears " ..	30-oz	10.62	11.74	
16 Salmon, in tins ..	1-lb.	12.50	18.83	
17 Potatoes ..	7-lb.	16.54	7.88	
18 Onions ..	1-lb.	4.18	2.81	
19 Soap ..	1-lb.	6.64	6.77	
20 Kerosene ..	quart	4.85	5.40	
TOTAL ("Weighted Aggregate):		2,157.08	2090.10	-3.11%
<u>SECTION "B" - DAIRY PRODUCE</u>				
<u>"B"</u>				
21 Butter ..	1-lb.	19.41	19.45	
22 Cheese ..	1-lb.	13.70	13.99	
23 Eggs ..	1-dozen	15.96	25.19	
24 Bacon ..	1-lb.	16.77	17.27	
25 Milk - condensed ..	1-tin	9.32	9.41	
26 " - fresh ..	quart	6.65	6.73	
TOTAL ("Weighted Aggregate):		1,459.50	1529.45	4.79
<u>SECTION "C" - MEAT</u>				
<u>"C"</u>				
27 Beef - Sirloin ..	1-lb.	9.46	10.80	
28 " - Ribs ..	1-lb.	7.54	8.60	
29 Steak - Rump ..	1-lb.	13.84	15.79	
30 " - Chuck ..	1-lb.	7.06	8.52	
31 Sausages ..	1-lb.	5.82	6.70	
32 Beef - corned Silverside	1-lb.	8.49	9.69	
33 " - corned Brisket	1-lb.	6.46	7.49	
34 Mutton - Leg ..	1-lb.	7.65	7.97	
35 " - Forequarter	1-lb.	4.68	4.87	
36 " - Loin ..	1-lb.	7.40	7.79	
37 " - Chops, Loin	1-lb.	8.30	8.74	
38 " - Chops, Leg	1-lb.	8.41	8.98	
39 Pork - Leg ..	1-lb.	12.15	11.44	
40 " - Loin ..	1-lb.	12.41	11.71	
41 " - Chops ..	1-lb.	12.66	12.04	
("Weighted Aggregate):		1,583.66	1743.78	10.11
TOTAL WEIGHTED AGGREGATE:		5,200.24	5363.33	3.14 %

6 The difference between this figure of 3.1% and that of 2.1% shown by the Group Index for Food and Groceries is accounted for by the fact that 3.1% is calculated from the arithmetical average of the quarterly average prices in each Capital City, whereas the 2.1% is calculated after applying the population weights to the relative aggregate costs for each Capital City for the quarter.

Notes
for 100.

RENT AVERAGES. cap.

6 Capitals. cap.

✓ Particulars. 27.6	September Quarter, 1939.	June Quarter, 1941.	% age increase.
	9.10	9.10	9.10
4 Rooms Wood ..	218.64	220.59	0.9
4 " Brick ..	250.87	253.11	0.9
Weighted Average ..	243.18	245.32	0.9
5 Rooms Wood ..	244.29	246.24	0.8
5 " Brick ..	296.36	299.47	1.0
Weighted Average ..	281.60	283.96	0.8
Total Weighted Average	260.85	263.01	0.8

(15)

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(15) - 51

STANDARD - 1911. Conf.

SECTION "B" cons.

Six Capitals. 92nd

Article	Average Prices		
	September Quarter 1939	June Quarter 1941	Percentage Variation
1 Suit, Ready Made Worster ..	77.23	81.33	
2 Trousers ordinary Cotton Tweed	10.25	11.55	
3 Overcoat, Ready Made, Tweed..	41.56	62.23	
4 Hat, Fur Felt ..	12.53	19.52	
5 Shirt, Fashion ..	1.90	11.72	
6 " Working, Drill ..	6.52	8.25	
7 Collar, Band-Coll, White ..	1.00	1.16	
8 Singlet, Wool and Cotton ..	7.40	8.62	
9 " Cotton ..	1.25	2.03	
10 Underpants Wool and Cotton ..	1.10	1.25	
11 " Cotton Shorts ..	2.23	1.84	
12 Sock, All Wool, Fancy ..	2.22	2.26	
13 " Wool and Cotton, Fancy..	1.23	1.47	
14 Traces ..	2.65	2.40	
15 Handkerchief, cotton ..	1.00	1.25	
16 Pyjamas Linseyette ..	2.07	14.70	
17 Pullover All Wool ..	13.54	18.00	
18 Shoes (best) ..	22.23	25.72	
19 Boots (working) ..	15.02	17.05	
<u>EIGHTED AGGREGATE:</u>	287.66	319.30	25.2%

2. 14.45

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Lower 40%

CLOTHING - WOMEN.

SECTION "F".

6 Capitals.

Article	Average Prices		
	September Quarter 1939	June Quarter 1941	%age variation
20 Costume, ready made, Tweed	50.20	76.60	
21 Skirt, ready made, Tweed	14.58	18.31	
22	-	-	
23 Hat, Fur Felt ..	15.32	18.56	
24 " Straw	10.02	15.96	
25 Frock, ready made, Cotton	8.74	15.62	
26 " " " Art Silk	12.35	18.85	
27 Brassiere, cotton Brocade	2.94	3.61	
28 Undervest, Woollen and Art Silk ..	2.90	3.62	
29 Undervest, Art Silk ..	3.92	3.92	
30	-	-	
31 Bloomers, Art Silk ..	2.92	2.93	
32 Princess Slip, Art Silk ..	6.50	6.92	
33 Stockings, Silk ..	4.92	9.92	
33A " Twin Silk ..	-	(4.92)	
34 " Lisle ..	4.92	5.85	
35 Gloves, Fabric ..	3.46	7.52	
36 " Nappa ..	9.66	15.39	
37 Nightdress, Art Silk ..	8.92	9.92	
38 Pyjamas, Winceyette ..	7.88	11.82	
39 Dressing Gown, Art Silk ..	13.92	15.94	
40 Apron, Cotton ..	2.72	3.83	
41 Cardigan, All Wool ..	16.29	18.94	
42 Shoes (best) ..	18.65	21.18	
43 " (ordinary wear) ..	14.99	16.34	
<u>Weighted Aggregate:</u>	310.98	433.21	39.3%

% Grafting factor due to change⁷ of standard⁷ applied⁷ for comparative purposes.

CLOTHING - BOY (10½ YEARS).

SECTION "G".

6 Capitals.

Article	Average Prices		
	September Quarter 1939 \$.	June Quarter 1941 \$.	%age variation
44 Suit, ready made, Tweed	27.03	37.33	
45 Pants, ready made, Tweed	7.25	9.75	
46 Overcoat, ready made, Tweed	23.62	36.59	
47 Cap, Skull, cloth ..	2.06	2.60	
48	-	-	
49 Shirt, Sports ..	4.60	5.74	
50 Singlet, Wool and Cotton	5.53	6.55	
51 Singlet, Cotton ..	1.46	1.53	
52 Braces	1.49	1.84	
53 Stockings, Golf ..	2.41	3.18	
54 Pyjamas, Winceyette ..	5.95	9.48	
55 Pullover, All Wool ..	9.47	10.53	
56 Shoes (best) ..	14.07	15.68	
<u>Weighted Aggregate:</u>	156.65	200.42	27.9%

*Notes
6-10-41*

CLOTHING - GIRL (7 YEARS).

SECTION "H".

6 Capitals.

Article	Average Prices		
	September Quarter 1939	June Quarter 1941	%age variation
58 Tunic, Wool	s. 14.83*	s. 17.62 [†]	
59	-	-	
60 Dress, Cotton ..	6.30	9.69	
61 Top Coat, Tweed ..	25.67	32.01	
62 Hat, Wool Felt ..	6.93	7.54	
63 " Straw ..	7.37	8.33	
64	-	-	
65 Petticoat, Art Silk ..	3.50	3.50	
66 Singlet, Silk and Wool ..	2.33	2.85	
67 " Art Silk ..	1.92	1.93	
68 Bloomers, Cotton, Fleecy-lined	1.63	1.79	
69 " Art Silk ..	1.92	1.93	
70 Stockings, Cashmere ..	1.70	1.81	
71 Pyjamas, Winceyette ..	5.66	7.86	
72 " Art Silk ..	7.92	8.92	
73 Pullover, All Wool ..	7.74	9.17	
74 Shoes (best) ..	10.93	12.06 [†]	
75 " (school) ..	10.85	12.24 [†]	
<u>Weighted Aggregate:</u>	115.35	138.59	20.1%

* Wool de Chine.

[†] Grafting factors due to changes of standard applied for comparative purposes.

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6 + 200

CLOTHING - BOY (3+ YEARS).

SECTION "J".

6 Capitals.

Article	Average Prices		
	September Quarter 1939	June Quarter 1941	%age variation
76 Blouse Coat	S. 3.92	S. 4.72	
77 Pants, ready made, Tweed	6.68	8.73	
78 Overcoat, ready made, Tweed	17.64	26.38	
79 Hat, Cloth	2.89	3.24	
80 Singlet, Wool and Cotton	4.51	4.92	
81 " Cotton (athletic)	1.42	1.53	
82 Sox, Art Silk and Lisle ..	1.38	1.33	
83 Pyjamas, Winceyette ..	5.40	9.12	
84 Pullover, All Wool ..	6.19	6.98*	
85 Shoes (best) ..	9.09	10.46*	
86 " (ordinary) ..	8.78	10.28*	
<u>Weighted Aggregate:</u>	93.46	117.88	26.1%

* Grafting factors due to changes of standard applied for comparative purposes.

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 6-10-41

HOUSEHOLD DRAPERY.

SECTION "K".

6 Capitals.

Article	Average Prices		
	September Quarter 1939	June Quarter 1941	% age variation
	s.	s.	
1 Blankets, D.B. ..	48.13	63.61	
2 " S.B. ..	30.47	40.16	
3 Quilt, D.B., Marcella	43.34	66.11	
4	-	-	
5 Sheets, D.B. ..	18.69	29.28	
6 " S.B. ..	12.49	18.88	
7 Pillow Slip ..	1.05	1.61	
8 Towel ..	2.82	4.21	
9 Table-cloth ..	25.35	50.41	
10 Tea Towel ..	1.65	3.46	
<u>Weighted Aggregate:</u>	65.68	104.72	59.4%

~~Commonwealth Bureau of Census and Statistics,~~

~~Canberra, A.C.T.~~

HOUSEHOLD UTENSILS.

SECTION "L".

6 Capitals.

Article	Average Prices		
	September Quarter 1939	June Quarter 1941	%age variation
11 Cup and Saucer ..	s. -	s. -	
12 Plate, Dinner ..	0.87	1.30	
13 Jug, Quart ..	2.64	3.88 ^{1/2}	
14 Teapot ..	-	-	
15 Basin, Pudding ..	1.88	2.31	
16 Tumbler ..	0.52	0.58 ^{1/2}	
17 Kettle, Enamel ..	7.19	8.24 ^{1/2}	
18 " Aluminium ..	5.45	-	
19 Saucepan . "	3.15	5.14 ^{1/2}	
20 Bucket, Galvanised ..	2.90	3.77	
21 Dipper, "	1.11	1.40	
22 Broom, Millet ..	3.68	4.00	
23 " Hair ..	5.60	8.07	
24 Brush, Scrubbing ..	1.35	1.54	
25 Mop, Polishing ..	4.50	4.81	
26 Knife, Table Stainless	2.33	3.18 ^{1/2}	
27 Spoon, Tea Stainless ..	0.54	0.67	
28 " Dessert Stainless	1.08	1.32	
29 Fork, Table Stainless	1.52	1.77	
30 Globe, Electric Light	1.36	1.45	
31 Iron, Electric ..	23.63	24.88	
<u>Weighted Aggregate:</u>	23.58	29.73	26.1%

* Grafting factors due to changes of standard applied for comparative purposes.

MISCELLANEOUS - UNION DUES, etc.

6 CAPITALS.

WEEKLY COST

✓ Item	Average Prices		
	September Quarter 1939	June Quarter 1941	Percent- age Variation
	d	d	
Union Dues ..	6.00	6.00	
Lodge Dues and Medicine	24.00	24.00	
Newspapers ..	16.50	17.47	
Recreation ..	24.00	24.00	
Smoking	25.76	30.89	
School Requisites ..	3.00	3.00	
Fares	35.53	36.00	
<u>Weekly Total:</u>	134.73	141.36	4.9%

FUEL AND LIGHT.

6 CAPITALS

Item ✓	Unit	Average Prices ~ ~ 19		
		September Quarter 1939	June Quarter 1941	Percent- age Variation
		d	d	%
Firewood ..	per cwt.	21.23	23.51	10.7
Gas ..	" unit	0.604	0.608	0.7
Power Electricity	" "	1.64	1.57	-4.3
Lighting Elec- tricity ..	" "	4.45	4.36	-2.0

Schedule D

PROSECUTIONS UNDER NATIONAL SECURITY (PRICES) REGULATIONS.

10 p. copy.

17.2

Date of Proceeding.	Place and State where proceedings taken.	Defendants' Names and addresses.	Nature of alleged contravention.	Result of Proceedings.	Penalty imposed and Costs.	File No.
16-20 Nov., 1939.	Sydney, N.S.W.	A.G. Saxton & Sons.	Timber - non compliance with Order of 8.9.1939.	Dismissed.	-	39/1238.
16-20 Nov., 1939.	Sydney, N.S.W.	Thatcher & Oberg Pty. Ltd.	Timber - non compliance with Order of 8.9.1939.	Dismissed.	-	39/1238.
13th May 1940.	Hobart, Tas.	Tasmanian Orchardists' & Producers' Ltd., 7 Murray St., Hobart.	Sale of Fruit Wrapping Paper to C.H.L. Lucas at prices in excess of the prevailing price.	Convicted.	Fined £10 and Costs £7.7.0.	40/2342.
19th Nov., 1940.	Melbourne, Vic.	R. Donaldson & Co., Melbourne.	Sale of hessian (2 charges) False information (1 charge).	Convicted on each charge.	Fined £5 on each charge and £3.3.0 costs on each charge.	40/2679.
22nd Oct. 1940.	Inverell, N.S.W.	H.R. Gobbert, Delungra, N.S.W.	Sales of and offers to sell cornsacks at excessive prices.	Convicted 7 charges.	Totals: Fines £120, Costs £55.1.8 Refund ordered £19.12.9.	40/652.
6th Dec., 1940.	Sydney, N.S.W.	H. Swain.	Sale of potatoes at excessive price.	Convicted.	Fined £5 and Costs £1.9.0.	41/153.
6th Dec., 1940.	Sydney, N.S.W.	H. Matherson	Sales of potatoes at excessive price.	Convicted.	Fined £5 and Costs £1.9.0.	41/153.
6th Dec., 1940.	Sydney, N.S.W.	Andrew Garbellina.	Sale of potatoes at excessive price.	Convicted.	Fined £5 and Costs £1.9.0.	41/153.
6th Dec., 1940.	Sydney, N.S.W.	W.H. Erfield.	Sale of potatoes at excessive price.	Convicted.	Fined £5 and Costs £1.9.0.	41/153.
6th Dec., 1940.	Sydney, N.S.W.	W. Fitzpatrick.	Sale of potatoes at excessive price.	Convicted.	Fined total £13 and £4.7.0. costs on three charges.	41/153.

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Date of Proceeding.	Place and State where proceedings taken.	Defendants' Names and addresses.	Nature of alleged contravention.	Result of Proceedings.	Penalty imposed and Costs.	File No.
19th Dec. 1940.	Melbourne, Vic.	Evan Evans Pty. Ltd., Melbourne.	Selling hessian at an excessive price.	Convicted	Fined £5 Costs ?.	40/2897.
28th Jan., 1941.	Sydney, N.S.W.	Lindley Walker & Co. Ltd., Sydney.	Sales of Cornsacks above the fixed maximum prices 3 charges.	Convicted on each charge.	Fined £25 and £5.13.0 costs on each charge. Total fines £75. Total costs - £16.19.0.	40/2169.
3rd Feb., 1941.	Adelaide, S.A.,	Wilkinson & Co. Ltd., Grenfell Street, Adelaide.	Wholesale price charged for matches - 6 charges.	Convicted on all 6 charges.	Fined £30 on each Charge. Total fines £180 Total costs - £7.4.0.	P.40/4576.
18th March, 1941.	Frisbane, Q'ld.	Atherton & Co. Pty. Ltd.	Olive Oil sale Breach of Regulation 20.	Convicted.	Fined £5. Costs £1. 7. 0.	P.40/3840.
18th March, 1941.	Frisbane, Q'land.	L.A. Wilkinson (Northern) Pty. Ltd. Brisbane.	Olive Oil sales Breach of Regulation 20.	Convicted.	Fined £5. Costs £1. 7. 0.	P.40/3840.
17th April., 1941.	Perth, W.A.	M. Morris & Co., Perth.	Sales of secondhand sacks at excessive prices - 3 charges.	Convicted on 2 charges, 1 charge dismissed	Fined £10 on each conviction with total of £10.11.6 costs.	P.40/3815
29th April., 1941.	Melbourne, Vic.	Robert Reid & Co. Ltd. Melbourne.	Sales of cotton piece goods - 6 charges.	Convicted on each charge.	Fined £25 on each charge with total costs £21.18.0.	P.40/3839.
4th June, 1941.	Sydney, N.S.W.	Robert Bryce & Co. Pty. Ltd.,	Sale of orange oil in excess maximum price - 2 charges.	Convicted on each charge.	Fined £10 on each charge with total costs £5. 4. 0.	P.41/63.
4th June, 1941.	Sydney, N.S.W.	A.W. Robinson Pty. Ltd., Sydney.	Sale of lemon oil in excess of maximum price-2 charges.	Convicted on each charge.	Fined £10 on each charge with total costs £6.12.0.	P.41/63
4th June, 1941.	Melbourne, Vic.	O. Gilpin Ltd., Melbourne Vic.	Sale of piece goods in excess of maximum 2 charges.	Convicted on each charge.	Fined £25 on each charge with total costs £21.	P.40/2416.

Date of Proceeding.	Place and State where Proceedings taken.	Defendants' Names and addresses.	Nature of alleged contravention.	Result of Proceedings.	Penalty imposed and Costs.	File No.
12th June, 1941.	Ingham, Q'land.	Rupert Lee & Co. Ingham, Q'land.	Sales of Power Kerosene -(3 charges)(Reg. 29(1)).	Convicted on each Charge.	Fined £5 on each charge. Total cost £6.3.0.	P.40/4578.
24th June, 1941.	Sydney, N.S.W.	Lockwood McGrath Pty. Ltd., Kent St., Sydney.	Sales of Citrus Oil - (Regulation 26) -(3 Charges.)	Convicted on each Charge.	Fined £5 on each charge. Total cost £3/10/-.	P.41/63.
4th July, 1941.	Sydney, N.S.W.	Soo Lee, Municipal Markets, Sydney.	Sale of potatoes at a price in excess of fixed maximum (1 charge).	Convicted.	Fined £5 - Costs £2/17/6.	P.41/153.
4th July, 1941.	Sydney, N.S.W.	Ho Sang - Municipal Markets, Sydney, N.S.W.	Sale of potatoes at a price in excess of fixed maximum - (1 charge).	Convicted.	Fined £5 - Costs £2.17.6.	P.41/153.
4th July, 1941.	Sydney, N.S.W.	Me Chong, Municipal Markets, Sydney, N.S.W.	Sale of potatoes at a price in excess of fixed maximum - (1 charge).	Convicted.	Fined £5 - Costs £2.10.0.	P.41/153.
10th July, 1941.	Sydney, N.S.W.	Yet War, Municipal Markets, Sydney, N.S.W.	Sale of potatoes at a price in excess of fixed maximum.	Convicted.	Fined £5 - Costs £2.10.0.	P.41/153.
14th July, 1941.	Sydney, N.S.W.	David Jones Ltd., Sydney.	Sales of "Delta" Hosiery at prices in excess of fixed maximum.	Convicted.	Fined £60 - Costs £3.11.0.	P.40/2402.
14th July, 1941.	Sydney, N.S.W.	David Jones Ltd., Sydney.	Offering for sale "Delta" Hosiery by catalogues at a price in excess of fixed maximum.	Convicted.	Fined £50 - Costs £3/11/-	P.40/2402.

Date of Proceeding.	Place and State where Proceedings taken.	Defendants' Names and addresses.	Nature of alleged contravention.	Result of Proceedings.	Penalty imposed and Costs.	File No.
25th June, 1941.	Sydney, N.S.W.	Blandford Fraser Pty. Ltd. Sydney.	Sale of goods at higher price than fixed maximum - (Reg. 20(1))	Convicted.	Bound over on £50 bond to comply with the National Security Act & Regulations for one year - Costs £3/11/-.	P.40/2466.
6th August, 1941.	Sydney, N.S.W.	Ah Hoon, Municipal Markets, Sydney.	Sale of potatoes at a price in excess of the fixed maximum.	Convicted.	Fined £5 - £2/10/- costs.	P.41/153.

SCHEDULE E.

TAXATION OF PROFITS.

GREAT BRITAIN.

Alternative Taxes - Excess Profits Tax or National Defence Contribution whichever is the greater.

National Defence Contribution - Applies to all trades or businesses -

Rate - Companies 5% of profits;
other taxpayers 4% of profits.

Excess Profits Tax - Applies to all trades or businesses. Tax is imposed on amount by which profit of war-time accounting period exceeds profits of a selected pre-war year or average profits of selected pre-war years.

Rate : 100% of excess, with post war credit of 20%.

NEW ZEALAND.

Excess Profits Tax - Applies to all incomes except salaries and wages, gold-mining and certain other limited exceptions. Tax is imposed, generally, on amount by which income of war-time year exceeds highest income of any one of three years 1937, 1938, and 1939 or the average of those years plus a 30%, whichever is the less.

Rate : 60% of excess.

CANADA.

Alternative Taxes :

- (a) 12% of the profits of the war-time year or
 - (b) 75% of the excess profit of the war-time year,
- whichever is the greater.

"Profit" means the taxable income as ascertained for income tax purposes with certain special deductions.

"Excess Profits" means the amount by which the profit of the war-time year exceeds the average profits of the years 1936 to 1939 inclusive. Tax applies to all businesses.

SOUTH AFRICA.

Excess Profits Duty.

Tax is imposed on amount by which the profit of the war-time year exceeds the average profits of the three immediate pre-war years or the statutory percentage of the capital employed in the three pre-war years, whichever is the greater. Statutory percentage - Companies 8% individuals 12%.

Rate : 66-2/3% of excess.

Tax applies to all businesses.

UNITED STATES.

Excess Profits Tax :-

Imposed on the excess profits of all corporations with certain exceptions on -

- (a) the amount by which the profit of the taxable year exceeds the average profits of the years 1936 to 1939, or
- (b) in the case of a corporation which was in existence for the whole period 1936 to 1939, the amount by which the profit of the taxable year exceeds an amount representing the same percentage on the capital employed in the taxable year as the average profits of the years 1936 to 1939 bear to the capital employed in those years.

Rate - (a) From 25% to 50% according to amount of excess.

(b) From 20% to 45% according to amount of excess.

AUSTRALIA.

- (a) War-time (Company) Tax, or
- (b) Super-tax, whichever is the greater.

(a) War-time (Company) Tax imposed on the amount by which the taxable profit exceeds 8% of capital employed.

(b) Super-tax imposed on amount by which taxable income exceeds £25,000.

Taxes apply to public companies only.

Rates - Super tax 1/ in £

War-time (Company) tax - graduated - commencing at 4% of the first 1% of capital employed by which taxable profit exceeds 8%, increasing by 4% for each additional 1% until the excess of the taxable profit over the percentage standard exceeds 1% of the capital employed. The maximum rate is 60%.

1940-41.

~~1939-40.~~

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

3
6575

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W. D. Dainton
Clerk of the Records
and Papers,
The Senate.

9/10/41

(Take in Title page)

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