

In connexion with the total imports shown in the above table, it should be noted that a considerable transit trade exists between continental countries. It must not be assumed, therefore, that the whole of the imports recorded by these countries are retained for their own consumption. The countries chiefly concerned with this transit trade are United Kingdom, Belgium, France and Germany. The quantities re-exported during 1934 were :—United Kingdom, 314.6 million lb., or 39.9 per cent. of the total imports ; Belgium, 99.7 million lb., or 60.6 per cent. ; France, 45.9 million lb., or 13.8 per cent. ; and Germany, 9.8 million lb., or 2.8 per cent.

13. *Inquiry into Wool Industry.*—(i) *General.* A Committee was appointed by the Commonwealth Government on the 15th August, 1932, to inquire into and report on the condition of the Australian Wool Industry. The report of the Committee was presented on the 24th November, 1932. The inquiry covered costs of production, prices, etc., and recommendations were made for the rehabilitation of the industry.

(ii) *Costs of Production.* Information relating to costs of production was obtained by the Committee from 668 returns covering the operations of representative properties in all States, these properties carrying altogether about 8 million sheep. It is claimed in the Report that the figures given are representative of typical average costs on medium and large properties under the favourable seasonal conditions experienced in 1931. It should be noted that the costs quoted refer to the production of wool only, as distinct from stock and other station produce.

AVERAGE COSTS ATTRIBUTABLE TO WOOL ONLY.

	Per lb. of Wool.
Expenses of production—	d.
Working Expenses excluding all Interest	6½
Annual Maintenance and Average Drought Expenses	1½
Total Wool Expenses at Sheep Properties	8½
Add Rail Freight, Handling and Selling Charges	1
Average Cost when sold	9½

The summary above does not take into account interest on borrowed capital or capital invested. This item at an average rate of interest of 5 per cent. on property valued at £3 per sheep area would amount to a further increase of 4½d. per lb. of wool, making a total cost including all interest to the point of sale of 14d. per lb. No allowance has been made for management or the risk of investment in the industry.

(iii) *Recommendations.* Recommendations were made by the Committee with a view to reducing the gap between cost and price. The recommendations refer, amongst other things, to reductions in rail freights, State Government charges generally, land tax (Commonwealth and State), private business charges generally, interest rates, and handling and selling charges. The Committee also recommended (a) the formation of a Commonwealth Wool Executive, consisting of representatives of the wool-growers and wool-selling brokers ; and (b) that the Commonwealth Government, by regulation or otherwise, should take to itself power to prohibit the export of wool, except on such conditions as may be prescribed, provided that such power should not be exercised except upon request of the Commonwealth Wool Executive.

The Australian Woolgrowers' Council in its Annual Report in June, 1933, gave general support to all of these recommendations with the exception of those relating to the establishment of a Commonwealth Wool Executive and the prohibition of the export of wool below a minimum reserve price.

Relief from those charges which come within the jurisdiction of the Commonwealth Government has been effected, while assistance has been rendered by some of the States by means of reduction in rail freight and in taxation. In addition private business charges have been lowered to assist the industry, viz., reduction in handling and selling charges and in oversea freight rates. In common with other industries relief has been effected by the lowering of interest rates.