I. NATIONAL AGRICULTURAL POLICIES

(a) General Objectives of Policy

1. Agricultural policy in Australia is based on the need for an efficient and expanding rural sector capable of meeting the additional local demand created by an increasing population and of making a substantial contribution to the higher export income which will be necessary to finance rising import requirements, due both to increasing population and to the needs of economic development. The significance of agricultural policy to the Australian economy is shown by the fact that about half of the total volume of rural production in Australia is sold overseas and in recent years sales of primary products have accounted for some 80 per cent of the total value of Australian merchandise exports.

2. In furtherance of the basic objectives of increasing efficiency and output, Government policy is concentrated upon:

(i) measures for making agricultural production more efficient and thus more competitive in foreign markets including the provision of facilities for research and extension services which assist in improving the level of real incomes of primary producers; (details of such measures are given in the Annex)

(ii) providing to primary producers the best available factual data affecting the market outlook in the full range of primary commodities;

(iii) promotion of markets abroad;

(iv) efforts to ensure that fair trading practices apply to international trade in primary products.
3. There is no direction to Australian farmers as to what they should produce. It is an aim of agricultural policy to provide farmers with sufficient information to enable them to judge the most profitable forms of production and to make their own production decisions according to their economic circumstances and the physical resources at their disposal.

4. Consultation between the Commonwealth Government and the six State Governments on matters affecting agricultural production and marketing and, where desirable, co-ordination, is generally effected through the Australian Agricultural Council which is a Commonwealth/State body.

(b) Special Measures for the Implementation of these General Objectives of Policy

5. The degree of Government intervention in agricultural production in Australia varies greatly from product to product. The measures taken by either Commonwealth or State Governments to assist and stabilize production include statutory provisions for co-operative marketing, price guarantees, subsidies, bounties, manufacturing quotas and international marketing arrangements.

6. The marketing of many agricultural products is controlled by Marketing Boards set up under general marketing legislation of a State, or under State or Commonwealth Acts covering specific commodities, or under complementary legislation of the Commonwealth and all or any of the States. Those Marketing Boards have been set up at the request of, or with the approval of producers. In effect they are co-operative marketing organizations, which are designed to assist orderly marketing, with producer members forming a majority of the controlling body.

7. An important exception is wool which is not subject to any form of Marketing Board control. The wool clip is sold at public auction (with a small proportion being sold by private treaty).

8. The Commonwealth Boards responsible in the export field for meat, dried vine fruits, canned fruits, apples and pears and wine do not engage in trading activities. (The Australian Meat Board has trading powers which are currently not exercised). These commodities are marketed through private channels but the Boards regulate and organize the trade on an orderly basis by such means as allocations of quotas, licensing of exporters, fixing export prices, prescribing conditions of insurance and carriage, negotiating freight rates and laying down conditions for securing payments. They also contribute to overseas publicity and industry research.

9. Three Commonwealth Boards (wheat, dairy produce and eggs) engage in export trading activities. The Australian Wheat Board has exclusive trading powers (both domestic and export) in wheat (but not wheaten flour) but the overseas trading powers of the Australian Dairy Produce Board and the Australian Egg Board are not exclusive. The Queensland Sugar Board (a State Government Authority) has exclusive export trading powers in sugar (see Section V).

10. The agricultural products for which direct subsidies or bounties are granted are cotton, butter and cheese, flax fibre and, to a very limited extent, beef transported by air (see Section II).
11. The main systems of agricultural price support in operation are guaranteed price schemes, two-price schemes with or without guarantee and manufacturing quotas.

12. Agricultural products for which Government price guarantees operate are wheat, butter and cheese and cotton. The guaranteed prices for wheat, butter and cheese are varied according to costs of production. The guaranteed price for cotton is set at a level which is designed to foster the development of the cotton growing industry.

13. Various forms of two-price schemes are operated for a number of commodities entering international trade, including wheat, dried vine fruits, butter and cheese, sugar and eggs. A feature of two-price schemes in Australia is that they have been used both to stabilize producer returns and to stabilize domestic consumer prices.

14. In two industries, sugar and vine fruits, production controls operate. Stringent controls over mill output and over the production of individual cane growers within mill areas limit sugar production. Control over dried vine fruits acreage is exercised by means of water rights, since the industry is almost entirely carried on under irrigation. The Australian Agricultural Council determines the area of new vine plantings to be permitted in irrigation settlements and allocates acreage to each of the producing States. There is, however, no control on vine plantings on established properties and the control on new plantings is a measure of water conservation as much as a measure of production control.

15. Manufacturing quotas are also used as a means of agricultural price support in two cases, one of which operates through fixed maximum quantities (table margarine) and the other through percentage quotas (tobacco). Quotas for table margarine production are fixed by State Governments, which licence manufacturers to produce table margarine up to stated tonnages. The purpose of this limitation is to protect the dairying industry from unrestricted competition from margarine in the Australian market. The other type of quota arrangement is primarily designed to ensure disposal of domestically produced tobacco leaf. A concessional rate of import duty is allowed manufacturers who use a required percentage of Australian leaf (see Section IV).

16. A lower rate of excise is levied on brandy than on other potable spirits so as to make this product relatively cheaper and thereby assist grape growers.

17. International marketing arrangements for agricultural products have long been a feature of Australia's trade. Australia is committed to selling the bulk of its exportable surplus of first and second quality beef to the United Kingdom until 1961. Sugar is produced in Australia and exported on a fixed quota basis under the Commonwealth and International Sugar Agreements. Australia is a party to the International Wheat Agreement. Agreements with the United Kingdom, Japan, Malaya and Ceylon assure Australia of markets for wheat and/or flour on a competitive basis; these agreements afford some safeguard against non-commercial competition.
II. SUBSIDIES (Including all forms of income and price support)

18. Subsidy and price support schemes which involve financial assistance from Government sources are described below:

PRODUCTION SUBSIDIES

Flax Fibre:

19. A bounty is payable to the producers of flax fibre produced for local delivery (and sold prior to 31 October 1960). Bounty rates vary inversely with the movements in the landed cost of imported fibre. The maximum rate of bounty payable until 31 October 1959 is £70 per ton and is calculated, subject to limits, to give producers a return of £365 per ton. Expenditure on the bounty in 1957/58 was £62,348.

20. The Commonwealth entered into flax production as a wartime measure and continued the industry as a defence measure after the war. The Commonwealth is no longer entering into flax contracts and its mills are being closed and sold. Any renewal of the bounty after 1960 will be a matter for a policy decision next year.

Beef:

21. A subsidy has been paid since 1951 on beef which is slaughtered and transported by air from the Glenroy Abattoir of Air Beef Pty. Ltd., in the remote and little-developed Kimberley region of North Western Australia. The subsidy has been paid in order to test the economics of the transport of beef by air. Expenditure on the subsidy in the year 1958 was £9,000 on 600 tons of beef, i.e., on approximately 0.7 per cent of total production. The subsidy is being continued in 1959 at a reduced rate. No decision has been made as to whether the subsidy is to be continued beyond 1959. (Note: The Australian Government does not maintain any form of price support for meat financed from monies raised in Australia. It does, however, make provision for the distribution of such deficiency payments as are received from the United Kingdom Government under the Fifteen Year Meat Agreement).

Seed Cotton:

22. A bounty is payable on seed cotton delivered by growers to processors before 31 December 1963. To be eligible for bounty the seed cotton must be processed into raw cotton for sale for use in Australia. Bounty is not payable if the raw cotton produced from the seed cotton is exported. The rate of bounty is the amount by which the average price to growers for seed cotton is less than 14d. per lb. The cost of the bounty for the 1957/58 season was £64,702.

OTHER FORMS OF SUPPORT

23. The schemes described below do not appear to be covered by any one of the headings in COM.II/4 Annex A.

Wheat:

24. The Wheat Industry Stabilization Plan authorized in 1958 under Commonwealth and State legislation is similar to the previous Stabilization Plans which operated from 1947/48 to 1952/53 and from 1953/54 to 1957/58. The main features of the 1958 Plan are:
(a) the Australian Wheat Board is to remain the sole marketing authority for Australian wheat;

(b) growers will receive a guaranteed price for up to 100 million bushels of wheat exports from each of the five wheat crops 1958/59 to 1962/63;

(c) the home consumption price for wheat is fixed at the level of the guaranteed price plus a loading to meet the cost of transporting wheat to Tasmania;

(d) the guaranteed price applying to up to 100 million bushels of wheat exported from each crop is to be 14/6d. per bushel in 1958/59 with adjustments in subsequent years of the Plan to be based on movements in the cost of production of wheat; (a premium of 3d. per bushel is provided for in respect of wheat exported from Western Australia);

(e) when the export price is higher than the guaranteed price an export levy (with an upper limit of 1/6d. per bushel) is to be struck and the proceeds paid into a Stabilization Fund. The upper limit on the Fund is £20 million;

(f) any deficiency caused by the average export realization falling below the guaranteed return (in respect of up to 100 million bushels) is to be met by first drawing on the Stabilization Fund and then, when the Fund is exhausted, by the Commonwealth Government from consolidated revenue.

25. The balance in the Stabilization Fund from the previous Plans has been carried forward into the current Plan. The present balance of the Fund is £10.7 million (subject to commitments on the 1957/58 harvest).

Sugar:

26. The production and marketing of cane sugar in Australia is subject to a regulatory scheme. The domestic price of refined sugar is related to production costs, and is fixed at the same level for all Australian capital cities. The scheme results in raw sugar producers at times receiving a higher price for domestic sales than for export but at other times results in the sale of raw sugar for export at a price higher than the return from domestic sales. The production of raw sugar is strictly controlled and the scheme is not designed to stimulate exports which, in any case, are limited by quotas under the International Sugar Agreement of 1958. A further measure of stability in producer returns is accorded by the Commonwealth Sugar Agreement under which approximately half of Australia's exports are paid for at a price annually negotiated between the (British) Commonwealth sugar-producing countries and the United Kingdom Government.

27. When the Australian domestic price of sugar is higher than the world ruling price, Australian exporters of products containing sugar, e.g., jams, canned fruits, condensed milk, etc., are granted a rebate on the cane sugar content of products exported. Otherwise these exporters would be at a disadvantage in competition with exporters from other countries. The rate of rebate is the excess, if any, of the Australian sugar price over the estimated cost of the cheapest available foreign sugar landed, duty free, in Australia. This rebate places exporters of products containing sugar in much the same position as they would be if there were no Australian raw sugar industry and they were permitted to secure their sugar requirements, duty free, from overseas.
28. A domestic sugar rebate of £2.4.0 per ton is paid on the cane sugar content of approved fruit products manufactured in Australia irrespective of whether the products are for home consumption or for export. The rebate is designed to assist the manufactured fruits industry and is payable only where manufacturers pay not less than established minimum prices for their fruit. The domestic sugar rebate is deducted from any export rebate if the approved fruit products are subsequently exported.

29. The cost of the rebates referred to above is borne by the Australian raw sugar industry.

Dairy Products:

30. The Dairying Industry Act 1957 provides for the payment of Commonwealth subsidy on butter and cheese for a period of five years from 1 July 1957. This is the third Five Year Stabilization Plan for the dairy industry.

31. The fixed amount of subsidy determined for 1958/59 is £13.5 million, the same as in each of the previous two years.

32. The objectives of the dairy stabilization plan are to give dairy farmers, through local price fixation and payment of subsidy, a return based on but not necessarily equal to the ascertained cost of efficient production of butterfat and to keep down consumer prices for butter and cheese. In recent years the return has been less than the ascertained cost of production. The cost of production is determined annually by an independent authority - the Dairy Industry Investigation Committee. The guarantee applies to the quantity of butter and cheese consumed in Australia, plus 20 per cent of those quantities. The addition of the margin of 20 per cent is intended to ensure that adequate supplies for local consumption will be available every year notwithstanding any adverse seasonal conditions that may occur.

33. An agreement is reached each year between the industry and the Commonwealth Government on the wholesale ex-factory prices of butter and cheese in Australia. These prices are designed to provide in combination with the amount of subsidy available the estimated return to dairy farmers after taking into account an allowance for manufacturing costs.

34. This system for the stabilization of prices and returns to producers results at times in the sale of the commodities for export at prices either higher or lower than the prices for the commodity to buyers in the domestic market.

III. COST OF PROGRAMMES AND FARM NET INCOMES

35. The following table shows actual and estimated Government expenditures on support programmes for dairy products, cotton, flax fibre and beef for the years 1955/56 to 1958/59.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy products</td>
<td>£14,499,587</td>
<td>£13,499,974</td>
<td>£13,500,000</td>
<td>£13,500,000</td>
</tr>
<tr>
<td>Cotton</td>
<td>£67,284</td>
<td>£150,665</td>
<td>£64,702</td>
<td>£83,000</td>
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<tr>
<td>Flax Fibre</td>
<td>£58,070</td>
<td>£49,823</td>
<td>£62,348</td>
<td>£75,000</td>
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<tr>
<td>Air Beef</td>
<td>£12,462</td>
<td>£16,000</td>
<td>£10,864</td>
<td>£8,600</td>
</tr>
<tr>
<td>Total</td>
<td>£14,637,363</td>
<td>£13,716,462</td>
<td>£13,637,914</td>
<td>£13,666,800</td>
</tr>
</tbody>
</table>

Source: Treasury - Estimates of Receipts and Expenditures.
### Net Farm Income:

<table>
<thead>
<tr>
<th>Year</th>
<th>£A million</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955/56</td>
<td>438</td>
</tr>
<tr>
<td>1956/57</td>
<td>535</td>
</tr>
<tr>
<td>1957/58</td>
<td>359</td>
</tr>
<tr>
<td>1958/59 (a)</td>
<td>415</td>
</tr>
</tbody>
</table>

(a) Estimated by Bureau of Agricultural Economics.

Note: Net farm income represents income attributable to a year's production, not cash income in a year. No adjustment is made for changes in stocks.

Source: Treasury - National Income and Expenditure.

## IV. MIXING REGULATIONS

36. Since 1936, the Australian Customs Tariff has provided that manufacturers who use in cigarettes and cut tobacco a minimum specified percentage of domestic tobacco leaf shall be entitled to pay a concessional rate of import duty on the imported leaf used in such products.

37. The differences between the full rates of duty and the concessional rates, are 17d. per lb. for leaf used in cigarette manufacture and 18d. per lb. for leaf in cut tobacco manufacture.

38. The prime object of these blending provisions is to ensure the disposal of all usable locally produced leaf by providing manufacturers with an incentive to purchase and use it in Australian manufactured products.

39. The percentages of Australian leaf which must be used by manufacturers, as a condition of paying the concessional rate of duty on imported leaf, are varied from time to time having regard to the availability of local leaf and the overall production programme of manufacturers. Currently, the percentages are 15\(\frac{1}{2}\) and 16\(\frac{1}{2}\) for cigarettes and cut tobacco respectively. From 1 July 1959 till 30 June 1960 the percentages will be 22 for cigarette manufacture and 23\(\frac{1}{2}\) for tobacco manufacture, while from 1 July 1960 the percentage will be 28\(\frac{1}{2}\) and 24\(\frac{1}{2}\) respectively.

## V. STATE-TRADING OPERATIONS (including private enterprises enjoying special privileges)

40. The Australian statements on individual commodities will set out in appropriate form the information on State-trading enterprises requested under Heading V of COM.II/4 Annex A. The following is a brief description of Marketing Boards in Australia:

   (a) management of the Boards is not controlled by governments and governments do not share in the profits or losses of the Boards;

   (b) marketing is carried out in the interests of the producers and the purpose of giving a Board statutory recognition is usually to ensure that all producers of the particular commodity accept the Board's authority;

   (c) whilst there are government representatives on some Boards they act as representatives of the public and not as advocates of a government policy.

41. Only three Commonwealth Marketing Boards engage in trading activities.

42. The Australian Wheat Board, continued in existence by the Wheat Industry Stabilization Act (1958) is the sole constituted authority for local and export sales of wheat. The Board conducts practically all overseas sales of wheat but much of the export trade in flour is arranged by private millers.
43. The Australian Dairy Produce Board was set up in 1925 to regulate overseas marketing of butter and cheese. The Board now combines trading activities with its supervisory work and since 1955 the Board has been the sole exporter of butter and cheese to the United Kingdom. Exports of these products to other markets are effected by private traders licensed by the Board for the purpose and subject to Board regulation.

44. The Australian Egg Board is empowered to purchase eggs and egg products intended for export, if the State Boards desire it. Currently, for sales to the United Kingdom/Continent, the Australian Board purchases the egg pulp from all five exporting States and the shell eggs from four of the States. Other export sales are handled by the State Boards. The Australian Board may also fix the conditions under which export sales, both by itself and by the State Boards, will be made.

45. The Queensland Government acquires control of all raw sugar produced in Queensland and New South Wales, the only sugar producing States in Australia.

46. The instrumentality through which the Queensland Government acts is the Sugar Board which purchases all domestically produced raw sugar and is also responsible for the export of raw sugar. The net proceeds from domestic and export sales, after deduction of the Board's expenses, are distributed among sugar mills and growers in the proportion determined by a Central Cane Prices Board.

47. Under the Customs Prohibited Export Regulations 1958 (Commonwealth) the export of sugar from the Commonwealth is prohibited except with the consent of the Minister for Primary Industry. Apart from ensuring the retention of sufficient sugar for domestic requirements, this prohibition is necessary to enable compliance with export quota provisions of the Commonwealth Sugar Agreement and of the International Sugar Agreement.

VI. IMPORT RESTRICTIONS

48. Australian import licensing controls are applied for balance-of-payments reasons. For the purpose of achieving the financial objectives of the controls, imports are divided into a number of categories. These in brief include:

Quota ("A" and "B" Category) - goods included in the quota categories are mainly licensed on the basis of certain percentages of imports made in a selected base year.

For "B" Category full interchangeability of quotas is permitted and importers may use their quotas to import any goods included in that category.
Administrative - Applications for licences to import items in this category are examined on a case-by-case basis on their individual merits.

Replacement - Licensing for goods in this category in effect permits importation up to the level of requirements.

49. In addition to the foregoing certain items are licensed without any quantitative restriction, while some are completely exempt from the application of import controls.

50. Within the various categories described above, a large proportion of Australia's total imports - approximately 70 per cent - may be obtained without any restriction as to source of supply. For the remainder a separate system of control is administered in respect of imports from the non-dollar and dollar areas. Applications for licences to import goods from dollar sources - (other than those licensed on a world basis) are dealt with under the administrative method of licensing and imports are restricted to essential items not available from non-dollar sources in adequate quantities or on comparable cost, quality or delivery terms. Within each of these two broad currency areas import licensing is operated without distinction being made between individual supplying countries.

51. Australia does not make effective either directly or indirectly any of her restrictions on imports by means of State-trading activities.

52. The products mentioned in Sections I and II of this document are in the main subject to "B" Category licensing treatment from non-dollar sources i.e. licensing entitlements are based on varying percentages of imports made in a selected base year (as already indicated an importer holding a Category "B" quota may import any item in that Category). Products so licensed include wheat, meat, dairy products, eggs, brandy, wine, canned fruits and jams, apples and pears and various dried fruits. Cotton seed and wool are licensed on the quota principle under "A" Category.

53. Unmanufactured tobacco (used in making cigars, cigarettes and tobacco) and flax fibre are licensed on an administrative (world) basis. Allocations for these items are made available in the light of the overall supply/demand position in conjunction with balance-of-payments considerations, while for tobacco account is also taken of the seasonal nature of the item. Raw cotton is licensed on a replacement (world) basis which permits importation up to the level of demand without restriction as to source of supply.
54. Import controls applied on other than balance-of-payments grounds comprise:

**Quarantine Controls:** which regulate imports into Australia of animals and animal products and plants and plant products.

(i) Animal quarantine aims at preventing the introduction or spread of animal diseases. It covers the importation of all animals and raw animal products associated with animals diseases and goods associated with animals.

At present, so far as stud stock is concerned, horses may be imported from only the United Kingdom, Northern Ireland, New Zealand or the Republic of Ireland, and pigs from New Zealand only. There is a prohibition on the importation of cattle, sheep and goats from all countries which has operated since 1 June 1958.

In general raw animal products are either:

(a) prohibited absolutely, viz. used or secondhand beehives, animal manure, urinary bladders of animals, used or secondhand eggs crates, edible birds' nests;

(b) permitted to be imported under controls effected until disinfection or other forms of treatment is made, viz. animal hair and bristles, canned meats, fertilizers and stock feed derived from fish or whales, bran and pollard derived from wheat, hides and skins, horns, hoofs, and glue pieces, used or secondhand bags, wool; or

(c) permitted to be imported from specified countries only, viz. animal casings, carcasses and edible parts of birds, dried blood and dried blood albumen, eggs, egg pulp, dried egg, egg noodles and egg albumen in any form, feathers, fertilizers and stock feed of animal origin, hay, chaff, straw, cereal grains, animals' stomachs, uncooked meats, straw packing.

(ii) Plant quarantine regulates the conditions of importation into Australia of all plants and plant products with the object of excluding plant diseases, insect pests and weeds.

Regulations governing the different types of plants are based on the following broad principles:

(a) the importation of plants likely to be infected with plant diseases is prohibited e.g., broom millet, peanut plants, trees of stonefruits, apples, pears and *citrus* from certain countries;
(b) agricultural seed must conform to standards of purity, insect pest and disease freedom;

(c) many commodities such as hops, cotton, peanuts in shell, nursery stock, potatoes, certain crop seeds, vines and specified plants may be imported only by approved importers under special conditions;

(d) certain plant products such as bulbs and timber (in logs or sawn) from specified areas may be imported only if accompanied by certificates showing that prescribed treatment has been given in the country of origin.

Customs (Prohibited Imports) Regulations prohibit the import of certain goods unless specified conditions or restrictions are complied with. Products involved include tea, lucerne seed, cornsacks and used cornsacks. The object of this control is to enforce quality standards.

Commerce (Imports) Regulations impose certain marking requirements (e.g. true description of the products) on specified goods including articles used for food and drink, agricultural seeds, plants and fertilizers.

55. In addition the import is prohibited of sugar, golden syrup and treacle. This prohibition has been in force since 1915 for reasons of orderly marketing and stabilization of the sugar industry.

56. The import of margarine and other similar butter substitutes is subject to conditions which restrict imports to assist the marketing of dairy products in Australia.
ANNEX

MEASURES WHICH TEND TO MAKE AGRICULTURAL PRODUCTION MORE EFFICIENT

1. Measures to Increase Efficiency and Reduce Costs

These measures include:

(a) Research
(b) Extension
(c) Financial Incentives

(a) Research:

The Commonwealth Government provides research facilities and co-operates
with and assists financially State and industry organizations.

At the Commonwealth level physical research is carried out by the
Commonwealth Scientific and Industrial Research Organization. Agricultural
economic research is carried out by the Commonwealth Bureau of Agricultural
Economics.

Research is an important function of State Departments of Agriculture
and Universities.

The Commonwealth contributes to the cost of research, often on a pound
for pound basis with industry, into many aspects whether biological, technical
or marketing. Plant breeding, product handling and storage, disease and pest
control, development of machinery, crop rotations and soil fertility are
among the problems to which research is devoted. In general, the aim of
research is to enable greater and more efficient production and improved
handling, presentation and marketing. The industries to which financial
assistance is accorded by the Commonwealth for scientific research on a
regular and mutually contributory basis with the industries concerned are
wool, wheat, dairying, barley, tobacco and wine. Ad hoc financial assistance
has been provided for scientific research for other industries from time to
time as considered necessary. At the present time Commonwealth financial
assistance, in some instances on a mutual contributory basis with the
industries concerned, is being provided for farm mechanization research (grape
drying, peanut drying, sugar cane harvesting) and research on fruit fly
eradication and control, brown rot in fruit and grasshopper control.

(b) Extension Services:

The work of imparting to farmers the store of knowledge, including that
derived from recent research, which is available to assist in improving farm
efficiency, is undertaken in the main by State Departments of Agriculture.
For a number of years, however, the Commonwealth has made an annual grant of
£500,000 to finance additional extension services.
A further sum of £250,000 is set aside annually by the Commonwealth to strengthen extension work in the dairy industry, to increase and improve herd recording and to assist in the establishment of artificial insemination centres to improve breeding in dairy herds.

(c) Financial Incentives

Incentives to productive investment on farms are provided through taxation concessions which include:

(i) Special Depreciation Allowances, at the rate of 20 per cent per annum, on most purchases of plant and equipment and on expenditure up to £2,750 per employee, on residential accommodation for employees.

(ii) Capital Expenditure Deductions. Certain classes of expenditure for bringing land into production or improving its productive capacity may be deducted from assessable income in the year in which the expenditure is incurred. They include swamp drainage, pest extermination and soil and water conservation.

(iii) Sales Tax Allowances. Most items, including tractors and agricultural machinery but not motor vehicles, essential to farm production are exempt from sales tax.

Additionally, residents in remote areas of Australia are permitted zone allowances as deductions from assessable income. This concession is not exclusive to primary producers.

(d) Other measures include:

(i) Imports. Although import restrictions have been necessitated by the balance-of-payments situation for a number of years the imports of machinery, equipment and materials used in agriculture are treated liberally so as to allow primary producers the greatest practicable freedom of choice as to the source of supply.

(ii) School Milk Programme. The Commonwealth Government makes a grant reimbursing State governments for their expenditure in operating a school milk programme. Expenditure in 1958/59 is estimated at £3 million. The basic objectives of the programme are related to health and nutrition but the magnitude of government purchases involved provides incidental assistance to milk producers.
2. Government Action to Improve and Stabilize Prices Received by Farmers

Action affecting prices received for individual products has largely been covered in Sections I and II of this paper.

A most important measure which is, of course, of general application, is the whole complex of counter-inflationary action to resist the constant upward trend in costs which makes more difficult effective competition in world markets.