**MARGARINE ACT AMENDMENT BILL 1941**

**Legislative Assembly, 29 October 1941, pages 1201-6.**

Second reading

**Mr. SHANNON (Onkaparinga**)—I thank the Premier and the Government for making an opportunity available for me to deliver my second reading speech to-day, and I also thank hon. members for agreeing to allow the Stand­ing Orders to be suspended. The Margarine Act was passed in 1939 and I desire to make my position clear on the matter. As hon. mem­bers are aware, the company I represent manu­factures cooking margarine at its Woodside fac­tory. All this margarine is made from animal fats supplied by the Metropolitan and Export Abattoirs Board, the margarine being used exclusively for cooking purposes. Not one pound is sold for table use, and I venture to say that not one pound reaches the tables of the people of South Australia, because the mar­garine is not in a palatable form for such use. It is for cooking. Had the company I represent not gone to the expense of installing the necessary machinery for manufacturing this margarine, somebody else would have had to do it or the fats would have had to be exported from South Australia and the manufactured article brought back from one of the other States. Table margarine, of course, comes into a different category. More than 90 per cent of the table margarine which is offered for use in Australia is manufactured with coconut oil, some cottonseed oil, and one or two other vegetable oils. I believe almost the whole of the material used—not quite all, because a little comes from Queensland—comes from outside of Australia. Practically a monopoly is held in the actual production of coconut oil by one huge firm, Lever Brothers. They have the opportunity to make a very handsome profit out of the growing and marketing of the raw material, which is landed at Sydney at a fraction over one penny a pound and still shows a substantial margin of profit.

The Hon. R. S. Richards—Are not the raw materials produced by coloured labour!

Mr. SHANNON—If Lever Brothers find it profitable to employ coloured labour I have not the slightest doubt they do so.

The Hon. R. S. Richards—So would many an employer in South Australia.

Mr. SHANNON—I object to that statement. The company I represent does not employ coloured labour and it pays full award rates.

The Hon,. R. S. Richards—It would if it could.

Mr. SHANNON—I would be one who would do my best to prevent it.

Mr. Thompson—Does it sell copra cake?

Mr. SHANNON—No.

Mr. Thompson—Does it handle anything grown by coloured labour!

Mr. SHANNON-—I cannot, at the moment, think of anything. I suppose it is just pos­sible that some parts of the commodities handled may be produced by coloured labour. The company manufacturing part of the margarine made in South Australia, Lever Brothers, is vitally interested in the raw material. Regarding the suggestion that there are not many interested in the proposed amendment I have certain evidence which I propose to put before hon. members. Firstly, I represent the district of Onkaparinga which comprises the main dairying area in the State. There are other areas equally productive, but none with such a large representation of dairymen in one district, hence they have come to me with their troubles. I have a letter from the general secretary of the South Australian Dairymen’s Association Incorporated as follows:—

The executive of the South Australian Dairymen’s Association representing over 1,300 dairymen in this State urge Parliament to take immediate steps to amend the Margarine Act to overcome the growing practice of breaking the agreement entered in by the dairymen of the Commonwealth and all manufacturers of table margarine to a limit for all States of 73 tons weekly, and for this State in particular of 6 tons weekly. It is feared that if the present method of dumping of other States’ surplus of table mar­garine is to continue (the amount dumped into this State during the preceding three months amounts to 46 tons 1 cwt.) the butter interests of South Australia are in jeopardy.

It has been suggested, too, that the importations of margarine into South Australia from outside sources do not represent a breaking of the agreement entered into at the Agricultural Conference in Sydney in August, 1939, but I am reliably informed that any export of table margarine from one State to another is a breaking of that agreement. It has also been asserted that these importations are still not exceeding the six tons maximum which was granted to the table margarine manufacturers in this State. I doubt that statement because of evidence I have both from the manufacturers and in the shape of figures supplied by the Department of Agriculture. These show that we are probably exceeding the six tons maximum by from 1 to 2 tons a week, but even if we were not I would still be perturbed about the position from the dairymen’s point of view. If it is right for one State to export its surplus to the extent of two tons or four tons a week, is it not right, if they have any surplus of, say 40 tons, to still export it. What is the difference in principle? It appears to me that Queensland is the only State which has definitely set out to control the margarine business effectively. Another statement has been made that the main bulk of the margarine coming to South Australia is shipped from “Meadowlea” to “Meadowlea.” That firm was operating in South Australia, not as a manufacturer, but as a distributor, prior to 1939 and they claim, I believe, that they now have the right to continue in this market by virtue of that fact, despite the agreement at the Agricultural Conference that licences to manufacture should be confined to those who were manufacturing prior to 1939. A certain interested party has said that if it was fair for "Meadowlea", or, in other words, Lever Brothers, to export into South Australia as they were doing prior to the passing of this legislation, it was equally fair for another big Victorian firm, Birmacley, also to send margarine to South Australia, and consequently there is the possibility of a big fight for this happy hunting ground for margarine. I use that term advisedly, because this State produces large quantities of second grade butter, which has taken the place of margarine by virtue of the fact that the manufacturers have put up a second grade butter known as “Committee” butter, which is better than margarine, as is proved by the fact that housewives are buying it and paying a little more for it. However, if we permit unlimited war between Birmacley and Lever Brothers, in South Australia the dairymen can say “good-bye” to their "Committee" butter sales, which amount to approximately 20 to 22 tons a week, or about 50,0001b., and this business would go to the margarine industry. The statement was made that Birmacley’s could not do as suggested because they were already in the toils of Lever Bros., and Lever Bros.

practically bought them out. We immediately got in touch with Birmacley’s and the following is a letter addressed to Colonel Nelson:— At Mr. Northcote’s request we confirm wire of to-day’s date as per copy attached, contradicting any statement that may have been made that "Meadowlea" Margarine Company of Sydney are financially interested either directly or indirectly with Birmacley Products Pty. Ltd. They certainly have no interests either financially or otherwise with my company.

Mr. Bardolph—Who made the statement that Birmacley’s had been bought out by Lever Bros.?

Mr. SHANNON—I shall not go into that aspect, because I do not think we shall get anywhere with personalities. If there have been any mis-statements they have been honest mis-statements.

Mr. McHugh—You mentioned it.

Mr. SHANNON—I mentioned that it was an interested party which made these state­ments. If the hon. member questions my statement, he can get in touch with “Meadow­lea". If there is likely to be a reduction in the price of margarine in South Australia, the butter industry will be disorganized, particularly as regards second grade butter. This question should be looked into by the representatives of country districts. It affects their farmer friends who own a few cows.

Mr. McHugh—The South Australian dairy farmers have been isolated from the Commonwealth schemes.

Mr. SHANNON—I agree with that. Another statement made by interested parties is that some of the margarine which has come into South Australia is cooking margarine and cannot be classed as taking the place of butter used by pastry cooks. No definite quantity was stated. We got in touch with pastry cooks who could give us information on the matter and the following letter was sent by the manager of Avonne Bakers & Pastry Cooks, Hyde Street, Adelaide, to Colonel Nelson:—

Acting on your instructions, I have interviewed all three of the following firms, N. A. Bell Ltd., B. A. Northcote, and “Meadowlea". They have advised me that their market in South Australia is entirely a table margarine, and that they do not sell or manufacture cooking margarine. Should you require any further information, please communicate with me at the above address. Yours sincerely, (signed) J. Hignett, manager.

The following is another letter sent to Colonel Nelson by possibly the biggest grocers in South Australia:—

“Meadowlea” cooking margarine is not obtainable. It is manufactured in the form of table margarine only.

Mr. Abbott—There is a cooking margarine in the State.

Mr. SHANNON—There are many kinds. An attempt is being made to cloud the issue about the importation of “Meadowlea” into South Australia. Someone has said that certain of the margarines are cooking margarines.

The Hon. R. S. Richards—Why not tell us who was responsible for saying all these things?

Mr. SHANNON—If the hon. member wants me to enter into personalities, I do not intend to do so.

The Hon. R. S. Richards—No one is asking you to do so.

Mr. SHANNON—Yes, you are. You want to know who said these things. I have not a shadow of doubt that the statements, which I can refute, have not only been made to me, but to other members of the community. When I read some of the evidence I have received of the peculiar tactics of “Meadowlea” in their salesmanship I do not think hon. members will doubt my statement as coming from an undoubted source.

The Hon. R. S. Richards—Does not the hon. member see that he is not putting up a case, but is refuting something of which we have no knowledge.

Mr. SHANNON—I am trying to give the House a background as to the need for some­thing being done in regard to margarine. If I cannot give the background, then my case falls down. I believe I can give the necessary background. I have before me a statement from the South Australian Dairymen’s Association. It was prepared by the secretary and relates to a deputation at which Colonel Nelson spoke. The deputation was to the Premier and was introduced by the Hon. Sir Herbert Hudd. The following is a portion of the report of the deputation:—

At the deputation Colonel Nelson said that in supporting this legislation his association was firmly of the opinion that with these quotas it was a "gentleman ’s agreement " and the quotas agreed upon were thought to be each State’s actual consumption of table margarine. It was also understood that one State would not export to another. In other words, there would be no “dumping” of margarine in any individual State. He regretted to state that during the last three months a considerable amount had been exported to this State as follows:—

July, from Victoria, 17 tons 4cwt.; August, from Victoria, 6 tons 12cwt. 2qr.; August, from New South Wales, 3 tons 6cwt. 2qr.; August, from Western Australia, 6 tons 5cwt.; or a total of 16 tons 4cwt. for August.

September, from New South Wales, 2cwt. 2qr.; September, from Western Australia, 12 tons lcwt.; or a total of 12 tons 12cwt. 2qr. for September.

It will be seen from these figures that during the last three months there has been “dumped” in this State an average of approximately 4 tons weekly. If this is added to our own local six tons quota, it will therefore be seen that it amounts to 10 tons weekly as against our agreed six tons.

That evidence was obtained by the Dairymen’s Association from the Department of

Agriculture. The figures were checked and have not been disputed. They can be verified by an inspection of the ship’s manifest and should clear up any possible doubt that the organized section of dairymen in this State, numbering about 1,300, want an alteration of the law. Approximately 70 per cent of the butter manufactured in South Australia is below first grade, being second grade or pastry butter.

The Hon. R. S. Richards—What price do the dairymen receive for their butter fat?

Mr. SHANNON—Until the Commonwealth Government stepped in they were receiving a reasonable price for all butter fat, but recently, by arbitrary methods, a margin of 4d. has been fixed.

The Hon. R. S. Richards—-Dairymen are getting second grade prices now.

The SPEAKER—I have not a copy of the Bill before me and would like the hon. member for Onkaparinga to say whether the question of second grade butter is covered by the Bill.

Mr. SHANNON—The problem of margarine, Mr. Speaker, will decide the issue in South Australia of what will become of our second grade butter.

The SPEAKER—It is awkward to get the relevancy of this matter when the Bill is not before us. I ask the hon. member for Onkaparinga not to develop an argument solely on second grade butter and butter sales, because I understand it is a Margarine Bill.

Mr. THOMPSON (Semaphore)—On a point of order, Mr. Speaker, as the Bill is not before us to challenge any statement .made, should not the hon. member for Onkaparinga keep entirely within the scope of the Bill’s title?

The SPEAKER—I am trying to guide the hon. member along those lines.

Mr. BARDOLPH (Adelaide)-—Mr. Shannon said the Bill was on the table of the House, and therefore it should be before you, Mr. Speaker. The hon. member has a perfect right to use arguments in keeping with the preamble of the Bill.

Mr. SHANNON—Let me read some extracts from the September issue of the “Australian Dairy Review” regarding the present low price for cream for butter, which was liable to further reduction. The first extract states:— A recent conference of New South Wales butter and cheese manufacturers advised suppliers that it was likely that second and pastry butter would be worth not more than 4Jd. a lb.; and that cream below second grade was likely in that State to be condemned and returned.

The next extract is:—

The “Grocery and Storekeeping News” says it is impossible that lower grade butter can be substituted for some of the margarine now used.

Mr. William Goodfellow, who is probably the leading expert in dairying in New Zealand, and whose word is accepted by butter interests in Australia as authoritative, in dealing with the overseas position said butter would have to fight and displace margarine in the United Kingdom. These statements should give hon. members much food for thought. In an article headed

“Low Grade Butter: the South Australian Position,” Mr. W. L. Whitehall, the Common­wealth Dairy Officer, stated :—

No State in the Commonwealth would feel the effect of the restrictions on the export of second grade and pastry butter to the United Kingdom more than South Australia, for 71 per cent of the butter exported from South Australia in 1940-41 would have been withheld from shipment. The Government must accept its share of responsibility for the present position, because steps were not taken to institute and enforce regulations that would have protected the industry from quality shortcomings.

All these views come from men who understand the position. I have another interesting statement taken from a report which has a vital bearing on tactics adopted by manufacturers to push margarine sales in New South Wales. The statement, taken from the “Australian Dairy Review” for October, 1941, is as follows:—

Last month in the New South Wales Legislative Assembly Mr. W. Frith, member for Lismore, alleged that an illicit business arrangement had been entered into between the Housewives’ Association of New South Wales and the Meadowlea Margarine Com­pany. The association, Mr. Frith said, was registered under the Charitable Collections Act. He added: “It appears that an arrangement has been arrived at between the association and the company for the purpose of increasing the membership of the association and simultaneously of increasing the sales of Meadowlea margarine. My information, which comes from a most reliable source, reveals that the agreement provides that the Meadowlea Margarine Company shall pay the cost of employing a number of persons as canvassers to bring about an increased membership of the Housewives’ Association. In return, the canvassers are to recommend to new members the use of Meadowlea margarine. The subscription to the Housewives’ Association is 2s. per annum, of which Is. goes to the canvasser and Is. to the association. He asked that a searching inquiry should be made because he considered that the business arrangement entered into by the association was immoral and insidious. In the Legislative Assembly at a later date the Chief Secretary of New South Wales (Mr. Baddeley) said he intended to call upon the Housewives’ Association to consider reorganization. Mr. Baddeley added that he would soon introduce a Bill to amend the Charitable Act to deal more appropriately with cases such as that reported on.

This matter has been of sufficient importance to cause the Labor Government in New South Wales to take action. Mr. Baddeley said it was proposed to amend the law there to overcome such practices. Let me deal with the activities of “Meadowlea” in South Australia. I have not gone back into early history concerning importations of table margarine, but I know the quantity is increasing gradually. Local storekeepers say that the large increase in recent sales has been brought about by “Meadowlea” giving 151b. of margarine to each 121b. order. In other words, “Meadowlea” gives the grocers an additional 25 per cent commission for pushing its sales. That is not the legitimate way of doing business, but is the type of competition we could expect from a monopoly which seeks to push another competitor out of business in order to obtain the whole market. I am speaking only in reference to “Meadowlea,” because I do not know of any other company which has attempted to push margarine sales in South Australia. In justice to our local manufacturers, the Dairymen’s Association has informed me that both N. A. Bell Ltd. and R. A. Northcote, South Australian manufacturers, have played the game. I am prepared to accept the association’s word on that.

Mr. McKenzie—How much margarine is manufactured each month?

Mr. SHANNON—I believe the two makers average four tons a week between them. Their sales have been gradually lessening because of the competitive methods adopted by Lever Brothers. We have tied our local people down in the manufacture of margarine as subsection (4) of section 20 of the Margarine Act, 1939, states:—

If any person in any period specified in a declaration applying to him manufactures or sells any table margarine in excess of the maximum quantity which he is allowed to manufacture during that period pursuant to the declaration, he shall be guilty of an offence.

I understand that the licence granted in South Australia allows for an average of three tons a week which means that he would not be able to manufacture more than 156 tons in one year. Apparently, however—I do not say so definitely because I have not been able to ascertain the actual position—there is no provision in the New South Wales Act to prohibit the manufacture of margarine over and above the amount required for New South Wales.

The Hon. R. J. Rudall—Is New South Wales manufacturing more than the quota stated in the agreement?

Mr. SHANNON—I cannot say.

The Hon. R. J. Rudall—Are you suggesting it does?

Mr. SHANNON—I think it is a reasonable suggestion where there is no prohibition. At least “Meadowlea” is apparently in the position to manufacture a surplus over and above what is required in New South Wales, because we are getting it here.

The Hon. R. J. Rudall—Is there any provision in any other State for not exceeding the quota?

Mr. SHANNON—I am not able to answer that question because I have not examined, for instance, the Queensland position.

The Hon. R. J. Rudall—It is rather important.

Mr. SHANNON—It is important—so important that the Minister mentioned it in 1939 when opposing amendments I had moved.

The Hon. R. J. Rudall—Then I was wrong

Mr. SHANNON—I do not think the Commissioner of Crown Lands was wrong as regards what might take place, but he was wrong in his efforts to prevent me from tieing the margarine interests up a little more securely. Speaking in Committee on December 7, 1939, the Minister said, “The very existence of the Bill depends not only upon the administration in South Australia, but upon the administration of the Acts in the other States".

The Hon. R. J. Rudall—That is quite true.

Mr. SHANNON—He continued, "If any State allowed the manufacture of a quantity greater than the quota the agreement would fall down.”

The Hon. R. J. Rudall—That is exactly what I asked just now.

Mr. SHANNON—The Minister went on “Either the agreement is, or is not, to be observed throughout Australia. The provisions in the Bill are sufficient to enable it to be observed.” I suppose the Minister will still say “Exactly.” I suggest that he look at the Queensland Act and see if the manufacturers there have secured the privileges which our Act has given them. I do not think I need give the whole text of the agreement arrived at the Agricultural Council in 1939, but for members’ information it may be found in volume two, page 2239, of “Hansard” for that year. It is interesting to note that the total quantity of margarine permitted to be manufactured for table use was 73 tons for Australia. That does not seem to be a very large quantity, but if I put it in terms of cows and families, it will be the more readily appreciated. Seventy-three tons a week represents 3,796 tons a year. Allowing 11 cows to the ton per year, which is an average of approximately 2001b. of butter- fat per cow—and I am informed that that is about 201b. better than the average in South Australia, although I am prepared to allow a little more because in some of the outlying areas the cows are not highly productive—there will be 41,756 cows out of production in Australia by virtue of this agreement. In other words, over 2,000 families which might be earning a living producing butterfat will have to turn their attention to some other source of production. For South Australia the figures are, of course, proportionately less, because we have only 312 tons a year, but this represents 3,432 cows and 160 to 170 families—not an inconsiderable number.

My first amendment deals with the actual quantity of table margarine which may be manufactured in South Australia for sale in this State. Following the passing of the existing legislation a declaration had to be made as to the amount manufactured in the year prior to the passing of the Act. Those declarations disclosed a total of six tons a week for 1938 and accordingly licences were issued for that quantity. Section 20 of the Act of 1939, subsection (2) provides:—“The quantity of table margarine to be declared in the first declaration . . . shall (a) If the period specified in the declaration is a "whole year, be not less than the quantity of table margarine manufactured by that person during the last previous year.” What a strange inversion of control to provide for “not less than.” If we had a Minister who was unsympathetic to the dairying interests I can imagine how "not less than” would be interpreted, especially if we had the experience that some countries have had of Ministers being amenable to certain types of persuasion. This section is peculiarly worded and I propose to amend it by providing for "not more than". For the period of the war I have allowed for an average of five tons a week, or a total of 260 tons. This is a very generous offer by the local manufacturers of margarine to the dairying interests at the latter’s request, so as to help them get rid of a little more of their second grade butter. The local manufacturers have agreed to this as a gesture for the war only, which I think is very fair and I pay them a tribute on behalf of the dairymen.

My next effort will be the most contentious because it deals with the interstate position. The Minister’s second reading speech in 1939, “Hansard,” page 2239, is proof positive that we must do something to deal with the people who are not prepared to play the game. I want to show that we are not attempting the impossible because what we suggest has been done in Victoria in the dried fruits industry. Legislation was passed making it an offence to offer for sale in that State any processed dried fruits that had not been packed and processed in a Victorian packing shed. That legislation was attacked and a decision was ultimately given in the High Court in favour of the State. It seems to me that if it is permissible to make it an offence to offer for sale dried fruit which has not been processed in a packing shed in Victoria, it will be permissible for the margarine people to be brought into line to the extent that we are proposing in South Australia. My suggestions are really for the examination of the raw materials of manufacture within the State. Clauses 5 and 6 of my Bill deal with this problem.

I do not propose to explain the legal methods by which this is to be achieved, but merely to state the principles we are trying to apply and live up to. If hon. members have any suggestions to tighten up the position still further I shall be happy to consider them. Our effort is to make certain that any manufacturer selling margarine in South Australia shall at least comply with one of two conditions. Firstly, he may get a licence from the local Minister to manufacture margarine in South Australia and secondly, if he is to manufacture margarine outside South Australia he does not have to be given a licence; but if he is to sell that manufactured article in South Australia our method of policing him is to provide that he shall produce for an inspector within South Australia his raw materials to make certain that they are wholesome and fit for human consumption. They can then be manufactured into margarine and returned for sale within this State if the manufacturer so desires. I see no reason why he cannot continue to do that unless the Commonwealth Government comes to our assistance. If hon. members decide that there is no need for the legislation our only hope will be in the Federal authorities doing something under the National Security Act. I believe that the matter is of sufficient importance for action to be taken. If we sit idly by and allow this octopus from overseas to come in and rob our dairymen of an opportunity to earn a livelihood, we shall not be doing our duty. I move the second reading.

The Hon. R. S. RICHAEDS (Wallaroo— Leader of the Opposition)—I do not intend to debate the Bill for the very good reason that I do not know it contents. After a con­sultation with the Premier, I agreed to the departure from procedure the House has already decided upon in order that the hon. member for Onkaparinga might introduce his Bill and give a “brief” explanation of its contents. It has taken him about one hour and five minutes to give that "brief” resume and I do not know now what is in it. I do not even know what the Bill proposes to do. I do know that I have had a “background” of explanations and contradictions of statements made by somebody, but I do not know who they are. To suggest that we should permit a departure, as the House has decided, in regard to private members’ business and then set aside other private members’ business to give the hon. member for Onkaparinga a concession to briefly outline his Bill, and then to be faced with the position that as a private member ’s measure it will take precedence over other private members ’ business which has been on the Notice. Paper for a considerable time, makes me wonder whether it is worth while to try to co-operate with the Government in order. to expedite the business of this Chamber. I ask leave to continue my remarks.

Leave granted.

Mr. THOMPSON (Semaphore)—Members on this side do not consider that the hon member’s Bill should take precedence over all other private members’ business on another day.

Mr. Shannon—I do not think that is intended.

Mr. THOMPSON—There are a number of other private members ’ items on the Notice Paper for next Wednesday and if the Standing Orders are not suspended the hon. member’s Bill will have precedence over them. We have been prepared to allow the hon. member to make his explanation, but we do not think it is right that his Bill should take precedence over other matters which in the ordinary course of events would have been called on to-day before his Bill. I suggest to the hon. member that instead of having the debate adjourned until next Wednesday it should be adjourned until tomorrow, and then his Bill will appear on the Notice Paper in its proper order. Would the hon. member be prepared to do that?

Mr. Shannon-—I have no objection.

Mr. THOMPSON—I move that the debate be adjourned until tomorrow.

Motion carried; debate adjourned.