**HIDE AND LEATHER INDUSTRIES BILL 1948**

**Legislative Assembly, 7 December 1948, page 1730**

Second reading.

**The Hon. T. PLAYFORD (Gumeracha—Premier and Treasurer)—**This Bill is part of a joint scheme of Commonwealth and State legislation which is required for the purpose of continuing the present marketing arrangements for the hide and leather industries. The Government has not brought down this Bill because of any desire to continue controls for their own sake. In the hides and leather trade, however, the world situation is abnormal and there is a real risk that if controls are now suddenly abandoned a good deal of confusion will be caused, resulting in serious increases in the price of footwear and a reduction in demand.

The present system of control as set out in the National Security Regulations was inaugurated in October, 1939. It has been in force continuously ever since and all sections of the industry have become accustomed to it. The basis of the scheme is that all hides and yearling and calf skins produced in Australia are acquired by the Australian Hide and Leather Industries Board at prices within limits approved by the price fixing authorities. The prices which have been in force under the Commonwealth scheme are the 1939 prices, plus 20 per cent in the case of hides and 15 per cent in the case of yearling and calf skins. At these prices hides and skins have been available to tanners since 1938 and leather and boot and shoe prices have been based upon them. The total returns to the suppliers of hides are somewhat more than the prices paid on acquisition. This is due to the fact that export prices are very much higher than Australian prices. Sales of surplus hides and skins for export at overseas parity prices and the proceeds of a deferred payment on hides used in the production of leather, boots, shoes and leather goods which are subsequently exported, has enabled the board to raise the total return to the suppliers to a figure equivalent to 156 per cent of 1939 prices.

The Australian Hide and Leather Board has appraisement committees in each State except Tasmania. These committees appraise the hides in merchants’ and brokers’ stores weekly. There is also an allocation committee in each State which regularly allocates the available hides to the tanning industry throughout Australia. Hides which are salted and treated at meat works are submitted to the committee for allocation and hide merchants, brokers and tanners are licensed by the board and distribute hides in accordance with the board’s policy.

It is claimed that the effects of the scheme have been as follows:—(a) an equitable dis­tribution of Australian grown hides; (*b*) the return to hide suppliers of the money acquired by the board in the course of its Australian and overseas marketing activity; (*c*) stabilized prices of leather, boots, and shoes for use in Australia; and (d) organized stability of the leather, boot and shoe industry. The Commonwealth Government has made it clear that it will not renew the National Security Regulations after December 31 next and it has been agreed between the Commonwealth and the States that the scheme of marketing will be carried on in future as a joint Commonwealth and State scheme under both Commonwealth and State legislation.

The Government is advised that master tanners, leather manufacturers and footwear manufacturers are all in favour of continuing the control of the industry for the time being. The Footwear Manufacturers’ Federal Executive Committee in a memorandum to the Prime Minister pointed out that the cessation of control must necessarily bring about a serious rise in the Australian price of leather, and consequently in the price of boots and shoes. If controls on leather in Australia were lifted, Australian shoe manufacturers would have immediately to pay approximately world prices for leather and the price of footwear would increase substantially. The demand for leather throughout the world is very great owing to the destruction and wastage of the war years, the immense demand of the post-war years, and the demands for leather in parts of the world where the demand did not previously exist, e.g., Eastern countries. Manufacturers also pointed out that a steep rise in the price of footwear would have serious effects in the shoe manufacturing industry. In the United States, where world parity prices prevail, the high prices of footwear have led to serious consumer resistance in buying and have caused unemployment in the industry. Some American factories have closed down and others are working short time. Further, if the Australian manufacturers had to pay export prices for leather, they would be in an unfavourable position in competing with imported footwear.

Having regard to these facts and the universal demand for a continuance of the present scheme, the Government felt that it had no option but to ask Parliament to continue the control. The Bill has been introduced for this purpose, and follows closely the present National Security regulations. It provides for an appraisement committee and an allocation committee on the lines of the present committee but in future they will be appointed by the State Minister instead of by the Commonwealth. The Australian Hide and Leather Industries Board constituted under Commonwealth law will continue to function and by virtue of the Bill it will become the owner of all hides and skins in the State. Hides and skins which are salted and treated in meat works will become the property of the board upon being so salted and treated; and hides in the possession of other persons must be submitted to the appraisement committee and will, upon being so submitted, become the property of the board.

The board will pay the owners of the acquired hides in accordance with the provisions of the Commonwealth Act. Under this Act there is provision for the continuance of existing arrangements as to price. That is to say, upon appraisement and acquisition, the owners will receive the appropriate price in accordance with the table of limits approved by the Prices Commissioner and subsequently such additional amount as is available from proceeds of overseas sales. The remaining provisions of the Bill need no special comment. They are the usual provisions contained in marketing Bills and are similar to the National Security Regulations which have been in force for nine years. In view of the strong and wide demand for this Bill, the Government submits it for favourable consideration of the House. For this legislation to be effective, it is necessary that the Commonwealth and other State Governments should pass legislation of a complementary nature to allow the Hide and Leather Board established under the National Security Regulations to be maintained for a further period. The Bill contains many features which hon. members would probably regard normally as being undesirable.

Mr. O’Halloran—Is there a time limit to the Bill?

The Hon. T. PLAYFORD—I do not believe there is, but I will check that point.

Mr. Christian—Does it enable a primary producer to have his own hides tanned for leather?

The Hon. T. PLAYFORD—No. The hide becomes the property of the Hide and Leather Board.

Mr. Christian—That would be unsatisfactory.

The Hon. T. PLAYFORD—As I said previously, there are many provisions in the Bill which members would not desire normally to pass. As far as I can ascertain, unless this legislation is passed the South Australian boot and shoe industry and also our tanning industry will be seriously prejudiced. What is more, the general economy of the State will be prejudiced because the price of ordinary shoes will rise by £1 a pair, and thus have a serious effect upon the cost of living. That is the justification for hon. members to accept the legislation. I have made inquiries from the industries affected, and believe they support the Bill very strongly. Many of our hides at present come from Queensland and these people know that if hides went on the open market the competition would be so keen, and the prices so high it would be difficult for the industry to function here. That has been the experience of other countries where there has been a stronger developed industry than in Australia. Although normally the Government would not desire to support such legislation, the fact remains that the alternatives to its acceptance are so undesirable that it feels the Bill must be passed. I move the second reading.

Mr. O’HALLORAN—I move the adjournment of the debate.

Mr. STOTT—On a point of order, Mr. Speaker, Contingent Notice of Motion No. 2, which has been moved by the Premier,reads:—

That the Standing Orders be so far suspended as to enable the Bill to pass through its remaining stages without delay.

Is the hon. member in order in moving the adjournment of the debate?

The SPEAKER—Yes. The House is in control of its business at each stage. The question the House is now asked to decide is the motion of the Acting Leader of the Opposition that the debate be adjourned.

Motion carried; debate adjourned.