

Economics References Committee inquiry into
“The Australian manufacturing industry”

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Having been a manufacturer of leather goods since 1969 with three years in business overseas, I am well aware of the traps manufacturers face. The following is from late last century however I fear there has been no improvement in the succeeding years.

Many years ago, back in Melbourne the opportunity arose to export to the USA with samples being well received and enquiries arriving. I then visited the local tanneries to place orders for Australian leather. I was told at each tannery that it couldn't be supplied in the volume needed as the Government had commenced giving a 10% reward to exporters. The local tanneries could therefore no longer compete. Some never recovered. And the overseas orders were lost

These days 90% of the leather used is from India, SE Asia and South America. This is for belts, accessories, footwear etc.

Tourists want Australian leather goods from Australian materials. One sale in particular was a family from SE Asia who insisted the “Made In Australia” stamp was very visible. Thankfully they didn't ask where the actual leather was from – it was from India.

Workshop: One day a factory inspector arrived to look around and check the machinery. He decided that the clicking press and large sewing machines needed a protective guard which actually made them unusable.

ATO: There was a time when the Sales Tax was 15% on the bulk of the sales. After making an appointment three officers from the ATO visited to check the books. I had been paying the 15% but was unaware that it had been increased to 17.5% some months previously. Many letters were exchanged during the next few months and the tax had increased to 20%. I had not been notified of this or the previous increase. The situation was eventually resolved.

As the gentlemen were leaving, I asked to see their briefcases. On inspection the labels read “Made in China”. My business made briefcases so I was not pleased and wrote to their office firstly thanking them for their visit and the resolution and asked why the ATO briefcases were not made in Australia.

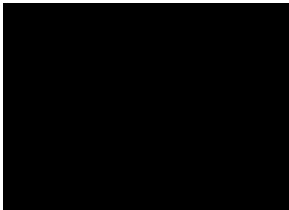
To my surprise, some weeks later we were asked to quote & supply briefcases for the ATO. This we did and happily supplied small numbers to the ATO for 2 or 3 years. This was

followed by a large order requiring a new quote. When submitting the new prices we discovered the prices which had been charged were in fact a not much better than cost of production so there was a reasonable percentage increase.
Our quote was apparently “beaten” by another company by \$1 per item.

SOLUTION:

- A: Make it mandatory that all Australian government requirements made in Australian made from Australian materials within the next five years. Not preferred but mandatory.
- B: Improve bonuses (if they exist) for exporters of 100% Australian manufactured products.
- C: Remove bonuses to exporter of raw materials.
- D: Create a banking system that works for all sizes of industry instead of industries that works for the banking.

Sincerely,



Peter Davies

