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John Cosgrove
Commissioner
Productivity Commission

Re: Review of Australia's General Tariff Arrangements
Clark Australia's Submission

Clark Australia has designed and manufactured stainless steel kitchen sinks and laundry tubs in Australia for over 50 years. During that time it has become a well-respected household name - an Aussie icon. The manufacturing plant in Revesby, Sydney employs over 200 staff.

Clark Australia is one of only two stainless steel sink manufacturers in Australia. This has rationalised from five manufacturers over the past ten years at the cost of many jobs. An obvious indication that the industry is committed to being competitive. During this period, reducing import tariffs has seen imported sinks rise to over 30% of the domestic market, costing countless other jobs.

Clark currently has approximately 45% of the domestic market and export to USA, SE Asia, UK and NZ. Exports account for around 10% of production, which indicates improvements in competitiveness are still required.

Whilst considerable resources (capital, R&D, new products, new processes, new tooling) are being allocated to improve the competitiveness of manufacturing, import tariff arrangements still act to impede competitiveness.

The two main areas of concern are:

Firstly, import duty Clark Australia has to pay on imported stainless steel. Stainless steel has not been produced in Australia for many years. Even cold rolled processing of imported stainless steel was halted by BHP three years ago. However a 3% import tariff is still demanded (Item # 7219.34.00). This is a ridiculous and unfair impost on Australian manufacturing and should be removed.

Secondly, an imbalance between low duty payable on imported sinks into Australia and high duty payable in countries where we export. Completed sinks imported into Australia attract a low import duty of 5% (Item # 7324.1000.52),

whilst many countries, especially in this region from where much of our competition comes, have high import tariffs (protection) of 20% - 70%.

Further, manufacturing costs in many competing countries are lower because they do not have our level of labour conditions, Occupational Health, Safety & Rehabilitation and Environmental laws. But we continue to ignore these costs when it comes to protecting our own manufacturing industry.

Removing this tariff on sinks imported into Australia would have a serious impact on the competitiveness of local manufacturing. This tariff should remain or be increased to bring manufacturing closer to the mystical "level playing field".

Whilst manufacturing recognises the absolute necessity to be internationally competitive we must make sure we are not killing off our own manufacturing industry. It would not take a great leap of imagination to envisage manufacturing sinks off-shore, as so many other manufacturers have done however, this would not help to provide employment for future generations.

This inquiry can help by recommending the removal of the 3% tariff on stainless steel imports and the continuation or increase of the 5% tariff on the import of completed sinks, item # 7324.1000.52.

I trust the inquiry leads to favourable outcomes for Australian manufacturing and look forward to your reply.

Kind regards

Michael Keany
Manufacturing Manager
Clark Australia