



Cert. No. 7280

Flexible Drive Agencies Pty. Ltd.

(Incorporated in Victoria) A.C.N. 004 922 570

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22-Jun-00

Review of General Tariff Arrangements,
Productivity Commission,
P.O. Box 80
Belconnen,
Act 2616

Attention Jill Irvine,

We have become aware of the proposal to remove the general 5% tariff commencing from July of 2001.

Flexible Drive Agencies Pty Ltd. ACN 004 922 570 ABN 15004 922 570, is a small to medium size manufacturing and distribution enterprise where a significant percentage of its sales are from locally manufactured product and some 60% produced at FDA's own manufacturing site located at 86 Stubbs st. Kensington Victoria.

We have grave concerns that we will come under increased import competition directly for our own products, as well as lost market opportunities resulting from the demise of a number of our significant customers if they lose the current minimal 5 % tariff protection for their local manufacturing operations.

We see a decision to remove the remaining 5% tariff effecting the following aspects of our business.

1. \$4 million of sales of Australian produced product exceeding 60% local content would be under threat.
2. \$1.5 million of direct & indirect manufacturing labour and overhead recovery and subsequent income and payroll taxes could be lost or at least substantially reduced.
3. \$1.0 Million of other locally supplied materials, components and finished goods all with a very significant Australian Content threatened.

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4. The loss of employment for up to 30 people engaged in manufacturing, engineering, sales and stores duties.
5. The potential to put at risk the entire enterprise with a turnover exceeding \$8.0 million and a work force of 65 people spread over the 5 mainland states.

The notion that we can be world leaders in Tariff reform is absurd. Obstacles in the way of both direct tariffs, and other non tariff restrictions are widely used by all of our trading partners and has been clearly demonstrated by recent events in the USA and elsewhere.

We urge the commission to take heed of the effect on manufacturing and the far reaching effect a reduction in tariffs is likely to have on an already diminished manufacturing industry.

Yours sincerely,

Ron Hugo
Managing Director

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