

61 2 6024 7984

BRADKEN PACIFIC WODONGA
Member, Smorgon Steel Group
A Division of the ANI Corporation Limited ABN 13 000 421 358
PO Box 130 (Queen Street) Wodonga VIC 3690 Australia
Phone: +61 2 6024 2022 Fax: +61 2 6024 7984



30 June 2000

Mr John Cosgrove
Presiding Commissioner
Review of General Tariff Arrangements
Productivity Commissioner
PO Box 80
Belconnen ACT 2616

SUBMISSION ON THE REVIEW OF AUSTRALIA'S GENERAL TARIFF ARRANGEMENT

Dear Sir,

This submission is made in support for the maintenance of tariffs to the heavy vehicle truck Industry to ensure a viable manufacturing facility is guaranteed.

Bradken Pacific is a business unit within Bradken and a member of the Smorgon Steel Group and operates a number of steel foundries in various states within Australia, servicing the mining, rail and road transport and general engineering markets.

Bradken's Wodonga and Launceston foundries supply critical cast steel components to the truck industry through two Australian customers manufacturing vehicles and sub assemblies to the market.

Sales to this industry sector are approximately 7% of the two plant's overall turnover. In the new financial year this sales figure will expand with the successful bid on a large defence project to supply cast components through a sub contractor for the Bush Ranger defence vehicle.

These two plants alone employ over 280 people in regional Victoria and Tasmania. The Wodonga operation has been established for 36 years and has provided continuous employment in the rural city. Contributions to the community include a total of \$6.2m in staff wages annually and also significant service works are contracted out to smaller businesses in the area.

Competition in the foundry industry is very strong from local and overseas suppliers. Plants in Australia generally have spare capacity but find the export opportunities limited due to the high cost structure. Wage rates the ever increasing environmental and OH&S compliance cost to meet the needs of our life style compared to overseas competitors all erode the level playing field.

Other constraints to our businesses include low volume runs and the high range of products to service the Australian market reduce the opportunity to invest in dedicated plant and equipment to maintain worlds best practise.

61 2 6024 7984

30 June 2000

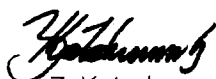
Page 2

Submission on the Review of Australia's General Tariff Arrangements

The reduction in tariff to the truck sector will have a further impact on margins but the ultimate cost will be an effect on the foundry volume when another customer is forced to exit the Australian market. Jobs losses will be the consequence of our reduction in output affecting rural people more sensitive to changes in employment conditions.

We urge you to take into consideration the numerous constraints in our businesses compared to the overseas suppliers and recommend support for the maintenance of this small tariff till there is commitment and confirmation from the competing supplier countries that the level playing field gap is narrowed.

Yours faithfully



Z. Katschmarsky
Manufacturing Manager
Bradken Pacific Wodonga