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3rd November 1999

Jim Roberts
Inquiry Research Manager
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Dear Sir

Re: Tariff Removals

Tasman Sinkware Pty Limited design and manufactures Stainless Steel Kitchen sinks and associated products at our facility in Regency Park South Australia and directly employs over 75 staff. Our plant is located in one of Australia highest regions of unemployment and current investment at this stage in plant and equipment is over \$9,600,000. We are one of two Australian domestic kitchen sink manufacturers and both companies are Australian owned.

Tasman sinks are sold through-out our distribution network in Australia where we have approximately 30% of the Australian market and product is currently exported to New Zealand, Hong Kong, Singapore, Vietnam and the Pacific Island region with new markets and products being developed for sale in USA & Canada region. All domestic and export sink sales are manufactured in our Adelaide plant. Export volumes will grow substantially if a healthy domestic market can be maintained.

The removal of the Import tariff of 3% on Item No 7220.20.00 (Concession No 9704860) and Item No 7219.34.00 (Concession No 9704860) will assist in making our products more competitive into countries that still have protectionist policies on imported products and will further assist our growth into existing and new markets. Over 60% of our manufacturing costs are in stainless steel.

For your information the Import duty imposed on Stainless Steel Kitchen Sinks is 30% into Thailand, 25% in Malaysia and 25% in Indonesia where a further 20% luxury tax applies. It is also of concern that Canada imposes a 7% tariff on sinks entering that country. Canadian sinks imported into Australia face a 5% tariff.

We looked at applying for duty Drawback on Stainless Steel purchases for exported products and found the logistics of recording these sales and the onerous reporting required would cost us more in time than the amount we would recover.

On the other hand, removal of the Import tariff Item No 7324.1000.52 for fully manufactured sinks will have a serious impact on our business as the majority of imports appear to be from lower cost manufacturers in the SE Asian region where Import Duties are considerably higher than current Australian Duties as previously illustrated.



Tasman Sinkware
Pty. Ltd.
ACN 007 551 886



We strongly urge that the Import tariff for Stainless Steel Sinks be increased from the current 5% to a more realistic level of perhaps 10%.

The reduction of Import duties on manufactured sinks in recent years has seen a growth of over 300% in volume and imported sinks now account for slightly over 30% of the total market from a traditional low base. Those countries exporting to Australian have an unfair advantage because of the high tariffs imposed their domestic governments as opposed to the low tariff we impose against them. Imports continue to grow as you can see from recent ABS statistics.

In summary our request is

- 1. To eliminate the current 3% Import tariff on Imported Stainless Steel Items 7220.20.00 & 7219.34.00 because there are no Australian manufacturers or part processors.**
- 2. To increase the Import tariff on item No 7324.10.00.52 Stainless Steel Kitchen sinks, because there are two Australian manufactures who suffer increasing pressure from foreign exporters that have high levels of protection in their domestic markets, or at least maintain the existing duty.**

I look forward to your prompt response as these matters are now negatively impacting our business.

Yours Faithfully
Tasman Sinkware Pty. Limited.



Bryant F. Walters
Director