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PETER M. STURROCK
CHIEF EXECUTIVE



FEDERAL CHAMBER
OF AUTOMOTIVE
INDUSTRIES

ABN 51 808 350 347

18 August 2003

The Secretary
Senate Economics Legislation Committee
Parliament House
CANBERRA ACT 2600

GPO BOX 313, CANBERRA ACT 2601
10 RUDD STREET, CANBERRA CITY
ACT 2600 AUSTRALIA
TELEPHONE 02 6247 3811
FACSIMILE 02 6248 7673

Dear Sir/Madam

***ACIS Administration Amendment Bill 2003
Customs Tariff Amendment (ACIS) Bill 2003***

I am writing on behalf of the Federal Chamber of Automotive Industries (FCAI) in relation to the Committee's current inquiry into the provisions of the two abovementioned Bills.

The FCAI is the peak industry organisation representing the four Australian vehicle manufacturers and all major importers of passenger cars, four wheel drives, light commercial vehicles and motorcycles.

These Bills are intended to give effect to key elements of the Government's response to Productivity Commission's review of post-2005 policy arrangements for the Australian automotive industry, conducted last year.

FCAI was an active participant in the review process and presented extensive submissions to the Productivity Commission and to the Government on a range of issues of interest to the Australian automotive industry.

The Government announced the details of its response to the Productivity Commission's review on 13 December 2002. The FCAI has strongly endorsed the key elements of this announcement, including the renewal and extension of the Automotive Competitiveness and Investment Scheme (ACIS) for a further 10 years, from 2006 until end-2015.

It should be noted that FCAI understands and supports the Government's decision to legislate a further reduction in automotive tariffs from a scheduled rate of 10 per cent to 5 per cent, from 1 January 2010.

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Importantly the Government has also publicly committed to initiate a further review of automotive tariff arrangements to be undertaken by the Productivity Commission in 2008, prior to the implementation of the proposed reduction provided for in this legislation. FCAI accepts that this review will provide an opportunity for the industry to respond to any changes in the international trade and investment environment and if need be to present a case for any further refinements of policy arrangements at that time.

FCAI is appreciative that it has been closely consulted in the development of this legislation and that process is ongoing as arrangements for the more detailed revised ACIS Ministerial guidelines are currently being developed.

Accordingly FCAI is strongly supportive of the passage of this legislation as a cognate package. I urge the Committee to support this legislation and to recommend its timely consideration and passage by the Australian Senate.

Yours sincerely



P.M. STURROCK
Chief Executive