



Australian Defence Apparel Pty Ltd

Productivity Commission Public hearing intro Post 2005 Assistance arrangements for the TCFL industry.

ADA welcomes the opportunity to discuss with the Commission the requirements for certainty and fairness in industry policy and to provide a response to some of the matters raised in the Commission's position paper released in April 2003.

A. Tariff issue. (Clothing)

ADA accepts 17.5% 1/1/2005
 10.0% 1/1/2010
 5% 1/1/2015

However the reduction to 5% 1/1/2015 should be subject to further review in 2008, when the effect of the reduction to 17.5% and 10.0% can be appraised not only the domestic effects but that assumptions of market access and the rate of tariff revision internationally can be tested.

B. Direct Assistance

Clearly the SIP program has assisted ADA to achieve 62% + growth in the revenues and 57% growth in employment (regional manufacture).

ADA submits that the direct assistance program should reflect a 10 year program and be maintained at its current level. No revision should be made to the existing program until 2005.

Features of new 10 year program

1. Eligibility should be maintained at \$200,000 investment for each of the 5 years.
2. Provision should be made for specific grants to SME. Say 10% of the total funds on application.

3. Type 3 grants should remain linked to type 2 grants, however added value for domestic manufacture should be uncapped as long as the total of all grants is no more than 5% of gross sales.
4. Type 2 grant should continue to be subjectively approved by AusIndustry with no change to the present approach.
5. Payments should be provided quarterly. An annual audit should still be required with excess payments deducted from the following year or Aus Industry could selectively audit at its discretion.
6. Re - configuration grants should be industry wide and not regionally specific.

Market Access

ADA does not believe that the approach of the Australian Government with respect to their APEC commitment to reductions in tariffs recognise the activities of other members of APEC and the lack of reform undertaken by the other members.

Brian Rush
Managing Director