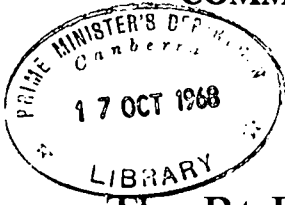


COMMONWEALTH OF AUSTRALIA



SPEECH

BY

The Rt Hon. J. G. GORTON, M.P.

ON

TARIFF BOARD

Annual Report: Ministerial Statement

[From the 'Parliamentary Debates,' 9 October 1968]

Mr GORTON (Higgins—Prime Minister)
—Mr Speaker, I ask leave to make a statement on the Tariff Board report just tabled.

Mr SPEAKER—There being no objection, leave is granted.

Mr GORTON—Mr Speaker, in the course of its last annual report, the Tariff Board outlined the changes which it considered to be desirable in its approach to its own work. In the report for 1967-68, which my colleague the Minister for Shipping and Transport and Acting Minister for Trade and Industry (Mr Sinclair) has just tabled, the Board has reported upon its study of the structure and levels of protection now operating in the Australian Customs Tariff.

It is, I think, important to understand the nature of the information contained in the two main appendices—Nos. 3 and 4—to this report. Appendix 3 is a compilation of what is termed the 'significant tariff rates' applying to individual products or groups of products, listed by tariff item. For comparative purposes, the Board has included statistical information about Australian production, imports and the estimated Australian demand for each item. In addition, to reduce this information to somewhat more manageable proportions, the Board has provided a shorter table in Appendix 4 in which the value of production of each industry is distributed between three levels of protection measured by the significant tariff rate, namely over 50%, 21% to 50% and not over 20%.

In short, the Board has linked information on production and imports to a rearranged version of the Customs Tariff. Within the limits imposed by the form of the available data, the outcome is a useful conspectus of the existing levels and structure of tariff rates which are applied to the final production of Australian industries. It reflects, to an important degree, decisions taken by the Government in the past on recommendations made by the Tariff Board.

In interpreting the information in the appendices to which I have referred, honourable members will have in mind important qualifications to which the Board itself has drawn attention. For example, the report refers to the fact that tariff rates which have not been reviewed for many years may substantially overstate the current duty needs of the industries concerned. Moreover, it is the actual duty rates applying to the final products of industries which are summarised in the tables. These may differ substantially from the effective rates, which represent the degree of protection extended to the production processes of those industries. For most of the products included in the appendices the Board has not been able to calculate effective rates of protection because sufficient data are not available to it, and it has therefore not been able to classify industries according to effective rates of protection. This information will only become known to the Board in the course of future public inquiries. The

Board considers that the effective rate is a better and more equitable method of measuring protection than the nominal rates shown in the Tariff.

For these and other reasons, the Board has emphasised that the ranking of particular products or groups of products in its tables summarising present levels of tariff rates should not be taken as indicating the view which the Board would take at a future tariff inquiry of the desirability of assisting an industry or the level of any protection it would recommend.

In the future, as in the past, recommendations for changes in the level of duties will be made only after public inquiries at which all interested parties may be heard. The information in the appendices to the Board's report does not pre-judge in any way the individual recommendations which the Board will make in the future after public inquiry. Requests from the Board for references designed to facilitate public inquiries into areas of the Tariff which the Board considers to be in need of review will of course be considered in accordance with normal procedures for determining references to the Board. Such inquiries would follow the generally accepted procedures of the Board conducting public inquiries at which the views of all interested parties are welcomed. Recommendations by the Board as a result of such reviews would be considered by the Government in accordance with current practice.

It will be noted that the Board has established, for its own guidance, points of reference which it has expressed in terms of effective rates of protection of 25% and 50%. The Board acknowledges that the assessment of these points involved a considerable element of judgment. They are not to be regarded as precise but as providing orders of magnitude which the Board believes will assist it in its approach to its work.

The Government has considered this report in the context of our established and well tried tariff policies. There has been no change in those policies. The Government

is committed to ensuring the growth of a strong manufacturing industry which is in fact at the very foundation of the Government's population building policies. The development of manufacturing industry is encouraged in many ways, and most notably by means of the Tariff. The Government has always been prepared adequately to protect, and will continue adequately to protect, economic and efficient industries. The Government will also afford adequate protection to industries of high importance from the standpoint of our strategic or other vital national interests.

Tariff policy has been and remains the responsibility of the Government, both in general and in relation to every single decision. In making these decisions we look to the Tariff Board for sound and practical advice. The Board has developed for almost half a century as an independent body. The Government does not attempt to set for the Board the procedures it should follow. It is therefore quite proper for the Board to examine its own methods of work, the way it shall conduct its inquiries and the bases on which it makes its recommendations. The Government expects the Board to take all possible steps to improve the quality of its advice.

To enable the Government to exercise its responsibility for tariff policy, it is clearly necessary that it should have available to it in the Board's reports the fullest possible knowledge of all the elements relevant to each particular case. We would, for example, expect the Board to report fully not only on the effective rates of protection that would be afforded by the nominal rates of duty recommended but also on other aspects that might be relevant to a consideration of the protection of the particular goods under reference. It will, of course, continue to be the Board's role to advise, and it will continue to be the Government's role, in determining levels of protection, to decide whether or not it will follow the advice given. These have been our policies and they have served us well. We have no intention of changing them.