



PRIME MINISTER

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COLOUR TELEVISION

One of the first acts of the present Australian Government was to request the Tariff Board to thoroughly review the electronic industry as a prelude to the introduction of colour television in Australia. It took this action on December 7, just 5 days after assuming office. The Liberal Government had failed to take any action on this matter. The Board has now reported and the Government has made its decision after consideration of that report. As a result, Australians will now have to pay considerably less for colour TV sets than would have been the case under a Liberal Government.

The Government has accepted the basic thrust of the Tariff Board Report on Consumer Electronic Equipment and Components which recommends that the existing tariff rates for these goods be reduced significantly. This will provide the Australian consumer with a wider range of cheaper electronic consumer goods, including colour television sets. It will also provide a basis for greater specialisation in the relevant sections of the Australian industry, with consequent benefits for the nation as a whole.

The Government has decided not to accept the precise recommendations of the Tariff Board in respect of the rate of duty which would apply. Subject to international commitments the new rates will be 35%. The Board had recommended 25% on most imported electronic components, 30% on imported made-up appliances, including monochrome and colour TV receivers, radios, radiograms, record players and the like. The old rates of duty were 33.75% plus \$37.50 on TV receivers, 33.75% plus \$7.50 on radio receivers and 33.75% plus various specific rates on components.

The adoption of the new duty rates will result in colour TV receivers retailing for at least \$150 less than under the tariff proposals put forward by the manufacturers. In order to ensure that the benefits of the new duty rates are passed on to consumers, prices of colour TV receivers and other electronic consumer goods will be kept under close review and action considered as appropriate to ensure that margins and prices are justifiable.

In supporting its recommendations for a lower rate of duty than has been accepted, the Board stated that the level of employment in the industry would be at least maintained, although a substantial number of persons would change their employment. Factors contributing to this are the current world shortage of components, the fact that the area of reduced protection is confined to the consumer electronic products industry and the buoyant economic conditions presently enjoyed. Under the Government's decision the employment effects of the reduction in protection are likely to be less than under the Tariff Board's proposals. Nevertheless, the Government has asked Departments to direct their attention to the likely future situation in regard to employment in South Australia, which has a narrower range of production than New South Wales and Victoria, the other States mainly involved in the electronics industry.

The Cabinet will introduce appropriate subsidy assistance to maintain, at least until the Tariff Board report on professional electronic equipment is considered by the Government, the production in Australia of selected electronic components which are or could be important for their defence, telecommunications or technological significance, e.g.

integrated circuits
discrete semi-conductors
crystals
transmitting valves
certain types of capacitors,
special purpose transducers derived from
ceramic capacitors,
certain types of resistors, and
transformers, as used in electronic equipment.

The precise list of components which might be covered by such assistance will be determined by the Government after further consideration of defence, telecommunications and technological aspects. Advice would be sought from appropriate Departments and technical authorities, e.g. Universities and/or consultants. The nature and extent of any subsidy assistance would be subject to appropriate rationalisation and restructuring being undertaken by the industry in consultation with Government. The details of this assistance will be determined and announced before the end of June 1974. The future of the subsidy assistance introduced will be reviewed at the time of consideration of the Tariff Board's report on professional electronic equipment.

Finally, Cabinet has decided that assistance will be made available to firms and employees harmed by the proposed tariff changes. Details of assistance and eligibility will be announced after the completion of the Government's general consideration of adjustment assistance principles. If necessary, interim assistance arrangements will be implemented.

The new duties will operate on and from 20 November 1973.