



PRIME MINISTER

Press Statement No. 177

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TARIFFS ON DOMESTIC APPLIANCES

The Prime Minister, Mr. Whitlam, today announced details of the Government's acceptance, with minor variations, of the report of the Tariff Board (now Industries Assistance Commission) on domestic appliances, heating and cooling equipment, etc.

Mr. Whitlam said that in general, the Tariff Board has recommended a tariff duty of 25% for the goods under reference. However, there are several exceptions to this whereby some products will be subject to a duty of 20 per cent and others 35 per cent. Generally, these recommendations provide for the existing tariff rates for a number of goods to be reduced significantly. The Board has stated that evidence supplied by local manufacturers and other information indicate that major economies could be achieved by re-organising production activities. These economies (coupled in many cases with substantial natural advantages) would allow the industries to operate profitably and probably to command a larger market under reduced levels of protection. More efficient production would also provide substantial national benefits.

Because the protective situation which applied until recently offered few inducements to change, the Board has recommended duty levels designed to encourage a better use of resources while providing adequate protection for the more efficient producers. The better use of resources and the lower levels of protection should bring significantly reduced prices to consumers (including most home owners) as well as general economic benefits to the community as a whole.

Mr. Whitlam indicated that the industries covered by this report include the second major consumer products sector of the economy to be reviewed recently by the Government. (The first was the consumer electronic equipment and components industry.)

Goods covered by this latest report are wide ranging and are of major importance to Australian consumers in that many are now 'necessities' and constitute substantial investments for most Australian home owners. They include refrigerators, washing machines, clothes dryers, freezers, dish washing machines, ranges, ovens, and small stoves (commonly referred to as whitegoods); certain refrigeration components, air conditioners and commercial refrigeration; portable appliances such as toasters, irons, kettles, etc., and water heaters and space heaters.

The Government has decided not to accept the precise recommendations of the Tariff Board in respect of a suggested deferral of some duty reductions for two years. Instead, it has decided to phase-in the duty reductions over the two year period, beginning with an immediate reduction and further reductions in 12 months and 2 years hence. This will enable firms to be subjected to a more gradual increase in competitive pressures and encourage them to undertake the necessary re-organisation at an early date. The present high level of consumer demand both here and overseas and the resultant pressure for higher levels of production will ease adjustments in the industry.

The Government has accepted the Board's recommendation that a bounty be paid on the production and sale in Australia of sealed compressors of 1.5kw or less because of the importance of compressors as components in the manufacture of refrigerators and room air conditioners. The payment of bounty will provide local refrigerator and air conditioner manufacturers with the immediate advantage of lower prices for an important component and thereby assist them to prepare for the reduced level of protection on their appliances.

Mr. Whitlam said that details of the customs tariff changes arising from the Government's decision will be announced when administrative arrangements to implement them have been finalised.

In accepting the Tariff Board's recommendations, the Government has decided that assistance will be made available to firms and employees who may be disadvantaged 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.

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