

PACIA Submission to the Productivity Commission Position Paper on Automobile Tariffs Post 2005

The Plastics and Chemicals Industries Association (PACIA) thanks the Productivity Commission for the opportunity to provide comment on its position paper regarding tariffs on Automobiles and their components post 2005. This paper provides further detail on the issues advanced by PACIA at its public hearing on 30 July 2002.

Automobile Tariffs Post 2005

PACIA stands by its original recommendation and opposes any recommendation by the Commission for a unilateral reduction in Automotive tariffs to 5% post 2010. It also repeats its call for the Commission to recommend the immediate removal of the three-percent Tariff Concession Scheme and those nuisance tariffs already identified by industry and Government.

A key focus of the inquiry must be on how to achieve greater market access for automobile and automotive component exports. This involves actions at both the international level to remove market barriers and reforms to domestic taxation regimes and policies that hinder the industry.

The Automotive Competitiveness and Investment Scheme

PACIA agrees that ACIS be continued post 2005 but that any new program should be based on the results of publicly available Key Performance Indicators that measure the impact and performance of the current scheme. A scheme which uses such information will be better tailored and provide a clearer path for the Government to follow when developing a scheme for 2006 and beyond.

Industrial Chemical Assessment and Approvals

The Commission in the position paper makes the following finding on approval processes for industrial chemicals:

“Proof of safety requirements for new industrial chemicals which have been certified as safe in other developed countries should only apply if circumstances unique to Australia make re-testing necessary”

While PACIA was pleased to see this element of its submission included in the document it proposes nothing new to the current situation. As requested at the public hearing PACIA would propose that the text and recommendations on the following page be included in the Commission's report.

(From page 69 of the Position Paper)

More efficient approval processes for industrial chemicals would benefit some automotive suppliers

The National Industrial Chemicals Notification and Assessment Scheme requires proof of safety for new chemicals even if those chemicals have been approved for use in other developed countries. According to some participants, the cost of proving safety for specialist chemical additives used in items such as scratch proof automotive paint and windscreen tinting, has rendered the use of those additives infeasible. As a result,

automotive suppliers have simply imported the final product into Australia to the detriment of local manufacturing and employment.

Quite apart from its impact on automotive suppliers, a requirement for retesting of chemicals that have already been demonstrated to be safe is at odds with the thrust of standards reform in Australia. An important element of those reforms has been mutual recognition of compliance with like standards of overseas chemical approval agencies from comparable countries.

PACIA however agrees that if a chemical is considered hazardous and has not been approved by a comparable country then the appropriate Australian regulatory agency must undertake an assessment to ensure that the Australian population's health and environment will not be adversely affected.

Findings

- *Assessment of new industrial chemicals which have been certified as safe in other developed countries should only apply where that chemical has been assessed as having characteristics of a high risk chemical by the appropriate regulatory body in the comparable country and where the Australian agency has particular concerns regarding the new chemical.*
- *Chemicals certified as non-hazardous by another comparable country assessment agency which have been self-assessed using strict criteria should be immediately added to Australia's approved chemical registry following their lodgement with NICNAS by an Australian company.*
- *In conducting an assessment the regulatory authority responsible for approval of the chemical should fully recognise datasets and information already prepared for assessment schemes in other comparable countries. The authority should also have regard for the issues of time to market for products in conducting its assessments*