

- The Industry Science Resources states in its “State of Australian Automotive Industry” report that “All HCV’s are imported but there is assembly of some of these vehicles in Australia with varying levels of Australian made assemblies and components incorporated.” This statement does not apply to Kenworth.
- Kenworth Trucks design and manufacture over 1000 trucks per year from its 130,000 square feet factory in Bayswater, Victoria. We have done so for 30 years. We employ over 500 people directly and many thousands more indirectly through over 300 local suppliers. More than half of our employees are Vehicle Building Union members.
- We have extensive local engineering input from 20 state of the art 3-Dimensional CAD terminals and manufacture vehicles with over 60% Australian content. We have invested approximately \$10M in local Research and Development in the last decade.
- PACCAR Australia (the Kenworth parent) has averaged in excess of \$250M in annual sales over the last 3 years. Our total Australian assets are \$111M. In the last decade we have paid approximately \$50M in company tax and invested approximately \$50M in capital into our local facilities.
- On average Kenworth makes annual purchases of over \$130M from 300 local suppliers. Many of these companies are small, some are large. But many of these companies rely substantially on Kenworth for their very existence.
- Kenworth believes itself to be part of the Australian Automotive Industry, so does the Union movement and so does the Government. The passenger motor vehicle (PMV) is afforded a 15% tariff that is planned to be reduced to 10% in 2005. PMV’s are not part of this current round of tariff review. Why is Kenworth (an HCV) not treated the same as a PMV?
- Doug Cameron – National Secretary of the Australian Manufacturing Worker’s Union advises that 60,000 jobs have been lost from Australian manufacturing in the last 2 years.

The Draft report of the Review of Australia's General Tariff Arrangements says that in the last 25 years employment in the Manufacturing sector has declined 22% and the Transport equipment and machinery sector has declined by 30% while overall employment has increased by 49%. Tariff reduction has not made manufacturing strong – quite the contrary it has encouraged it to go off-shore.

- Since 1988 the tariff on HCV's has reduced from 18% to 5% in 1996. During that time the following local HCV manufacturers have closed local operations and now import CBU. Freightliner, Ford/Sterling, Western Star, DAF and Scania; this represents over 30% of the market at the time. The following manufacturers have scaled back their operations; Mack, Volvo, International/Iveco.
- A weakening Australian manufacturing base may impact on our Regional Security.
- The draft report argues that tariff reductions bring about a corresponding fall in the exchange rate. Thus competitiveness is maintained. History does not confirm this theory. Our exchange rate in the 90's has been highly volatile both up and down. If, as the report implies – a low exchange rate is a good thing, can we ask the Government to share with industry what policies it proposes to ensure our dollar remains weak?
- North America and Europe are the main sources of imported HCV's for Australia. Yet they themselves have local import tariffs up to 25% and 22% respectively. Why would we allow U.S. and European HCV's into Australia tariff free when an Australian manufactured Kenworth would be slugged up to 25% if we tried to export? There is an argument for a reciprocal tariff for HCV's not a reduction. Why would we want to move from our current 5% until our trading partners move as well? Why give up the little bargaining power we have?
- HCV's are considered part of the automotive industry. Therefore there is a strong case to increase tariffs in line with other Australian Automotive Industry participants such as PMV's.

- Kenworth is faced with many costs such as payroll tax, superannuation levies, withholding tax, land tax, customs duty, and worker's compensation that impacts upon its profitability. It could be argued that a retention of the current tariff of 5% is justified on that basis alone.
- PMV's are being treated as a special case. HCV's are part of the Australian Automotive Industry. They too should be afforded special treatment and be removed from this round of tariff negotiation. The current tariff of 5% should remain pending a full and complete review of all Automotive Industry participants, not just PMV's. Don't give up what little truck manufacturing remains in Australia.