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Firstly we apologise for the lateness of this submission and appreciate your preparedness to accept it now.

New Holland is a world leader in the design and manufacture of a full line of agricultural, light industrial and construction equipment. As a global manufacturer and supplier of both whole goods and spare parts, to Australia's rural communities, agricultural, light industrial and construction industries, we consider it important to make the following brief but critical points for consideration by the Commission in framing a final report for the Government's ultimate consideration.

- New Holland Australia are supporters of zero tariffs and no doubt the Government will determine a position one way or the other in this respect. Should zero tariffs be adopted, then the following points become irrelevant. However, they are submitted for your earnest consideration in the event that zero tariffs are not adopted.
- Many of the goods imported by New Holland Australia are already acknowledged as not being manufactured in Australia and are accordingly granted duty free admission at the substantive tariff item level. Agricultural tractors are an example of this situation.
- There are however many products [i.e. Tractor Loader Backhoes and certain skid steer loaders] which although similar in that they do NOT have substitutable goods produced locally, are NOT duty free in their own right. These goods are reliant on concessions afforded through the Tariff Concession Order [TCO] system, to remove the unnecessary costs of protection.
- Many of the machines and parts imported by New Holland Australia are supplied directly to farmers and others within the agricultural sector, and to the construction industry. The flow on of benefits [duty savings] to these important industries is critical to Australia's competitiveness on a global scale.
- These savings are of particular importance to Australia's rural sector and our commodity export prices. Any program that serves to reduce artificially inflated prices on imported machinery is of significant importance in acting as a buffer against the regular increases triggered by a low Australian dollar and interest rate rises.
- New Holland Australia unequivocally supports retention of the TCO system, which justifiably enables the concessional entry of goods, where it is demonstrated that no substitutable goods are manufactured locally. This is a critical and important feature of Australia's tariff legislation.
- In further support of the TCO system, there have been continual changes in Australia's local manufacturing capability, over the years. The flexibility available through the TCO system in providing a facility to quickly remove the unnecessary costs of protection, particularly in respect of leading edge technologically advanced products, is a major benefit to innovative industries and must be allowed to continue.

New Holland Australia Pty Limited

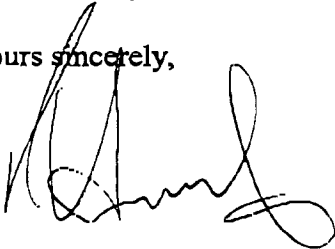
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- In addition to advocating retention of the TCO system, New Holland Australia strongly urges the Commission to strenuously recommend to the Government that the existing 3% 'revenue' levy applying to business inputs, be repealed. This 'levy' is counter productive to the national interest and is incapable of being justifiably retained. Accordingly, it should immediately be repealed and replaced with a totally 'duty free' regime so that ALL goods determined to be eligible for concessional entry under the TCO system are rightfully admitted on a duty free basis.
- One of the anomalies resulting from this inequitous imposition [3%] in tariff legislation is that big-ticket items [for farmers] such as BALERS are treated in 2 different ways. Round balers are duty free at the substantive tariff item level, whereas square balers are subjected to the 3% revenue levy. Even though both are NOT manufactured in Australia. Inequities such as this do nothing other than create unnecessary distortions in the marketplace.

Thank you again for your understanding in relation to the timing of this submission.

Yours sincerely,



Phillip C Hudson fcbca; jp.

New Holland Australia Pty Limited