

Saturday, 8 March 2003



David Robertson  
Presiding Commissioner  
TCF Inquiry  
Productivity Commission  
PO Box 80 Belconnen  
ACT 2616

Dear Mr Robertson

The Queensland Light Manufacturing Industry Training Council [QLMitc] is an industry association operated by a Board of business owners from the TCF industry. Its main interest is employment and skills development through training.

The QLMitc facilitated an industry forum in Brisbane on Thursday 27<sup>th</sup> February 2003 to discuss post 2005 policy options. The meeting was attended by nineteen (19) individuals with a serious interest in the future of the TCF industry.

A summary of points made are listed below.

- Current assistance programs have been effective for larger textile, clothing, footwear and leather [TCF & L] companies in Queensland eg leather tanning and textile production.
- Current assistance programs have not been effective for small businesses with less than 40 employees. The risk to business and the criteria for assistance rendered small businesses unable to take advantage of assistance programs. Queensland TCF&L industry is over 87% small to medium size businesses.
- The strength of the Queensland TCF&L industry is that it consists of small businesses that are responsive to changes in local and overseas markets and operate in a niche market. Qld businesses do not compete in the mass production, low price point merchandise area.
- A major impediment to the long term viability of the Queensland TCF&L industry is the lack of financial assistance and tax relief for innovation, research and development of products for niche markets.
- To prepare the TCF&L industry for further adjustment to change brought on by Government's international obligations and trade development, employers and the workforce needs to be trained in "change" and multi-skilled to adjust to changing future needs. Training is the powerhouse that will drive more viable and sustainable businesses.

- Over the last three years, the number of trainees and apprentices in Queensland has increased by 41% to 294 despite adjustments made to the industry because of the last Productivity Commission inquiry.
- The TCF&L industry in Queensland needs to be considered a priority growth industry and have training incentives for employers for engaging new trainees and apprentices. Employment in the Queensland TCF&L industry has increased by 20% from 1995 to 2000 with a forecast growth in employment of 23% from 2000 to 2008 [Monash University Forecast December 2000].
- Skill shortages exist in a number of areas including sewing machinist, textile production workers and tanners. Young people need to be encouraged to enter the industry to replace the retiring workforce. Vocational education and training programs in secondary schools should give young greater career alternatives that include TCF&L.

More specific issues that were raised at the meeting addressed:

1. Concerns about national security where Australia's capacity to be self sufficient in food, shelter and clothing is being compromised by Federal Government global policies that rely on overseas clothing and textile production resulting in reduced capacity for self reliance. Australian is selling jobs to overseas countries and reducing Australia's ability to save itself.
2. Concern was expressed about the lack of a level international playing field where Australia has been true to global policies while other countries use backdoor strategies to protect there own TCF industries.

Specific points made about the SIP program include:

1. Concern about the administration of SIP where companies received SIP funding after the companies were liquidated. This was not seen as a wise use of funds.
2. SIP should continue post 2005 and include a parallel scheme that will allow greater small business participation through lowering the threshold qualifying amount and some how reduce the risk associated with small business's participation in the program.
3. SIP should be a 10 year program.

Points made about tariff reduction were specific to the view of the industry sector. These included:

1. Further reduction in tariffs on yarn to zero percent was supported. Knitters and weavers would achieve a reduction of 5% on the cost of imported yarn which will reduce fabric costs and allow the factories to better compete on the international and domestic market. Clothing in turn should also be cheaper to the consumer.
2. Spinners would experience more competition from lower priced imports making it more difficult to meet sales targets.

3. Other opinions around the table indicated that there is no benefit in reducing tariffs further as the final impact on companies in Australia has already occurred.

Suggested policies and programs post 2005 to help grow the TCF industry in Queensland and Australia include:

1. A market access strategy for both local and overseas markets in high quality, high fashion, life style niche markets areas. Import and export knowledge and training is required and assistance with exposure of Australian TCF products, especially for small to medium sized business. As individuals they do not have the capacity to access larger markets, but collectively there may be significant critical mass.
2. Niche manufacturing is important to Queensland TCF industry. Low volume, high value product manufacturing requires tax relief. This may be implemented through tax benefits/rebates for research and development efforts which address continuous change in speciality areas..
3. A supply chain credit system that rewards Australian manufacturing where Australian raw materials and Australian value added products are use along the length of the supply chain from raw material to exported product.
4. Australian footwear manufacturing companies should receive assistance to supply the Australian footwear repair industry with manufactured footwear material for refurbishment of footwear. Nearly all materials for the footwear industry come from overseas.
5. Training incentives for small business are required above and beyond current Commonwealth Training Subsidies. The strategy is imperative to encourage businesses to contribute to future skills pool of the TCF industry. With so many large companies “gone to the wall” skills development is now the responsibility of small businesses. Many do not have the capacity to compromise lean production schedules by training new future skilled people. Extra cash incentives should be paid to TCF employers where they employ new people through a traineeship or apprenticeship.
6. Skills development advisory structures for the TCF industry through out Australia have been decimated because of the last Commonwealth Government budget where funding for industry training advisory bodies was discontinued by end 2003. Post 2005 strategy for the TCF industry should include strategic skills advisory arrangement in each state to help ensure the TCF industry’s contribution to the Australian economy.

Queensland’s TCF industry is keen to contribute to the Productivity Commission review and play a key role to ensure Queensland’s issues are addressed at a national level. I can be contacted on [07] 3252 4867 or 0418 752 862 for further supporting information.

Yours truly,

Sam Nicolosi  
General Manager