

**REVIEW OF
PRODUCTIVITY COMMISSION**

TCF ASSISTANCE : REPORT

BY THE TCF RESOURCE CENTRE (WA)

May 2003

INTRODUCTION

The Productivity Commission has produced a substantial report and conducted a comprehensive program to gather the information. The TCF Resource Centre (WA) applauds the Productivity Commission's efforts.

It is now necessary to determine relevant recommendations, and put them into action.

Regardless that the "Review of TCF Assistance" Report is 200 pages, it still lacks necessary recommendations. Specifically for small business.

There are several major issues/topics which have been discussed within the Report which have absolutely no Recommendations attached, and no clear indication how Tariff reductions and the SIP Recommendations relate to these significant issues.

TRAINING

The TCF Resource Centre (WA) fully supports and endorses the significant Government \$'s that has funded the development of National Training Packages for TCF. They are a part of the solution for continued improvements in efficiency, and the development of higher skill levels and improved productivity. However, to suggest that the TCF Training Packages satisfies the entire TCF training requirements is not possible.

They are many gaps and, the major gap being training, and training delivery options small business can access.

The Report confirms the difficulty "training providers" have communicating and selling services to the TCF industry. A reason for this is small business's inability to commit to a "package". Small business needs options, and mostly short accessible training/workshops. Generic marketing, and small business training is also often not sufficient for the TCF industry. It requires some sector specific short training options. (The TCF Resource Centre has compiled a list of solutions to this and other issues discussed shortly, in the "Recommendation").

The ability to train “outworkers” is not addressed within the Report. Few outworkers would be accessing the TCF Training Package. The fact, as identified in the Report, that many outworkers are migrants and often new migrants, clearly identifies options are required which are not being satisfied through the “Training System” or SIP.

Skilled outworkers are an essential component of an active and thriving manufacturing sector. Manufacturing is a necessity for Australia, in particular niche manufacturing that caters for Australia’s design & fashion industry that requires quick turnaround, customization and innovation in detail.

The Report states

“While the workforce has some different characteristics to other industries, these are seemingly catered for in generally available programs.”

“The Commission notes that funding for several other industry-specific training programs will be discontinued at the end of 2003” (pp 126)

The Report identifies deficiencies in training and the budget is reduced? The TCF Resource Centre has been involved in providing training options for 5 years, through it’s relationship with the Belmont Business Enterprise Centre Inc. We know of no provider in WA that provides “generally available programs”?

SMALL BUSINESS and STATISTICS

The Report recognises the concerns of several small business Representative Submissions but, again the Report doesn’t have many recommendations which will facilitate the Productivity Commission’s objectives (“to improve the overall performance of the Australian economy”).

The Report provides some substantially varied data with regard to numbers of companies, and numbers of employees/contractors/outworkers and supply chain employees. The Statistics would increase dramatically if several other data sources could be found which indicated totals of – micro/small business in fashion or design; textile, fibre or skin related products; TCF Agents & Wholesalers; retail & manufacturers (eg make for their own shop); some retail employees located within these retail operations eg. Bridal retail, made to order; associated contract services eg embroidery; outworkers, sub contractors, eg self employed persons running a homebased manufacturing business or design related business in textiles, fibres, leather etc.

The Report clearly identifies the difficulty in real estimations and neglects to accommodate the potential for significant differences. For example –

“Estimating the number of people involved in outwork in the TCF sector has proved to be very difficult.” (pp 127)

“the TCFUA estimated that there were around 330 000 persons involved in outworking in some capacity”

“the Industry Commission estimated there were around 23,00 full time equivalent outworkers, an estimate often quoted as the most reliable available at that time.” (pp 128)

Having a ‘potential’ large volume of outworkers actively working, at some capacity or seeking work in the TCFL industry, is a major issue. No current Government Assistance Program provides any assistance to this major stakeholder group.

In 1992, the Geelong Regional Commission, had identified 35 TCF businesses operating within their local area, with 6 weeks the Co-ordinator of the TCF Awareness Week, staged in Geelong had located in excess of 200 businesses directly operating with the Geelong regions TCFL industry.

In 1998, the Department of Commerce & Trade in Western Australia had identified approx 180 TCFL businesses operating within WA, the TCF Resource Centre of WA has identified in excess of 950 firms directly operating a business within this industry sector in WA, and this is steadily rising.

Likewise, the reliability of ABS or other data determining the total number of TCFL “companies” and associated companies/contractors, could be questioned ie. the TCF Industry is much larger than the “reliable” data suggests. Especially as most of these would be small businesses. Again, no current Government assistance is directed towards small business.

The Previous TCF Resource Centre (WA) Submission clearly identified that the majority (96%) of WA TCF companies are small business. Alternative solutions to those proposed by the Productivity Commission are required for small business.

The Report does recognise the necessity of “outworkers”, and the fact that they are constituted largely of migrant women.

“For firms outwork can facilitate a fast and flexible response to customer

demands. Given that short run, quick response apparel production is one of the few areas where Australia clothing producers can be internationally competitive, such flexibility is very important.”

Outwork also provides job opportunities for those newly arrived migrants with poor English language skills, limited formal education and sometimes no immediate access to welfare” (pp XXXVII).

The skill base being brought to Australia is massive but, we have the potential to lose these skills, to other occupations, if opportunities are not facilitated. State based organisations such as the TCF Resource Centre can do this. The TCFRC has developed specific short training programs targeting home based workers, eg their legal and taxation requirements. Cultural differences are discussed in other workshops, and a variety of necessary information and skills are being made available to these people. State based networking and utilising Industry databases facilitates relationship building and substantially increases business opportunity success.

The Report falls to recognise that the outworker network is utilised predominantly by TCF micro / small businesses. Better skills, better products results in greater opportunities.

The age of workers (pp 42) is a major issue not dealt with sufficiently within the Report. Access to training and skill development for older workers, working women, migrants is not available and no appropriate strategies are recommended in the Report. The TCFRC has some programs and provides assistance directly to this industry category.

CURRENT SIP USERS

The Report states that 5% of the TCF companies have accessed support from SIP, and that these generally large companies account for two-thirds of employment, and three-quarters of TCF's value added. We have attempted to identify that the data is skewed ie. the 5% wouldn't represent two-thirds of the total number of "people" in the TCF industry.

Regardless, it is clear that SIP does not meet the needs of small business or the potentially large number of associated trades/stakeholders involved in the Australian TCF industry.

Unfortunately the Report does not provide any new options. It is imperative the Productivity Commission address the lack of assistance provided to Australia's small businesses.

TCF Resource Centre of WA has previously outlined to the Minister and relevant TCF department the concept of introducing a Small Business component for SIP (outlined in Recommendations)

MARKET DEVELOPMENT PROGRAM

There were 14 projects awarded under the TCF Market Development Program (MDP), which has proved to be a very successful outcome and in particular for small business. TCF Resource Centre of WA's - Australian Designer Showcase MDP project alone has directly benefited over 40 Australian micro / small business design firms to access new national and international markets, at events like Fashion Exposed Trade Exhibition and Hong Kong Fashion Week.

STATE ARRANGEMENTS

The Report provides an overview of the significant funds provided by the Victorian Government towards the TCF industry, in Victoria. The "2002 TCF Forum Group" produced a 10 Year Strategic 10 Year Report which provides a number of recommendations, which should be considered by the Productivity Commission. Included was formal recognition of the TCF Resource Centre (WA) and it's relevance for all States as a mechanism to provide support and assistance.

The WA Premier recently established a prominent Taskforce for a Review of the WA Fashion Industry. The members of the committee constitute significant WA individuals and representatives, and were asked to make recommendations to State Government. A number of significant recommendations are currently being finalised for presentation to the Premier. Many reflect the issues discussed in the Productivity Report but, with an emphasis on small business.

The TCF Resource Centre (WA) has recently been communicating with TCF industry representatives in Brisbane, who have identified a major need for support and assistance for the TCF industry in Queensland (also has a high % of small business). They have been communicating with the TCF Resource Centre (WA) to provide information, models and practices/policy, so as to duplicate them in Brisbane ie. the needs of the QLD TCF industry are not being met.

The Recommendations of the Report do little to satisfy these needs clearly visible at the State level.

Commonwealth Government should facilitate the State's efforts.

RECOMMENDATIONS : by the TCF Resource Centre (WA)

The TCFRC supports the Commission's position on "Option 4:"

Don't discriminate against small firms, which otherwise "don't" meet assistance criteria

"changes are required to better facilitate the Government's objective of encouraging the TCF sector to become internationally competitive with lower levels of assistance and to provide a better balance between this objective and the interests of consumers, taxpayers and the wider community"

(pp XL).

Providing Government funds directly to Australia's largest TCF companies, is a slap in the face to small business. New SIP arrangements must accommodate Australia's small businesses, outworkers, supply chain individuals/companies, and associated trades.

The previous TCFRC Submission presented major Recommendations, which will again be presented here. Why, because these recommendations constitute real solutions to the many issues the Productivity Commission identifies as major "threats", and a Report that does little to suggest how to take advantage of the "opportunities".

If SIP is to continue, an allocation of those program funds to be applied specifically for small business. How?

- **An allocation of \$80, 000 - \$100, 000 per annum (length of SIP) per State/Territory for "approved" TCF Business Enterprise Centres.** (The administrative mechanisms are already in place at most State levels for BEC's), and performance measurement systems already exist). The existence of a National network would meet the Commission's objectives – "improve performance".
- **Small Business Investment Program (SBIP)**, based on the existing WA Small Business Development Corporation (SBDC) Business Innovation Development Scheme (BIDS). This 2 Stage Innovation Program allows for the R & D component of SIP but could be scaled down to a \$10,000 per firm with a 50% subsidy and also includes 20 hrs with a consultant, this is the practical hands on

assistance that small business TCF innovators require to assist them in bringing a new innovative TCFL product to the marketplace.

- **Market Development Program SIP (MDP SIP)** based on the guidelines of the successful past DITR Market Development Program, the re-establishment of this market access program with a focus on assistance to TCFL small business to access new market areas and group TCFL national and international trade exhibitions
- **State based TCFL online databases be established**, including all relevant TCFL companies and stakeholders (eg outworkers), that can be linked nationally and maintained through the relevant state TCF Business Enterprise Centres

In summary, the TCFRC has a vast experience solving many of the problems that have been presented in the Commission's Report. To disregard possible solutions would be abandoning the Commission's objective.

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