

Textile, Clothing and Footwear Investment and Innovation Programs Amendment Bill 2014

Portfolio: Industry

Introduced: House of Representatives, 29 May 2014

Purpose

2.74 The Textile, Clothing, and Footwear Investment and Innovation Programs Amendment Bill 2014 (the bill) will amend the *Textile, Clothing and Footwear Investment and Innovation Programs Act 1999* to provide for the closure of the Clothing and Household Textile Building Innovative Capability Scheme (BIC Scheme) and the Textiles, Clothing and Footwear Small Business Program (TCF Small Business Program) on 30 June 2014.

Background

2.75 The committee reported on the bill in its *Seventh Report of the 44th Parliament*.

Committee view on compatibility

Right to work and rights at work

Economic impact of measure

2.76 The committee sought the Minister for Industry's advice as to the compatibility of the bill with the right to work and rights at work.

Minister's response

I note the Committee has raised concerns about the compatibility of the Bill with the right to work and rights at work as guaranteed by the International Covenant on Economic, Social and Cultural Rights (ICESCR). The Committee is concerned that early closure of the Textile, Clothing and Footwear Small Business Program (TCF-SBP) and the Clothing and Household Textiles Building Innovative Capability (BIC) scheme may reduce the employment opportunities of those working in the industry.

The TCF-SBP and the BIC scheme are just two of a number of programmes that were created to help Australia's TCF manufacturing industry to transition to a lower import tariff regime. These programmes are part of a range of industry support initiatives through which the Australian Government has paid over \$1.2 billion to the TCF manufacturing industry since 2001-02. Tariffs on TCF items, which in 1990 ranged from 15-55 per cent, have gradually been reduced. By 1 January 2015, all TCF tariffs will be 5 per cent.

The Government's aim is to create an economy-wide environment conducive to private sector investment and jobs growth, including investment in innovation.

The Government remains committed to ensuring Australia's manufacturing industries are internationally competitive and that they move in step with the global transition to the niche, value adding and export-focused industries of the future. The \$50 million Manufacturing Transition Grants Programme will support firms to transition and build capability in higher value activities in new or growing sectors. The Government also recently announced the details of a \$155 million Growth Fund to ensure that workers affected by the closure of the car manufacturing industry transition to new jobs, businesses find new markets and invest in capital equipment and regions invest in infrastructure projects.

Additionally, the R&D Tax Incentive is a targeted, generous and easy to access entitlement programme that helps businesses of all sizes in all sectors to offset some of the costs of doing R&D. Also, the Entrepreneurs' Infrastructure Programme (EIP) offers easy to access practical support to Australian businesses. The EIP is a new approach to the way Government provides services to business. It will offer support to businesses through three streams: business management; research connections; and commercialising ideas.

The TCF industry has now largely restructured and the early closure of the TCF-SBP and the BIC scheme are part of the Government's industry policy of setting the right economic environment by reducing red tape, reducing taxes, equipping businesses with key market information and the opportunity to expand or export. The objective is to improve the overall competitiveness of Australian industry and encourage entrepreneurship. This will deliver a strong economy with sustainable job opportunities. The Bill is therefore compatible with the right to work and rights at work.¹

Committee response

2.77 The committee thanks the Minister for Industry for his detailed response and has concluded its examination of this bill.

1 See Appendix 2, Letter from the Hon Ian Macfarlane MP, Minister for Industry, to Senator Dean Smith, 8 July 2014, pp 1-2.