

Minister for Economic Development

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- 2 FEB 2010

Mr John Hawkins
Committee Secretariat
Senate Economics Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Mr Hawkins

**Inquiry into the Textile, Clothing and Footwear Strategic Investment Program
Amendment (Building Innovative Capability) Bill 2009**

Thank you for the opportunity for the Tasmanian Government to respond to the above inquiry.

The Tasmanian Government does not have any responses specific to this request. However, it should be noted that the objective of the *Textile, Clothing and Footwear (TCF) Strategic Investment Program Amendment (Building Innovative Capability) Bill 2009* is to implement elements of the Australian Government TCF package announced in May 2009 by Senator Kim Carr, Minister for Innovation, Industry, Science and Research, in response to the 2008 review of the Australian TCF industry (the Review) conducted by Professor Roy Green. For more detailed information on the Australian Government TCF package refer to Attachment A.

The Australian Government TCF package is consistent with the recommendations of the review submitted in August 2008 by Professor Green and the July 2008 submission to the review by Tasmania. The review recommended the legislated tariff reduction regime continue from 2010 to 2015 with industry supported during this period with grants and dedicated services from the Australian government Enterprise Connect initiative to improve innovation, productivity and skills in the sector. For more detailed information on legislated tariff reductions refer to Attachment B.

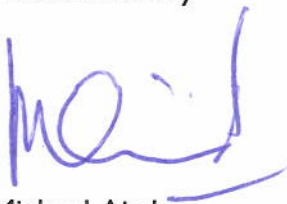
The Australian Government TCF package does not implement the full recommendations of the review. In particular the \$200 million grant program proposed by the review has been significantly reduced to around \$55 million, through the \$30 million TCF Strategic Capability program for large projects and the \$25 million Clothing and Household Textile Building Innovative Capability Program. The Australian Government has not finalised the eligibility criteria for both these programs with further consultation planned for early 2010 once the draft program guidelines are finalised.

The TCF sector in Tasmania is a significant contributor to the Tasmanian economy with employment stable at around 1 200 since 2006 to 2008. The Tasmanian sector is particularly vulnerable to tariff reductions and the high Australian dollar exchange rate. Financial support from the previous Australian Government TCF structural adjustment package has been strong, with over \$2 million of support in the period 2006-2007. Importantly, if required, the Tasmanian TCF sector may not be able to access this level of support from the revised Australian Government TCF package.

With the sector's major employers, Australian Weaving Mills Pty Ltd (275 employees) and Tascot Templeton Carpets Pty Ltd (220 employees) located in Devonport, it is important that support from the Australian Government TCF package is maximised to retain sector and regional employment.

Please contact Tristan Richards at DEDTA by email at Tristan.Richards@development.tas.gov.au or telephone on (03) 6233 5564 for more information.

Yours sincerely



Michael Aird
Minister for Economic Development

Attachment A – TCF Innovation Package

TCF INNOVATION PACKAGE

Under the \$401 million package announced in the Budget on 12 May 2009, the Australian Government will:

- introduce a new \$30 million *TCF Strategic Capability Program* to support large projects that will boost innovation capability and performance at the enterprise and workplace level;
- establish a *Clothing and Household Textile Building Innovative Capability Program* to support investment and innovation – based on the TCF Post-2005 Strategic Investment Program (SIP) Scheme, with \$25 million in additional funding;
- establish a *TCF Industries Innovation Council* bringing together business, unions, researchers and government to champion innovation in the sector and provide strategic advice;
- establish a *National TCF Innovation Network* within Enterprise Connect to support collaboration between companies and between industry, researchers and educational institutions;
- retain the *TCF Small Business Program*, to improve business enterprise culture;
- commission the *TCF Industries Innovation Council* to provide further advice on the introduction of a voluntary ethical quality mark, voluntary national sizing standards for clothing and footwear, and a national anthropometric (human measurement) database; and
- proceed with the TCF tariff reductions already enshrined in legislation.

The TCF package responds to the recommendations of last year's Review of the Australian TCF Industries by Professor Roy Green.

Attachment B – TCF Tariff reduction schedules

The rate of scheduled tariff reductions is:

	2004	2005	2010	2015
Clothing and finished textiles	25%	17.5%	10.0%	5.0%
Cotton sheeting and fabrics	15%	10.0%	5.0%	5.0%
Sleeping bags, table linen	10%	7.5%	5.0%	5.0%
Carpet	15%	10.0%	5.0%	5.0%
Footwear	15%	10.0%	5.0%	5.0%
Footwear Parts	10%	7.5%	5.0%	5.0%
Other (eg yarns, leather)	5%	5.0%	5.0%	5.0%