

# Chapter One

## INTRODUCTION

### Background

1.1 The Textile Clothing and Footwear Strategic Investment Program Amendment (Post-2005 scheme) Bill 2004 and the Customs Tariff Amendment (Textile Clothing and Footwear Post-2005 Arrangements) Bill 2004 were introduced into the House of Representatives on 16 June 2004 by the Hon Ian MacFarlane MP, Minister for Industry, Tourism and Resources. They were passed by the House of Representatives on 25 June 2004, and were introduced into the Senate as a package<sup>1</sup> on 3 August 2004.

### Purpose of the Bills

1.2 The Textile Clothing and Footwear Strategic Investment Program Amendment (Post-2005 scheme) Bill 2004 extends the Textile, Clothing and Footwear (TCF) Strategic Investment Program (SIP) for ten years, to 2015. The Bill also provides for the establishment of a TCF Small Business Program.

1.3 The Customs Tariff Amendment (Textile Clothing and Footwear Post-2005 Arrangements) Bill 2004 reduces tariffs on a wide range of TCF products. Tariffs on most TCF products will be reduced to 5% in 2010; and tariffs on clothing and some finished textiles will be reduced to 5% in 2015.

### Reference of the Bills

1.4 On 23 June 2004, the Senate adopted the Selection of Bills Committee Report No. 9 of 2004 and referred the provisions of the bills to the Senate Economics Legislation Committee for consideration and report. The Selection of Bills Committee gave the following reasons for referring the bills to the Committee:

To inquire whether:

- the Strategic Investment Program (SIP) bill assists small and medium sized enterprises (SMEs) to access government assistance;
- the legislation improves market access overseas;
- the phase-down of SIP funding from 2009 threatens the future of the industry and employment;
- the legislation provides adequate support for high value exports;

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1 Where bills are combined as a package, they are debated and voted upon together.

- the legislation provides adequate support for R&D activity;
- the legislation provides adequate support for production value added activity;
- the reduction in grant types from 5 to 2 will decrease access for some TCF firms;
- the cut in tariffs will have an adverse effect on the industry, economy generally, employment and sustainability of regional cities and towns;
- our trading partners are reducing tariffs at the same rate as Australia; and
- the combination of these two bills and provisions in the United States Free Trade Agreement will adversely impact on the future of the industry and on employment.<sup>2</sup>

## Submissions

1.5 The Committee advertised its inquiry into the Textile Clothing and Footwear Strategic Investment Program Amendment (Post-2005 scheme) Bill 2004 and the Customs Tariff Amendment (Textile Clothing and Footwear Post-2005 Arrangements) Bill 2004 on the internet and in *The Australian* newspaper. In addition the Committee contacted a number of organisations, alerting them to the inquiry and inviting them to make a submission. A list of submissions appears at **Appendix 1**.

## Hearings and Evidence

1.6 The Committee held one public hearing at Parliament House, Canberra, on 3 August 2004. Witnesses who appeared before the Committee at that hearing are listed in **Appendix 2**.

1.7 Copies of the Hansard transcript are tabled for the information of the Senate. They are also available through the internet at <http://www.aph.gov.au/hansard>.