



## Geelong and Region Trades and Labour Council

JOHN KRANZ  
Secretary

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Friday, 9 July 2004  
The Secretary  
Senate Economics Legislation Committee  
Room SG.64  
Parliament House  
Canberra. ACT. 2600

Re: Submission by the Geelong and Region Trades and Labour Council into the senate Committee Inquiry into the provisions of 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

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The Geelong and Region Trades and Labour Council questions why the Government is trying to rush this through, and why the Inquiry is not visiting Regional Centres like Geelong, where decisions of the Inquiry will effect the most. ie: The Workers.

The Textile Clothing Footwear Industry is vital to the Geelong region there are 2150 people employed in the Industry in Geelong and in wages it contributes \$70 in Wages and Salaries to the local economy.

The Geelong and Region Trades and Labour Council supports the concerns of our affiliate the Textile Clothing and Footwear Union of Australia Victorian Branch in its concerns as indicated below.

Attached for your information is the Geelong and Region Trades and Labour Council Submission to the Job Destroying Productivity Commission last year on the TCF Industry.

The Federal Government is unnecessarily tying the tariff reduction bill to industry assistance in an obvious attempt to blackmail the industry into accepting unjustified and ideological tariff reductions that will wreak further havoc on an industry already suffering the effects of previous reductions. There is no sensible reason to tie the two bills together.

The TCFUA supports assistance to industry but believes the current package of assistance should be altered to reflect a fairer balance for industry participants.

Specifically the TCFUA is seeking:

1. That the connection between the two bills should be severed.
2. That the tariff amendment bill should be voted down
3. That the SIP bill should be amended to include:
  - a lower threshold of eligible expenditure for companies;
  - An employment impact statement as part of the Strategic Business Plan reporting and accountability requirements;
  - Tightened eligibility to ensure that only genuine Australian manufacturers have access to the scheme;
4. A TCF-LAP bill should be enacted to create a Labour Adjustment Program which includes the following:
  - 12 months of vocational retraining;
  - an additional 12 months of English language and literacy training for workers who are disadvantaged by their non-English speaking background and/or their poor literacy;
  - a non-means tested TCF Special Allowance for the duration of retraining
  - a wage subsidy paid to employers who hire eligible workers for vacant jobs;
  - a relocation allowance.

The new TCF-LAP bill should also ensure that union-based liaison officers from the industry are employed to help implement the provisions, to act as advocates and to provide information about LAP at factories, Centrelink and community agencies.

Funding for the TCF-LAP should be \$100M over five years.<sup>1</sup> Half of the funding can be provided from the proposed \$50M Structural Adjustment Fund and the other half to be new funding.

5. Legislation establishing a tri-partite Australian TCF Industry Council with adequate funding to focus on creating and maintaining Australian TCF employment with an emphasis of focussing on high value-added exports.

Yours  
Jeff  
John Kranz  
Secretary

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<sup>1</sup> The TCF-LAP program that ran from 1991-6 was funded for \$92M



## Geelong and Region Trades and Labour Council

JOHN KRANZ  
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Tuesday, 4 March 2003  
TCF Inquiry  
Productivity Commission  
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CONFIDENTIAL

The Geelong and Region Trades and Labour Council have prepared the following submission on behalf of the Workers and their families in the Geelong Region. It is made in recognition of the importance of the TCFL industry to the region's economy and community. The submission is based on extensive consultation with local TCF Workers in the Region and the local Union and Community

In Summary, the Geelong and Region Trades and Labour Council believes that:

**Maintain** the current freeze in tariffs until it can be demonstrated that any reduction is in the interest of Australian workers, and until such time that our major trading partners reduce their tariff and non-tariff barriers to a level equal to Australia.

**Continue** to fund an industry assistance program similar to SIPS, but ensure that any new program ties business assistance to the on-going employment of Australian workers

**Fund** a re-training program similar to the Labour Adjustment Program (LAP) that is specific to the TCF sector and pays workers for the period of re-training

**Clean-up** the TCF industry by ensuring that all workers, including home-based outworkers, are paid award wages. Work in safe and suitable conditions and ensure that Corporations Law is amended (as promised prior to the previous election) to ensure that workers' entitlements are given priority above all other creditors so in the event of company collapses workers receive 100% of their entitlements.

Geelong has over 60 firms operating in the region involved with TCFL. The TCFL industry forms an important part of Geelong's manufacturing sector. It employs 2,150 people and accounts for 14.2% of Geelong's total manufacturing workforce. The industry's 2,150 employees contribute almost \$70 million in wages and salaries to the local economy. These jobs are the lifeblood to the Geelong Community, the Workers in the Industry and their Families.

John Kranz.

Secretary.

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The Geelong and Region Trades and Labour Council believes that:

**Maintain** the current freeze in tariffs until it can be demonstrated that any reduction is in the interest of Australian workers, and until such time that our major trading partners reduce their tariff and non-tariff barriers to a level equal to Australia.

**Continue** to fund an industry assistance program similar to SIPS, but ensure that any new program ties business assistance to the on-going employment of Australian workers

**Fund** a re-training program similar to the Labour Adjustment Program (LAP) that is specific to the TCF sector and pays workers for the period of re-training

**Clean up** the TCF industry by ensuring that all workers, including home-based outworkers, are paid award wages. Work in safe and suitable conditions and ensure that Corporations Law is amended (as promised prior to the previous election) to ensure that workers' entitlements are given priority above all other creditors so in the event of company collapses workers receive 100% of their entitlements.

Geelong has over 60 firms operating in the region involved with TCFL. The TCFL industry forms an important part of Geelong's manufacturing sector. It employs 2,150 people and accounts for 14.2% of Geelong's total manufacturing workforce. The industry's 2,150 employees contribute almost \$70 million in wages and salaries to the local economy. The Geelong and Region Trades and Labour Council believes that:

- A reduction in tariff levels will threaten the critical mass of TCFL companies needed for the survival of the industry in Geelong;

- The strong concentration of TCFL companies in the region provides the local industry with significant growth opportunities that will be endangered by a reduction in tariff levels;
- Tariff and non-tariff barriers prevent Australian TCFL companies from accessing many important international markets. Australia will not benefit from reducing TCFL tariffs until its trading partners reduce tariffs and remove non-tariff barriers;
- Reducing TCFL levels will be another significant blow for industry in regional Australia.

The importance of the TCFL industry to the local economy extends beyond the 2,150 people it employs directly. Industry turnover is around \$440 million and a further 2,838 people are employed in related industries. Over the last eight years the TCFL industry has begun to successfully embrace changes that will make it globally competitive. This has led to the industry broadening its focus from producing for domestic markets to actively pursuing export markets. The result has been a 112% increase in the total value of TCFL exports over the last decade. The gains that the industry has made will be jeopardised if tariff levels are reduced and assistance measures are not maintained, because the global economy is currently not a level playing field.

Geelong has undergone a period of sustained growth over the last five years. Unemployment has fallen from 12.9% in 1997 to 6.3% (ABS: Barwon Western Region, January 2003). The local TCFL industry has indicated that significant jobs will be lost if the proposed tariff cuts occur and assistance measures discontinued. Given that research (Weller & Webber 1999) demonstrates that workers retrenched from the TCFL industry face considerable difficulty re-entering the labour force, there is the potential for a significant increase in unemployment in Geelong if tariff levels are reduced.

In making its recommendation to the Federal Government the Geelong and Region Trades and Labour Council calls on the Commission to recognise:

- The importance of the TCFL industry to Geelong's economy and community;
- The significant growth potential it has;
- That further tariff cuts will decimate Geelong's TCFL industry and result in a large number of job losses;
- The importance of assistance measures to enable the industry to be competitive in the global economy;
- That the CSIRO, Deakin University, Gordon TAFE and the International Fibre Centre rely upon a strong a viable local TCFL industry as a basis for their industry specific research and development and training programs. If critical mass of the TCFL industry is threatened in Geelong so to may the activities of important institutions that play an important role in the Australian wide TCFL industry.
- Significant social and economic cost of TCFL job losses, particularly for the large number of women and people from non English speaking backgrounds that work in the TCFL industry;
- The fact that many retrenched workers have difficulty gaining alternative employment and many will become part of the "hidden unemployed".

The Geelong and Region Trades and Labour Council believes that in order for the TCFL industry is to survive in the Geelong region:

- Tariff levels in the Textile, Clothing, Footwear and Leather (TCFL) industry must stay at their current levels until at least 2010 and any further reduction after this time be subject to a review process in 2008.
- The Strategic Investment Program (SIP) and the Expanded Overseas Assembly Provision (EOAP) scheme must be continued at least at current levels;
- The SIP must be revised to allow greater access to it across the TCFL industry and the procedure for applying for funding simplified.

The Geelong and Region Trades and Labour Council believes that these actions are justified because:

- Many of Australia's trading partners have not reduced tariff levels to the same extent that Australia has, including the US and Japan;
- the critical mass of TCFL companies in the Geelong region required to make and keep the industry viable will be threatened if the scheduled tariff cuts proceed;
- the TCFL industry is just beginning to embrace change in a way that will make it globally competitive;
- further tariff cuts could destroy the local industry;

Geelong is one of Australia's leading TCFL centres. The local industry has an estimated turnover of \$440 million, employs over 2,150 people directly and a further 2,838 indirectly and accounts for 14.2% of Geelong's total manufacturing workforce. This is compared to the Victorian figure of 8.9% and the national



figure of 7%. If tariff levels are reduced and assistance measures are not continued, Geelong's TCFL workforce will be decimated and negative effects will be felt throughout the entire local economy.

When announcing the TCFL review the Federal Government said that each policy option put forward by the Productivity Commission would be assessed to determine its impact on regional Australia. The TCFL sector contributes almost \$70 million in wages and salaries annually to Geelong's economy. Much of the workforce that contributes this expenditure will be lost if tariff levels are reduced because the critical mass of companies required to make the sector viable will disappear. The Productivity Commission must recognise that a reduction in both tariff levels and industry assistance measures will be another serious blow for industry in regional Australia.

The Federal Government argues that Australia is bound by international obligations to APEC and the World Trade Organisation (WTO) to reduce tariff levels. However, this does not accord with the actions of its trading partners. For example, the United States and Japan have both failed to reduce tariff levels at the same rate or to the same level that Australia has and they both have significant systems of non-tariff barriers (MAIPP: 21-22, 2002). The Federal Government must not reduce TCFL industry tariff levels until Australia's trading partners show a positive commitment to reducing tariffs and removing non-tariff barriers.

## **MANUFACTURING INDUSTRY IN GEELONG**

Since the 1997 TCFL inquiry the structure of Geelong's economy has changed. Following the national trend the service sector has become the largest employer in the Geelong region. Despite the pressure of globalisation and a reduction in tariff levels Geelong retains its status as a region of manufacturing excellence. Manufacturing is the most important industry sector in the Victorian and Geelong

regional economies. Geelong's manufacturing base remains its greatest economic strength with significant new investment projects announced by Ford and Shell in the past year underlining their confidence in, and importance to, the regional economy. The concentration of manufacturing industries in Geelong provides a critical mass of local sources of supply, enables better service and support and promotes cooperation and joint venturing in product development, production and marketing. The commencement of the \$17.5 million Victorian Centre for Advanced Materials Manufacturing (VCAMM) project at Deakin University further strengthens the critical mass of manufacturing capability in Geelong.

Geelong's strong manufacturing base is complemented by its overall industry structure and transport infrastructure. The major sector types in Geelong's industrial structure are food processing, TCFL, automotive component manufacture, petroleum products and other chemicals, metals, timber processing and aerospace activities. Geelong's transport network complements this industrial structure. The Port of Geelong and Avalon Airport give local industry access to national and international export markets. Geelong is part of the National Standard Gauge Rail Network and is able to distribute goods from bulk shipments to smaller lots for distribution around Victoria and interstate. The upgraded Princes Freeway and rail line give Geelong industry efficient access to the Port of Melbourne and the Melbourne labour market. The region's transport infrastructure and overall industry structure has allowed the manufacturing industry in Geelong to excel. A significant proportion of Geelong's manufacturing industry is made up by the TCFL sector and will be negatively impacted upon by a reduction in tariff levels and if industry assistance measures are not continued.

#### **TCFL INDUSTRY IN GEELONG**

The TCFL industry has played an important role in the development of Geelong's economy. In its early years the region's economy developed on the back of a

rich pastoral hinterland and the prosperity of the local wool trade. Geelong became the major trading port for the export of wool to Britain. At the same time related textiles industries flourished. Since these early years, the industry has undergone a major transformation. Today the local industry has found a niche in specialised markets supplying clothing, carpets, surf wear, fine wool processing, wool tops and wool products. The success of this transformation has seen Geelong come to be regarded as one of Australia's leading TCFL centres, with currently over 60 businesses operating in the region.

Geelong's history in TCFL has brought significant employment to the region. Currently the local TCFL sector employs over 2,150 people and accounts for 14.2% of Geelong's total manufacturing workforce. This is in comparison to the Victorian figure of 8.9%. The strong employment concentration comes despite the TCFL industry in Geelong having undergone significant reform over the past five years resulting in 1,150 job losses. The reduction in employment reflects the efforts of Geelong TCFL companies in downsizing as part of the process of becoming more globally competitive. Geelong's largest TCFL company is Godfrey Hirst. It employs 700 people and is also the Geelong region's third biggest employer. Other major TCFL employers in the region include: Huyck Australia Pty Ltd 186, Brintons Carpets 170, Melba Industries (Australia) Pty Ltd 130 and Geelong Wool Combing Limited 120. Geelong's nine largest TCFL companies account for 66% of total employment in the local industry.

Geelong's TCFL sector creates significant indirect spending and employment benefits for the local economy. TCFL industries in Geelong have an estimated turnover of \$440 million. The local industry's 2,150 employees contribute almost \$70 million in wages and salaries to the local economy each year. The Textile Industry is estimated to have an employment multiplier effect of 1.38, while the Clothing and Footwear Industries are estimated to have employment multipliers

of 1.27 (Carter & Milanese, 1986)<sup>1</sup>. This means that the TCFL industries support employment of a further 2,838 people in the Geelong region. If the proposed tariff cuts proceed the effects will be felt throughout the entire economy as these flow-on jobs are placed in jeopardy.

### **GEELONG IS LEADING THE WAY IN VALUE ADDING IN THE TCFL INDUSTRY**

A recent report by the National Institute of Economic and Industry Research (NIEIR) found that Geelong must improve the integration of the research bodies in its region into its industrial structure (NIEIR: 90, 2002). Geelong has a number of important research institutions that are dedicated to finding innovative ways of adding value to TCFL products. The Geelong TCFL industry has a strong relationship with local education and research institutions like the Gordon Institute of TAFE, Deakin University, CSIRO Textile and Fibre Technology and the International Fibre Centre. These education and research institutions provide the local industry with both training for workers and state of the art research capabilities. They give industry the opportunity to form partnerships to facilitate the successful development of value adding opportunities. This type of development assists the industry to become more globally competitive. However, this type of opportunity will not be able to occur if the critical mass of TCFL companies in Geelong is lost due to a reduction in tariff levels or industry assistance measures.

The region's education and research and development institutions have added to Geelong's status as an attractive place for TCFL investment. Currently Deakin University offers Geelong's TCFL industry flexible learning and research expertise. Deakin is the only university in Australia with a growing team of postgraduate students who are conducting applied research in fibres and textiles

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<sup>1</sup> The figure of 2838 was calculated by multiplying the respective employment multiplier effects (textiles 1.38 and clothing and footwear 1.27) by the number of employees in that sector of the industry.

for industry. The establishment of the VCAMM has further strengthened this position.

### **THE REGIONAL CONCENTRATION OF THE TCFL INDUSTRY**

The Federal Government, when announcing the review of TCFL tariffs, said that each policy option put forward by the Commission would be assessed to determine its impact on regional Australia. The Terms of Reference given to the Commission state that: "Particular attention should be given to the impact of policy options on those regions where TCFL accounts for a high level of regional industry concentration." The Productivity Commission and the Federal Government must not ignore the strong concentration of TCFL companies in the Geelong region's overall industry structure where they account for 14.2% of all manufacturing employment compared to 8.9% for the state of Victoria. Because of this strong concentration the impact of a large number of job losses due to a reduction in tariff levels and ceasing of other industry assistance measures will be serious. The Geelong and Region Trades and Labour Council calls on the Commission to consider this point when making its recommendations to the Federal Government.

### **THE REGIONAL ECONOMY: EMPLOYMENT ISSUES**

Geelong has a current unemployment rate of 6.3% (ABS: Barwon Western Region, January 2003). This low figure highlights the remarkable transition that the economy has undergone since 1997 when the unemployment rate was 12.9%. This transition will be endangered if tariff levels are reduced and assistance measures are not continued. The result will inevitably be an increase in unemployment in the Geelong region. This will reverse a large portion of the employment gains the Geelong economy has made over the last five years. Since 1997 a number of TCFL companies in the Geelong region have closed.

These include: Classweave Industries Pty Ltd, Burrowes Industries, Scholfield Pty Ltd, Ryley Pty Ltd, Hello Fashions, Glenros, Nara Fashions, Bay City Clothing, Elite Fibre Australia, AGS Pty Ltd and Kinears Rope Works. In addition Australian icons RipCurl and Quicksilver have relocated garment-manufacturing plants offshore. However, both maintain a design and administrative presence in the region.

Since the tariff freeze occurred in 1997 employment in Geelong's TCFL sector has decreased by 1,150 to 2,150. Given that 1,150 people in the industry have lost their jobs since 1997 and there was a tariff freeze at that time the City of Greater Geelong believes that a tariff cut in 2005 will consequently result in a large number of job losses. If, for example, 1,000 jobs were lost as a result of a tariff reduction and industry assistance measures being discontinued approximately \$32 million in wages and salaries would be lost from the local economy. This does not consider the loss of indirect jobs and the substantial flow-on impact to the rest of the local economy.

#### **RE-EMPLOYMENT OF TCFL WORKERS**

A large number of job losses in Geelong's TCFL industry will create a serious unemployment problem for the region. Workers who lose their job in the TCFL industry find it difficult to find new employment because their skills are not readily transferable between industries. Research carried out by the University of Melbourne in 1997 showed that of 600 retrenched textile workers 53% were still jobless two years later (Weller & Webber 1999, p.107). This has serious implications for TCFL workers in Geelong. It will be difficult for these workers to find alternative employment because they lack transferable skills. If jobs are lost retraining programs will be required for displaced workers. Such a program would be costly to the Federal Government to make available and to administer.

Many TCFL workers are from non-English speaking backgrounds and are female aged 40 year and over.. This means that job loses resulting from tariff cuts and a cessation of assistance measures may not be fully reflected in increased unemployment rates for Geelong. Women, who are married, depending on household income levels, are often not eligible for unemployment benefits and a great deal simply “retire”. High levels of hidden unemployment can create significant social and economic problems as a deceptively low unemployment figure gives the impression that unemployment is not a major concern.

A recent report by the National Institute of Economic and Industry Research entitled *State of the Regions* highlighted the fact that salary levels in the Barwon Region are well below other comparable regions and Melbourne in particular as the data below highlights.

Melbourne North	\$16,090
<b>Barwon</b>	<b>\$14,989</b>
Mallee-Wimmera	\$16,195
Melbourne West	\$16,940
West Victoria	\$16,458

In addition, the report also showed that around 20% of income in the Barwon region is generated from Social Security Benefits. This demonstrates that employees and residents in the region are already significantly disadvantaged against their counterparts in other areas of the state. Reduction of current tariff levels and ending of assistance measures could seriously affect the level of employment in the TCFL sector in Geelong, further deteriorating the already lower salary levels, and increasing dependence upon social security. Social issues need to be given equal priority to economic theory in the debate over whether or not to reduce TCFL industry protection.

Given that twenty per cent of income in the Geelong region comes from social security benefits a substantial increase in the unemployment rate could have a serious economic and social impact on the community. Between 1996 and 2001, Geelong's labour force grew by an average of 1,563 persons per annum (ABS Census of Population and Housing, 1996 and 2001). If tariff levels are reduced and assistance measures are not continued the ability of the regional economy to create enough jobs to absorb both a large number of unemployed TCFL workers and the enlarged labour market resulting from population growth, is limited.

Recent data indicates that total employment in manufacturing industries in Geelong in 2001 was about 13,046 (see table at Attachment 1). The strength of Geelong's manufacturing industry is important to the region's capacity to provide sustainable employment opportunities. The fact that manufacturing industry in Geelong has been able to maintain employment at its current levels provides clear evidence of its importance in the face of relatively slow growth in employment in the service sector in Geelong, the sector which has provided the major growth in employment in the Australian economy over the past 20 years. Thus, it is essential that TCFL tariff levels be left at their current levels to ensure the survival of this important part of Geelong's manufacturing industry.

#### **MAINTAINING EMPLOYMENT IN GEELONG'S MANUFACTURING INDUSTRY**

Geelong is taking an active approach towards creating and maintaining employment in its manufacturing industries. It is a widely accepted view that the only way to retain large scale manufacturing activity is to maintain a competitive advantage based on the inherent advantages of high-income countries. These inherent advantages consist of:

- Workers with advanced skills
- An excellent capacity to create new knowledge, and



- An excellent capacity to transfer new knowledge into new products, better products or more efficient production processes.

Geelong is aware of these principles and is actively working towards their achievement. The Smart Geelong Network and the Local Learning and Employment Network (LLEN) have recently been established with the aim of harnessing the knowledge economy and skilling the workforce to accept new challenges and directions. The GTN has undertaken a number of initiatives aimed at improving Geelong's TCFL industry. These include creating a GTN website ([www.geelongtextilenetwork.com](http://www.geelongtextilenetwork.com)), developing an *Opportunities in textiles in Geelong* brochure<sup>2</sup> and preparing a strategic plan for the future of the local industry. Deakin University, the Gordon Institute of TAFE, the International Fibre Centre and CSIRO Textile and Fibre Technology are all located in Geelong. The local TCFL industry is thus ideally placed to work in partnership with these institutions to capitalise on their extensive research capabilities. The presence of such organisations gives the industry the opportunity to equip its workforce with the latest technological advances to prosper in both local and international markets.

#### **TARIFF CUTS WILL THREATEN THE CRITICAL MASS OF TCFL COMPANIES IN GEELONG**

The ability of the local TCFL industry to withstand a further round of tariff cuts is limited. The critical mass of companies required to make the sector viable will be threatened if the scheduled tariff cuts proceed. Clustering of firms allows information to be shared and increases the chance of establishing linkages with research institutions. The concentration of TCFL companies in Geelong provides a critical mass of local sources of supply, enables better service and support and promotes cooperation and joint venturing in product development, production and

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<sup>2</sup> Please find attached a copy of this brochure and the *Geelong Textile Directory*, another document developed by the GTN and the City of Greater Geelong to promote the local TCFL industry.

marketing. Local companies have questioned the ability of the local TCFL industry to be able to supply raw materials, skilled labour, training programs and technical support at present levels if tariffs are reduced. This could result in the decimation of the local industry. The aim of the Government's industry policy should be to facilitate the development of industry driven clusters in regional areas like Geelong where competitive advantages in the manufacturing sector already exist. The need to add value to TCFL products is widely acknowledged. However, the ability of Geelong TCFL companies to do this successfully will be compromised if the size of the local TCFL sector is reduced because of tariff cuts.

## CONCLUSION

The TCFL industry is extremely important to the economy and community of Geelong. If tariff levels are reduced and assistance measures withdrawn it faces devastation. Thus, the Geelong and Region Trades and Labour Council would like to reaffirm its position:

**Maintain** the current freeze in tariffs until it can be demonstrated that any reduction is in the interest of Australian workers, and until such time that our major trading partners reduce their tariff and non-tariff barriers to a level equal to Australia.

**Continue** to fund an industry assistance program similar to SIPS, but ensure that any new program ties business assistance to the on-going employment of Australian workers

**Fund** a re-training program similar to the Labour Adjustment Program (LAP) that is specific to the TCF sector and pays workers for the period of re-training

**Clean-up** the TCF industry by ensuring that all workers, including home-based outworkers, are paid award wages. Work in safe and suitable conditions and ensure that Corporations Law is amended (as promised prior to the previous election) to ensure that workers' entitlements are given priority above all other creditors so in the event of company collapses workers receive 100% of their entitlements.

Geelong's status as one of Australia's leading TCFL centres and the strength of its local manufacturing industry will be jeopardised if tariff levels are reduced or assistance measures withdrawn. The TCFL industry in Geelong employs 2,150 people directly and a further 2,838 indirectly and accounts for 14.2% of its total manufacturing workforce. A tariff reduction or a withdrawal of assistance measures will threaten almost \$70 million in wages and salaries that are contributed to the local economy by the industry's 2,150 employees.

The Geelong and Region Trades and Labour Council believes that:

- A reduction in tariff levels will endanger the critical mass of TCFL companies needed for the survival of the industry and supporting institutions in Geelong;
- The strong concentration of TCFL companies in the region provides the industry with significant opportunities to pursue partnerships with local research institutions to carry out R&D and to explore value-adding opportunities. This opportunity will be endangered by a reduction in tariff levels;
- Tariff and non-tariff barriers prevent Australian TCFL companies from accessing many important international markets. Australia will not benefit from reducing TCFL tariffs until its trading partners reduce tariffs and remove non-tariff barriers;
- The Federal Government should continue to support TCFL companies to restructure to build a sustainable and globally competitive TCFL industry in Australia;
- Reducing TCFL levels and withdrawing industry assistance measures will be another significant blow for industry in regional Australia.

The TCFL industry's importance to the local economy extends beyond the 2,150 people it employs directly. Industry turnover is approximately \$440 million and 2,838 people are employed in downstream industries. The gains that the TCFL industry has made over the last decade will be jeopardised if tariff levels are reduced and industry assistance measures are not continued. These include

broadening its focus from producing for domestic markets to actively pursuing export markets with the result being a 112% increase in the total value of TCFL exports over the last decade.

Finally, in making its recommendation to the Federal Government the Geelong and Region Trades and Labour Council implores the Commission to recognise:

- The importance of the TCFL industry to Geelong's economy and community;
- The significant growth potential it has;
- That further tariff cuts will decimate Geelong's TCFL industry and result in a large number of job losses;
- The importance of assistance measures to enable the industry to be competitive in the global economy;
- That the CSIRO, Deakin University, Gordon TAFE and the International Fibre Center rely upon a strong a viable local TCFL industry as a basis for their industry specific research and development and training programs. If critical mass of the TCFL industry is threatened in Geelong so to may the activities of important institutions that play an important role in the Australian wide TCFL industry.
- Significant social and economic cost of TCFL job losses, particularly for the large number of women and people from non English speaking backgrounds that work in the TCFL industry;
- The fact that many retrenched workers have difficulty gaining alternative employment and many will become part of the "hidden unemployed".

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**ATTACHMENTS:**

**Attachment 1: Industry sector of the Geelong workforce in the Geelong region, 2001 Census**

Local Government Area	Greater Geelong (G)	Surf Coast (S)	Golden Plains (S)	Queenscliffe (B)	Total Geelong Region	Geelong Region % 2001	Geelong Region % 1996	Victoria % 2001
Agriculture, Forestry & Fishing	1,143	506	762	15	2,426	2.6	1.4	3.5
Mining	74	6	14	0	94	0.1	0.2	0.2
Manufacturing	13,046	908	1,096	43	15,093	16.3	19.5	15.3
Sub Sectors -								
Food and Beverages	1,060	64	213	6	1,343	8.9	9.5	14.4
Textiles, Clothing, Footwear & Leather	<b>1,904</b>	<b>141</b>	<b>102</b>	<b>3</b>	<b>2,150</b>	<b>14.2</b>	<b>17.6</b>	<b>8.9</b>
Wood & Paper Products	603	47	38	3	691	4.6	3.4	5.5
Printing, Publishing & Recording	785	98	42	12	937	6.2	5.7	9.4
Petroleum & Chemicals	1,123	63	70	0	1,256	8.3	8.7	11.0
Non Metallic Mineral Products	596	51	76	0	723	4.8	5.4	3.3
Metal Products	2,149	139	149	3	2,440	16.2	16.7	9.9
Machinery and Equipment	3,548	157	292	12	4,009	26.6	27.6	23.3
Other Manufacturing	527	85	50	0	662	4.4	3.1	6.1
Manufacturing, undefined	751	63	64	4	882	5.8	2.3	8.0
Electricity, Gas & Water Supply	582	84	37	7	710	0.8	0.8	0.6
Construction	5,871	854	462	78	7,265	7.8	6.6	6.6
Wholesale Trade	3,425	377	267	16	4,085	4.4	4.5	5.6
Retail Trade	13,159	1,230	889	113	15,391	16.6	16.2	14.8
Accommodation, Cafes & Restaurants	3,547	748	155	155	4,605	5.0	4.4	4.3
Transport & Storage Services	2,769	215	251	43	3,278	3.5	3.3	3.8
Communication Services	1,137	91	107	12	1,347	1.5	1.6	2.0
Finance and Insurance	1,929	158	97	19	2,203	2.4	2.8	3.0
Property and Business Services	6,818	800	367	120	8,105	8.7	8.0	11.4
Government, Administration & Defence	2,261	234	170	69	2,734	2.9	3.7	3.0
Education	6,148	893	422	124	7,587	8.2	8.0	7.1
Health	8,493	914	654	152	10,213	11.0	10.1	9.7
Cultural & Recreational Services	1,726	226	101	31	2,084	2.2	1.6	2.6
Personal & Other Services	2,937	331	175	65	3,508	3.8	3.8	3.3
Not Classifiable Economic Units & Not stated	1,680	188	156	25	2,049	2.2	3.5	2.4
<b>Total Workforce</b>	<b>76,745</b>	<b>8,763</b>	<b>6,182</b>	<b>1,087</b>	<b>92,777</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Australian Bureau of Statistics 2001 Census of Population and Housing. Refers to persons aged 15 years and over. (C) City, (S) Shire, (B) Borough.