

City of Greater Geelong Response to the Government Policy Position on TCFL Assistance Arrangements Post 2005

Introduction

The City of Greater Geelong has prepared this submission on behalf of the Geelong region. It is made in recognition of the importance of the TCFL industry to the region's economy and community. The purpose of the submission is to give feedback to the Honourable Ian Macfarlane, Minister for Industry, Tourism and Resources, on the Federal Government's proposed assistance arrangements for the TCFL industry post 2005. This submission has been prepared by the City in conjunction with the Geelong Chamber of Commerce, the Geelong Manufacturing Council, the Geelong Textile Network and the Geelong & Region Trades & Labour Council.

The structure of the feedback is in two parts. Firstly, specific comments about the proposed assistance arrangements relevant to Geelong are considered and suggestions for improvement or change put forward. Secondly, general comments are made about the importance of developing skills and competency in the TCFL industry and the key role the Geelong Textile Network can play in building the future of the industry in Geelong is examined.

Specific Comments

Structural Adjustment

The Government is proposing \$50 million over ten years or \$5 million per annum for structural adjustment programs to assist displaced workers for the whole of Australia.

Suggestions for improvement:

- Development of an assistance package specific to regional areas such as Geelong that utilises the existing capability of organisations such as Deakin University and the Gordon Institute of TAFE to provide training and skill development for displaced TCFL workers. The focus should be on occupations where specific skills shortages have been identified in the region.
- In addition, special consideration should be afforded to the people most at risk of not working again – women from non-English speaking backgrounds aged 40 years and over with skills not readily transferable to other industries. There are a number of examples of State Government administered structural adjustment programs such as the special assistance program the Victorian Government has put in place for forestry employees facing retrenchment as a result of changes to government forestry policy. Such programs offer a combination of training (including assistance with resume preparation and interview techniques) and re-skilling, wage subsidies and relocation support. Queensland

and Western Australia also have worker assistance programs in place. It is important that any program be specific to the area concerned. This would involve close co-operation with local organisations, the State Government and the Commonwealth to deliver an effective program.

- An increase in the dollar amount for structural adjustment programs is required as \$5 million per annum for the whole of Australia is far too small. Consideration should be given to allocating more dollars to regional areas where TCFL is a major industry and / or where unemployment is generally higher than in metropolitan areas. It makes sense to allocate more resources to areas that will have a large percentage of its workforce impacted by TCFL job losses. Similarly, it makes sense to allocate additional resources to areas where alternative employment opportunities are not as readily available as in capital cities such as Melbourne.
- An examination of the feasibility of applying a levy on TCFL products sold in Australia to fund labour adjustment programs similar to that applied to the dairy industry and sugar industry in recent years should be undertaken. It is recognised that financial resources are not infinite and that funding needs to come from somewhere to help displaced workers find alternative employment.

Programs for small business

The Government is proposing to set aside \$25 million for a ten year grants-based program for small business.

Suggestions for improvement:

- Clarification is sought on the types of small business programs for which the funding is proposed. Important issues for TCFL manufacturers include continuous improvement, supply chain management, lean manufacturing, technology transfer, innovation and industrial relations to name a few. Programs need to specifically address the needs of manufacturers, particularly small enterprises that show strong growth potential in niche markets.
- It is suggested that \$25 million over ten years (or \$2.5 million per annum over the whole of Australia) should be increased to ensure adequate funding opportunities for businesses.
- Thought should be given to development of specific TCFL market access programs for TCFL companies. Market access has been identified as an issue for Australian TCFL manufacturers and was recognised by the Productivity Commission in its Inquiry Report as a barrier to company growth.

Tariffs

The Government is proposing that tariffs be paused at 10% for cotton sheeting, woven fabrics, carpet and footwear; and 7.5% for sleeping bags, table linen and some footwear parts from 2005 to 31 December 2009. On January 2010, these tariffs will be reduced to 5%.

Clothing and certain finished textile tariffs will be paused at 17.5% from 2005. These tariffs will be reduced to 10% on 1 January 2010 and remain at this level until they are reduced to 5% on January 2015.

Suggestions for improvement:

- The Productivity Commission should conduct another review in 2008 prior to the planned reduction of tariffs in 2010 to assess the state of the Australian TCFL industry. Given that other developed countries have World Trade Organisation obligations to reduce tariffs on TCFL products by 2015, it would be prudent to assess the degree of continued commitment shown to this obligation before Australia continues to move down the path of removing tariffs totally.

General Comments

Building Skill and Competency

The Government's policy position makes little provision to develop skills and competencies of those working in the sector. There have been examples of firms making investments through the Strategic Investment Program (SIP) failing to develop the expertise necessary to exploit the full value of their investments in new equipment / technologies. Under such circumstances it is doubtful whether companies are getting full value from SIP. Capacity and capability building should be a fundamental consideration if the TCFL industry is to survive and grow.

CSIRO Textile and Fibre Technology based in Geelong is an internationally recognised leader in textile and fibre research. There is considerable potential to increase its value by further developing its role as a centre for innovation, technology transfer and training support for the TCFL industry. The CSIRO has the ability to play a much bigger role if resources were allocated specifically to building skill and competency amongst TCFL workers.

In addition, Geelong's International Fibre Centre (IFC) sees a possibility of establishing an international centre for training in wool and textiles which would be unique in the international market. The IFC is seeking both State and Commonwealth support to develop this centre. For Geelong, this could be an important development bringing together resources at CSIRO, Deakin University, Gordon Institute of TAFE and the IFC.

Geelong Textiles Network

The Geelong Manufacturing Council (GMC) is an incorporated body made up of representatives from local manufacturing firms and education and research organisations. Its role is to support and assist the further development of Geelong's manufacturing industry. In carrying out this function the GMC has formed a number of working groups, including the Geelong Textile Network (GTN), to assist the development of manufacturing clusters that are of strategic importance to the Geelong region. The GTN includes representatives from local industry, education and research organisations and the City of Greater Geelong. Its mission is to position Geelong as a major integrated textile centre by pursuing sustainable initiatives that strengthen and develop the industry and lead to greater investment and opportunities for the future.

The Geelong Textiles Network with funding support from the Commonwealth Government and Victorian Government recently completed a Strategic Action Plan for the future development of Geelong's TCFL cluster. The Action Plan provides a number of recommendations on how to strengthen Geelong's TCFL cluster and build upon the good work already done by the GTN. The Strategy will be formally launched in the coming months. One of the key recommendations of the report is to increase funding for the GTN as it is currently under-resourced. The Federal Government could allocate funding to assist the GTN in its role of strengthening and developing the Geelong TCFL industry. A copy of the Action Plan will be forwarded to Minister Macfarlane's Office, once it is formally launched.

Conclusion

This response to the Government Policy Position on TCFL Assistance Arrangements post 2005 has been prepared in conjunction with the Geelong Chamber of Commerce, the Geelong Manufacturing Council, the Geelong Textile Network and Geelong & Region Trades & Labour Council. During the Productivity Commission's inquiry into TCFL assistance arrangements, the City's views on tariff cuts and reductions in assistance arrangements have been clearly made.

This submission puts forward specific suggestions about how Geelong could best benefit from proposed budget allocations for structural adjustment programs and small business programs as well as a suggestion on the approach to the phased reduction of tariffs. In addition, general comment is made about building skill and competency in the TCFL industry and the future role of the Geelong Textile Network in supporting local manufacturers. The City of Greater Geelong is ready to work with the Commonwealth to deliver the best outcome for Geelong businesses and the wider Geelong Community.