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SUBMISSION TO 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

The Goulburn Valley Trades and Labour Council believes that there is no logical reason for the Sips legislation for post 2005 assistance to be tied to the tariff legislation which does not come into effect until 2010. There have already been substantial tariff reductions that have impacted the Goulburn Valley and there is no time related necessity to legislate further reductions. Even if further reductions are supported by this committee there is no need for tariff reduction legislation until 2009. There should be no coercion to force the industry to accept tariff reductions as the price for further industry assistance. There is no evidence that this will be of any benefit to Australians.

The GVTLC supports assistance to industry, however we feel that the current package is not fairly balanced among industry participants.

The GVTLC believes that the SIP bill should allow for:

- 1. A lower threshold of eligible expenditure for companies**
- 2. An employment impact statement as part of the strategic Business Plan reporting and accountability requirements**
- 3. *Tightened eligibility to ensure that only genuine Australian manufacturers have access to the scheme.***

The GVTLC believes that a Labour Adjustment program is needed to enable workers affected by the job losses in the Industry. This program should include:

- a. 12 months vocational retraining**
- b. an additional 12 months English language and literacy training for workers who are disadvantaged by their non English speaking background and/or their poor literacy**
- c. a non-means tested Special Allowance for the duration of their retraining**
- d. a wage subsidy for employers who hire eligible workers for vacant jobs**
- e. a relocation allowance.**

The recent Productivity Commission's review of the industry showed that the gains from the removal of industry assistance are "very small"(Productivity Commission Paper. April 2003. Page 200). Their economic modelling shows that removal of TCF assistance will result in deterioration of Australia's current account deficit through an increase in imports (page 201).

The GVTLC believes that neither the Federal Government nor the Productivity ever presented any evidence regarding the economic costs of job losses, because their economic modelling has a base assumption that all displaced workers find other jobs. This is despite evidence to the contrary. We are also acutely aware that they have presented no evidence regarding the economic cost to regional Australia, including our own region. Our experience has been that regional workers displaced by TCF closures find it harder to find new employment, especially where TCF is a high proportion of the total workforce. Experience in our region has shown that females have borne the brunt of job losses over the past decade and have had more difficulty in finding new employment.

The GVTLC would like to see a study done to show what the effects of tariff reductions have had on the Australian community. We would, as all Australians would, like to know:

- 1 The economic cost of a sacked worker being on unemployment benefits
What is the cost of welfare and how much revenue is lost due to less taxation?**
- 2 What spending power is lost to the economy (especially in the regions) by this reduction in income?**
- 3 What is the flow-on effect of job losses to other business because of this loss of spending?**
- 4 What are the social costs of long periods of unemployment and are these costs (sickness, depression, alcohol or other substance abuse) calculated as a real cost to society.**
- 5 When TCF factories are closed what are the losses suffered by other businesses as a result? What are the flow on effects for companies who supply or service the now defunct factories?**
- 6 Is the cost to regional Australia of workers and their families having to move to seek other employment ever calculated?**

The current SIPS scheme is biased towards industry sectors and is favourable to larger TCF companies. The GVTLC believes that this discriminates against regional areas where the companies are often smaller and can't access assistance. These smaller companies are being asked to absorb the costs of tariff reductions without any chance of receiving assistance. Any new scheme needs to assist smaller companies to access not only the package, but also resources to put in applications. This is something they do not always have at hand, especially in regional Australia.

The GVTLC believes that any companies receiving Government funding should be required to include an employment impact statement as part of their Strategic Business Plan reporting and accountability requirements. We believe that companies should not be able to use Government funding to specifically move jobs off-shore. We further believe that there should be a positive weighting in favour of those companies committed to maintaining and growing Australian employment. This obviously includes the belief that funding should only go to genuine Australian companies manufacturing in Australia.

The GVTLC notes that while there is the need for assistance for companies, there is no recognition that workers also need assistance. TCF workers, because of age, gender, language barriers and industry specific skills need assistance if they become unemployed. Statistics often fail to take into account that many TCF workers will not show up in official unemployment rates due to the fact that high numbers of displaced workers are female and cannot claim unemployment benefits if their spouse is working. As stated earlier the loss of spending power has a flow on effect to other industry, including housing.

The Goulburn Valley Trades and Labour Council believes that the Tariff Amendment Bill should be voted down. Australia is leading the world with tariff reductions with no proven benefits for other industries. The recent free trade agreements with Thailand and the USA are a case in point. The TCF industry has been sacrificed without any real gains elsewhere. The TCF industry has experienced substantial employment losses over the past decade and policies that seek to reduce tariffs further when our trading partners are not doing the same will only exacerbate the problem.