

**Dr Sarah Bachelard
The Secretary
Senate Economics Legislation Committee
Room SG ,64
Parliament House
Canberra ACT 2600**

NIETL/NORTH LINK SUBMISSION TO

"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"

Dear Dr Bachelard

I write on behalf of NORTH Link/NIETL, representing the northern region of Melbourne, an area which provides employment for about 10,000 persons in TCF industries.

NORTH Link/NIETL has both provided submissions and made in-camera presentations to the two most recent TCF Inquiries in 2003 and 1997.

A copy of our submission, "The Pause that refreshes" is attached to this letter.

We are most concerned that the following recommendations raised in our submission of 2003 are not addressed by the two bills currently before the Senate, namely:

1. A pause in the tariff reduction program for TCF Industry at their current levels to not unnecessarily jeopardise the refreshment and innovation currently taking place in TCF Industry. This will allow the continued rapid development of specialist TCF products and higher skilled jobs.

The 80% drop in the tariff rate since 1986 has caused TCF employment levels to halve from 116,000 to as low as 58,500 in 2001 and further reductions will jeopardise the critical mass required for a viable TCF Industry in Australia.

2. A review of the current Commonwealth Government TCF Assistance programs to industry to ensure that they are providing the appropriate market and product analysis, product innovation, commercial and development and the identification of niche markets for specialised products.

This will accelerate further the exciting new TCF products emanating from the industry as illustrated through the examples of innovative TCF companies listed previously.

3. Continued funding for industry assistance programs such as the Strategic Investment Program (SIPS) but with re-structuring to:
 - Ensure that companies qualifying for assistance provide increased on-going employment for Australian employees
 - That smaller companies be provided with easier access to SIPS through the streamlining of the administrative requirements for participation
4. Business excellence and improvement programs for groups of TCF companies provided on a regional basis to allow value adding networks and business clusters to evolve. Integrate these into export development programs, to foster increased exports from TCF companies
5. Labour adjustment programs to enable industry to respond to restructuring pressures and to provide assistance for displaced workers.
6. Promotion of the exciting careers available in TCF Industry for young people to promote the revitalisation of the industry and to continue the progress of TCF Industry into a period of growth and development into high value adding market niches.
7. Provision of *TCF Global Intelligence Services* to assist the restructuring and the monitoring of world progress towards free trade in TCF and opportunities for local TCF overseas. This may be achieved in a low cost manner through the utilisation of Austrade and its Trade Commissioners throughout the world.

On behalf of the northern region of Melbourne, NORTH Link/NIETL requests that the Senate amend the two bills as follows:

1. Separate the two pieces of proposed legislation - there is no need to tie them together – one should not be dependent on the other and they should be considered separately
2. The Tariff Amendment Bill should be voted down as there is no necessity for the proposed further reduction of tariffs – TCF is now sufficiently heavily exposed to overseas competition and many firms are successfully adjusting to this – why unnecessarily place these adjustments in jeopardy with further tariff reductions at this time?
3. The proposed SIP amendments still do not meet the needs of small businesses to facilitate increased efficiency and development of niche products and markets. It is still biased towards large scale manufacturing with only token regard for smaller firms. Further, eligibility requirements should be tightened to ensure that only genuine Australian manufacturers qualify.

SIP funding has been reduced from \$678 million to \$600 million on the basis of the previous actual expenditure being only \$525 million – but this is attributable to the inability of smaller firms to qualify – total SIP allocation should not be reduced.

A better alternative would be to maintain the SIP at the previous level and add the \$78 million to the proposed \$25 million to the “Business below \$200,000 threshold” to provide \$103 million in much needed support to the small business TCF sector

4. Assistance for retrenched workers is entirely missing and must be provided for on the grounds of equitable treatment for a sector that has provided a significant contribution to the Australian economy in the past

As stated at the beginning of this submission, approximately 10,000 workers and their families in the northern region of Melbourne, are dependent on TCF industry. The region has relatively higher unemployment as it adjusts to the restructuring necessary due to past tariff reductions and further job losses will unnecessarily result from the propose further tariff reductions.

NORTH Link/NIETL requests that the Senate amend the two bills accordingly and in the best interests of the Australian economy.

If there are any questions in regard to this submission or if a further presentation is required to the Senate, NORTH Link/NIETL would welcome the opportunity to do so.

Yours Sincerely

Mick Butera
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NORTH Link/NIETL

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