



30 July 2004-07-30

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

Dear Dr Bachelard,

Please find enclosed my company's submission to the Committee on *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*.

With thanks for your time and interest,

Yours faithfully,

A handwritten signature in black ink that reads "Brian Rush". The signature is written in a cursive style with a prominent initial 'B'.

Brian Rush
Managing Director

ADA



AUSTRALIAN DEFENCE APPARELL
Submission to Senate Economics Committee

Australian Defence Apparel is a significant regional clothing manufacturer in Bendigo – with a turnover of some \$40 million p.a. and employing 190. ADA wishes to advise the Committee that:

- The *Post-2005 Bill* should be passed swiftly. Stalling it greatly inhibits ADA's forward planning for competition in a volatile, tough world market.
- The Bill's most important facet is the SIP Package as this enables economic formulation and forecasts vital to all industry members' survival. Tariff reduction pauses from January 2005 to 2010 during which legislative amendments could be made.
- Tariff maintenance is virtually a lost cause in world terms. Our APEC neighbours view tariffs with suspicion and may even retaliate with trade embargos should Australia maintain them at levels perceived unfair.
- Tariffs are already virtually meaningless in our industry sector because of the incredibly low labour rates at which most of our overseas competitors operate. For example at our ADA Bendigo factory the hourly pay rate, all up, is \$20.50.. In China it is **37 cents an hour!** No feasible tariff barrier is going to iron out that imbalance.
- Since 1995 ADA has grown its business by 30 percent through innovative product exports - Researched & Developed in house, aided by SIP. Because these products are unique they can command world markets. We see this innovation as the industry's future – not the artificial tariff protection of the old ways and products.
- Employment in the clothing industry is subject to many influences, not just low-cost imports. Example: ADA is currently tendering for a Victoria Police contract. If we win it, we will be **adding 12-15 people** to our Bendigo production line
- We would once again emphasises the importance of SIP over tariff reduction. We need to plan financially **now**. Government can address tariff issues, as needed, in the post-2005 decade.

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ADA