



NATIONAL FOOTWEAR RETAILERS' ASSOCIATION LIMITED
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28 February, 2003

Mr. Ian Gibbs
Assistant Commissioner
TCF Inquiry
Productivity Commission
PO Box 80
Belconnen ACT 2616

Dear Mr. Gibbs

Re: Post 2005 Textile, Clothing and Footwear Assistance Arrangements

The National Footwear Retailers' Association is a national body representing independent retailers and small chain store operators who own footwear retail businesses throughout Australia.

Our position on the subject of TCF import tariffs on footwear is that they should remain at the legislated level of 10% and that percentage to be maintained indefinitely, pending industry stability to cope with further anticipated reductions. It is also critical that the TCF Industry Assistance Grants and Programs remain in place to support our industry, and in fact any proposed reduction in future tariff levels should be offset by commensurate increases in industry grants and incentives,

Our reasoning for this opinion is that although footwear manufacturing is not as buoyant in Australia as it once was, many factories still remain making or assembling shoes in this country. This is in spite of having to compete here in Australia with overseas makers or marketing companies who have access to very cheap labour cost factories, and have direct access to large volume markets in Europe, United States of America and Asia.

On the principle of 'economy of scale' it is difficult for our factories to be fully price competitive with global distributors and they should not be unfairly judged by that fact. What is of critical importance is that footwear manufacturing (and the associated industries) provides an opportunity for lower skilled or lesser-educated people to find jobs. Even footwear 'manufacturers' who are now just assembling shoes provide employment opportunities and for every pair of shoes assembled and sold in this country, it is one less pair of imports that are needed.

Many Australian manufacturers also export and yet rely on a **strong domestic market** for stability. They include Blunstone, R.M. Williams, Oliver Shoes, Harold's, Emu Ridge, Bata, Enoch Taylor, Anna Fiori and others. It could also

be suggested that the factories exporting have a greater potential to increase their export volume far more readily than they could increase their volume of sales nationally. Footwear exports will not feature highly on the list of export dollars earned for Australia, but it is an export potential that should be developed and promoted.

The Committee may find it difficult to determine the true effect of reducing tariffs on imports as an advantage for the consumer, because I would anticipate that the invoiced cost of many high profile imported brands of men's and women's shoes would not be made freely available for scrutiny. Most are produced in cheap labour cost countries (like China etc.) and some recognised brands sell in Australia for exorbitant prices. Many companies would not like to disclose their landed costs to your panel because it would expose their profiteering. Tariff reduction would not be expected to reduce retail pricing significantly, because where higher profit margins apply the less effective tariff reductions will be on the actual retail price.

Our view is that the long term abolition of tariffs could well amount to only a minor saving for the consumer, but if a reasonable level of import tariff remained, the equivalent tariff dollar value collected should be deployed as positive assistance for our TCF industries.

As an industry body, we have a reasonable understanding of this industry from a footwear retailing, footwear importing, wholesaling and manufacturing perspective. Currently on our Council we have members who have experience on all of these facets of the footwear industry.

We would be prepared to provide further testimony to the tribunal if required.

Yours sincerely

Peter Parkinson
President