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Melbourne Textile Knitting Co. was originally incorporated by my father in 1929. At that time it was a company knitting fabric for its own making up, and it sold garments to wholesalers in Flinders Lane, and to the broad spectrum of department stores throughout Australia.

In the early eighties it was decided to cease making garments and enter the jersey knitting business supplying jersey fabrics to garment makers. Over the years it has worked with several dyehouses, and at present uses A.D.C.

The business has a turnover of approximately \$4,000,000 and is profitable. Its principal activity is supplying fashion fabrics for women and mens apparel.

The business plan, which has been in operation for the last 15 years, has deliberately followed a path of allowing the Company to have maximum versatility to enable it to produce a wide and varied range of fabrics. This has allowed it to enter the niche markets of smaller runs, greater variety, and quick response to cater for the ever changing demands of fashion.

This business plan requires several facilities:

1. A wide range of machine gauges to allow it to make thick, coarse, bold looking fabrics to fine, light, fluid fabrics. To do this we have to have 10,12,14,16,18,20,22,24, and 28 gauge machines. Also the Company owns 31 machines of which 27 are either full Jacquard or Semi-jacquard types. Thus only four machines do not have individual needle selection capabilities. This gives a large patterning scope.
2. Complex and intricate machines require skilled personel. Thus the Company has 7 employees with tertiary qualifications, with a total workforce of 13. My own qualifications are – I am a Chartered Textile Technologist of the Textile Institute, and have a Certificate in Hosiery and Knitwear from the City and Guilds of London.
3. The other necessary part of this plan is to have in stock a wide range of yarn type in different counts and fibre types, so as to be able to produce the broad range of products.

This gives a quick snapshot of the Company.

The whole apparel industry can be likened to a train. At its head is a locomotive pulling several carriages. The whole load of the train is taken by the first coupling on the first carriage, and all the remaining carriages rely on this first coupling.

In the apparel industry the retailer is the engine that pulls the train. It creates the movement and the momentum. The first carriage is the garment manufacturer/maker-up; the second is the dyehouse; the third the jersey knitter or weaver; fourth is the yarn spinner; and fifth is the fibre producer. This is a simplified explanation of the system of manufacturing.

Adam Smith economics identifies the four necessities for a manufacturing economy – Land, labour, capital, Enterprise. To be competitive by world standards we have to have similar costs and efficiencies for all these items. We are competitive regarding land (raw material), capital and enterprise, but in comparison with Asia, our labour costs are probably tenfold higher, ie 1000%. No matter how modern is our capital, or how clever we are at purchasing raw material, or how astute and sophisticated our management is, it cannot bridge that 1000% higher cost.

Coming back to the train analogy, the first carriage, having makers up which is labour intensive, is the big item that is causing the rest of the train to be in a very precarious situation. Also, the second carriage, the dyeing industry, is labour intensive and very precarious. The rest of the trains' carriages are competitive with many overseas suppliers, but that efficiency and competitiveness is irrelevant if the first two carriages cannot survive.

Thus the challenge for Governments is to find ways in which to give assistance to the labour intensive sections, and only the labour intensive sections.

There are fundamentally two systems that can be used:

1. To relieve these two sections of some of their direct labour costs, the Federal and State Governments could eliminate Payroll tax, and the paying of Workcover and Superannuation costs. The difficult question to answer is would this be enough to induce retailers to buy less of their requirements off-shore, and place more of their business locally.
2. Alternatively, either compel or give financial inducements to the retailers to ensure that they buy a minimum of 20% of their volume, ie number of units, from companies manufacturing in Australia. This figure of 20% is only an intelligent estimate on my part, and I do not want it to be regarded as a definitive figure. It may need to be either more or even less to be sufficient. However, it must be in units, not in monetary terms, and it must cover all types of apparel in their correct proportions. Those companies who buy more than 20%, perhaps could have tradeable rights – they could sell to the Government or perhaps to other retailers.

FORWARD PROJECTIONS FOR THE INDUSTRY

Over the last three years there have been many knitting and dyeing companies close their doors.

It is estimated that the present industry is about 60% in size measured in tonnes knitted and dyed as to its size in the year 2000, and there is still gross over capacity.

The industry is now close to losing so much critical mass that it is close to a total implosion and total collapse.

If positive action is not taken now, by about 2006 or 2007 there is likely to be virtually no industry at all.

Already a number of yarn types which we could buy locally are no longer available, and we need to import them.

The cost to the Federal Government of this implosion is 75,000 to 100,000 people in all the train carriages losing their jobs, and joining the already overcrowded ranks of the unemployed. I am told statistically it has been shown that most textile workers who lose their jobs remain as the long term unemployed. Their abilities as dye-house operators, overlockers, etc are of nil value in the areas where labour is in short supply, such as nursing and teaching.

DEFENCE DIFFICULTIES

Without any textile and clothing industry we place the whole country in a precarious position regarding our defence forces.

An example, is that in 1942 this Company developed a fine netting that was used to make tents for the soldiers in New Guinea. At that time approximately 70% of the men were contracting malaria, and had to be invalided back to Australia. Also, the uniforms they had previously been issued with had short sleeves and they wore shorts. Thus, there was a sudden demand for long trousers and long sleeved shirts to reduce the areas the malarial mosquitos could attack. There was also a requirement for a mesh fabric for sleeping tents.

I mention this because I doubt if any forward planning in 1938, 39, 40 or 41, before the Japanese invasion, would have thought that the Australian armies greatest source of casualties would be from the malarial mosquito.

Can Australian armed forces be effective in future times of emergency if some specialised clothing or other textile product it needs has to come from China, India , Malaysia, etc.

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