

**Tascot Templeton Carpets Pty Ltd**  
**trading as Ulster Tascot**

**Submission to**

**Productivity Commission Enquiry**

**Textile Clothing Footwear & Leather**  
**Post 2005 Assistance Arrangements**

Prepared by:

Charles Szakiel  
Managing Director  
Ulster Tascot

# Introduction

## A Brief History

Ulster Tascot is one of Australia's two specialist woven carpet manufacturers and produces high quality woven carpet for the Australian and International commercial carpet markets.

The company focuses on wool rich products for the hospitality sector, including five star hotels, casinos, theatre complexes, airport lounges and concession areas.

The company employs around 220 people and achieves sales of around \$20M per annum from its Devonport, Tasmania manufacturing plant with approximately 20% of turnover generated from export sales.

Until the late 1980's Tascot Templeton (as it was then known) was part of the Guthrie Group of Companies – a UK based international conglomerate.

In 1988 a management team put together an MBO proposal which went through several stages and forms and finally resulted in total ownership of the business by management in 1996.

This new management led structure embarked on a program of capital investment, market focus and more dedicated export development, as this approach was seen as vital to secure the future of the company and its long serving employees in Devonport.

The company had been making tired products and selling to stagnant markets and could easily have disappeared within a few years if significant change had not occurred.

The investment in new plant allowed Tascot Templeton to revitalise its product range and target the high-end hospitality market. It also enabled the company to develop further, its export program around its expertise in custom designed woven carpet. This determined focus resulted in the securing of a very large refurbishment contract for Changi Airport (Singapore) in the late 1990's in the face of aggressive international competition and would not have been possible without the technical capabilities of this new investment.

Tascot's re-emergence through the 1990's was also noticed internationally. In 2001 Ulster Carpets, one of the worlds largest woven carpet manufacturers acquired Tascot Templeton Carpets (subsequently renamed "Ulster Tascot") This acquisition will take the company to its next development phase.

# **The Future**

## **General**

Ulster Tascot believe that being part of a truly global operation such as Ulster Carpets, there is reason to be very positive about the future of the Devonport manufacturing plant, as long as Government Policy Settings offer an environment of certainty and predicability.

The Government policy environment of the 1990's was a major factor behind many of the company's big decisions.

The focus on exports in the earlier part of the 1990's coincided with the Import Credits Scheme.

The Capital Expenditure Program in the later 1990's was ably assisted by the current Strategic Investment Program.

Ulster Tascot believe that if Policy Settings are "considered and appropriate", the company can indeed achieve further growth in the export market (predominantly SE Asia). At the same time the company can shield itself to a large extent from imports beginning to emerge from low cost Asian countries (particularly China) where significant new capacity is being established.

However to achieve these objectives, significant levels of capital expenditure are still required well into the future.

Ulster Carpets in the UK have developed world leading technology in woven carpet production, but would not consider significant implementation into the Australian operation unless an environment of reasonable predicability and certainty existed.

## **Post 2005 Policy Arrangements**

Ulster Tascot has welcomed the policy settings of the 1990's and used them to turn the business from a declining operation to one with an outward looking focus in the global market place.

However there is still a long way to go over the next 5-10 years and there are specific policy areas the company would like to see given positive consideration from the government, namely Strategic Investment Program, Tariffs, Market Access and Regional Issues.

## **Strategic Investment Program (SIP)**

The current SIP Program has been vital in assisting the investment in new technology and the development of new products and processes by Ulster Tascot.

This in turn has led to the improved performance on the export front with some significant project successes ie. Changi Airport (Singapore), Ameristar Casino (Kansas-USA) and Kangwoland Casino (Korea) to name a few.

Ulster Tascot would urge that the SIP Program be extended for a further 10 years beyond the end of 2005 in order to continue to strengthen its international competitiveness.

However, one specific modification to the current scheme would be welcomed to improve its effectiveness.

*	CAPEX	Capital Expenditure grant payments should be increased from 20% to 30% or higher of eligible expenditure to assist with the ongoing essential task of substantial re-equipment with state of art technology
---	-------	---

## **Tariffs**

Tariff reductions to date, have had the desired effect of opening our markets to competition and encouraging manufacturers to produce quality products at world competitive prices. However, if we further reduce tariffs while our international competitors stand still on their barrier assistance and industry support measures, we are simply throwing away our industry bargaining position.

Whilst Ulster Tascot understand that the 2005 tariff reduction is legislated it would recommend that any further changes should be the subject of an industry tariff review.

Furthermore, there is an administrative anomaly in the tariff applied to carpet when compared to other finished textiles ie. bed linen, towels and napery. We believe that this anomaly should be rectified.

## **Market Access**

The Australian carpet market is mature, and therefore the only real opportunity for growth is in the export arena.

Improved market access for Australian carpet remains a high priority for Ulster Tascot and indeed the entire Australian carpet industry. Trade barriers in many countries, particularly in the Asia-Pacific region makes it almost impossible to participate in some of these markets and is therefore a disincentive to further investment.

We believe it is imperative that the Australian Government pursues strenuously the objective of achieving real and meaningful trade liberalization in the markets of our major trading partners.

## **Regional Issues**

Ulster Tascot is a significant contributor to the Devonport economy, both directly and via the multiplier effect generated by demand for products and services from the local economy.

There are however cost imposts when manufacturing in a regional area compared with similar activities in metropolitan areas.

Specific consideration should be given to address the unique circumstances of regionally based employers, without which we would see a risk of further regional manufacturing closures with an accompanied displacement of employees who are not readily absorbed with alternative employment in their local community.

## Summary

Ulster Tascot have, with the support of positive Government policies, re-positioned themselves from a position of inevitable decline to one of the most progressive manufacturers in the Australian textile industry.

Ulster Tascot used the policies of the SIP program to commence a substantial re-equipping exercise.

Consistent with its "Statement of Strategic Business Intent" Ulster Tascot sought out and consummated an alliance with a like minded party(s) Ulster – UK. This has enabled it to benefit from being a part of a global marketing network and thereby accessing contracts which would otherwise not have been accessible.

To fully exploit its potential in the export market place, Ulster Tascot needs to continue implementing new leading edge technology available from its parent company.

The parent company have indicated a willingness to invest further in the Devonport operation, as long as an environment of reasonable certainty and predicability is affected by positive/supportive government policy.

Under this scenario, there are strong prospects for further export growth and therefore a secure future for the Devonport employees with all the attached benefits to the local community.

If on the other hand an environment exists where there is no encouragement for further investment, then the current position attained by Ulster Tascot could be slowly eroded with a gradual decline in future prospects and the resultant negative impact on the Devonport community.