

LABOR COUNCIL OF NSW
SUBMISSION TO THE PRODUCTIVITY COMMISSIONS INQUIRY INTO THE
TEXTILE, CLOTHING AND FOOTWEAR ASSISTANCE ARRANGEMENTS

The Labor Council of NSW supports the submission of the Textile Clothing and Footwear Union of Australia (TCFUA) to the Productivity Commissions inquiry into assistance for the textile, clothing and footwear industry.

In particular, we support the TCFUA's view that the Government should:

- maintain the current freeze in tariffs until it can be demonstrated that any reduction is in the interest of Australian workers, and until such time that our major trading partners reduce their tariff and non-tariff barriers to a level equal to Australia. (that is, the current 2003 levels of tariffs)
- clean-up the TCF industry by ensuring that all workers, including home-based workers, are paid award wages and work in safe and suitable conditions
- ensure that Corporations Law is amended (as promised prior to the previous election) to ensure that workers' entitlements are given priority above all other creditors so in the event of company collapses workers receive 100% of their entitlements

The industry is an important component of our manufacturing base. It is imperative that it be supported and given the opportunity to continue the reforms it has been undergoing for over a decade. The national accounts released recently reinforce this view. They show that our reliance on manufacturing imports continues to adversely affect our terms of trade.

We note the impact that tariff reduction has had to date on the industry and that the industry has reached a critical stage. As the TCFUA states in its submission:

"The textile, clothing and footwear sector is at a crucial stage of development. The past ten years have seen a destructive restructuring of the industry with massive company closures and substantial job losses.

Continued closures and job losses will result in the industry losing critical mass, a permanent loss of skills and an effective end to an industry that has formed a vibrant and critical part of Australian manufacturing for over a hundred years.

The Federal Government's decision on post-2005 tariff and industry assistance measures is crucial to the question of the industry's survival."

The Labor Council is particularly concerned about the impact any reduction in tariffs for the industry will have on the NSW economy

The industry in NSW presently:

- employs 17,500 people
- receives income of \$ 2.9 billion
- adds \$825 million to the State economy¹.

These are not insignificant numbers any further reduction in tariffs that impacts on employment and income can not be good for the overall health of the NSW economy.

Rather than looking at tariff reductions in the industry Labor Council believes that there should be investment in the industry particularly in its employees. Improving the levels of skills in the industry through training would be an important step that the Government could take as a means of ensuring the industry's future.

Further, Labor Council believes that the Federal Government should follow the lead of the NSW Government and introduce legislation similar to the Industrial Relations (Ethical Clothing Trades) Act 2001 as a means of cleaning up the industry. That Act established an Ethical Clothing Trades Council to oversight the industry and made provision for an industry code of practice.

In summary, Labor Council supports the call for a tariff freeze and calls on the Productivity Commission to recommend to the Government that it take the necessary steps referred to above and in the submission of the TCFUA to ensure that the industry remains viable.

¹ ABS Year Book 2003, p. 604 - 607