

PRODUCTIVITY COMMISSION SUBMISSION

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Post 2005 Textile, Clothing and Footwear Assistance Arrangements

This submission has been produced after the Productivity Commission had made an appointment with Wangaratta Unlimited & the Wangaratta Chamber of Commerce.

Our concerns were initially centred on the current position of both Australian Country Spinners and Bruck Textiles and the effect they have on the community of Wangaratta in general, particularly in regards to direct employment, economic impact on domestic businesses, effects of closure of one or both mills, and future development of major industry within our region.

We explained that together the mills employ approx 12% of the local workforce directly while supporting many other small businesses through contracts and supply of minor works. The total effect on Wangaratta if both mills were to close would be almost catastrophic and reduce our regional viability by approx 30% with fallout effecting our retail trade and employment within this sector, otherwise employed spouses of redundant personnel would be forced to leave the area creating a skills shortage, unemployment would rise considerably from our current figure of approx 5%, future development opportunities for the region would be severely curtailed, and infrastructure capabilities by local government would be severely hindered.

This summary paints an extremely gloomy picture of the possible outcome and could be a reality if there was a reduction in tariffs to the point where the two mills were no longer internationally competitive and sustainable. This scenario could be said for other industries within our scope but would have a lesser community impact, as they do not compose as large a percentage of the workforce, as do the two mills.

Although Wangaratta and the surrounding region has a diverse range of industries employing 12,000 plus people, there is no denying the impact the Textile industry has had and continues to have on the sustainability of the region. Currently there is a fine balance and any major shift to its present situation has the potential to be devastating. A positive is that our local and state governments are attempting to address this situation and are looking to secure major developments to enhance employment opportunities. In today's economic climate, this presents a difficult task and will be a long a drawn out process.

An example was put forward where Selectron closed their operations during 2001. Selectron employed approx 50 full time and 200 part time employees in the assembly of computer and communication components. Due to consolidation to their Sydney operations, a hand full of positions were transferred to the warehouse division and the rest were given redundancy options. This produced a glut of part time workers into the job market and the region lost many skilled people to other areas as they

found work, eventually. During this period many businesses suffered poor trading figures due to the lack of disposable income. Not long after this was the impact of September 11 in New York caused another reduction in trade figures. Many retail and service businesses nearly went to the wall with these factors happening almost simultaneously. With the possibility of such a re-occurrence happening in other parts of the globe affecting Australia's economy, the concept of a non-viable TCF industry, especially in Wangaratta, would have enormous recessionary implications.

We stress that by maintaining the support the Government has currently in place, many companies, including our two mills, will be able to better impose their product on the world market and be able to continually improve their operations in line with world's best practice. Without this support, we fear that rural regions such as ours will not be able to cope with the extreme pressure that would be placed on the community and many undesirable socio-economic conditions could occur, normally associated with metropolitan sectors.

Also from a training perspective, the importance of skilling the workforce within the TCF industry and how due to consistent pressure from tariff debate, innovative change in techniques, technological advancements, and increasing cost viability of Asian manufacturers, it was becoming increasingly hard to fund the variety of training options required to even maintain their current standards. By skilling the TCF workforce to a minimum of Certificate III level of operations and process, the competitive edge of quality will continue to be a major factor in successful negotiations in global markets. Instead of reducing financial assistance to the TCF industry, there should be a more urgent push towards up-skilling the workforce and thus creating a template for all industries to utilise and hopefully create a reputation of Australian Industry being the best skilled and thus producing the highest quality products in the world.

SUMMARY

In closing, there were many points raised regarding the government policy on tariff reductions including:

- Wangaratta Textile mills employ approx 12% of the local workforce
- The mills support many other small businesses
- Non-existence of our mills could reduce our regional viability by approx 30%
- We have a diverse range of industries employing 12,000 plus people
- The Textile industry has had a major impact and continues to have on the sustainability of the region
- Strong arguments for maintaining the support the Government has currently in place
- The Wangaratta mills are poised to better impose their product on the world market
- Any instability could cause undesirable socio-economic conditions to occur
- The importance of skilling the workforce within the TCF industry
- Industry finds it increasingly hard to fund the variety of training options required to even maintain their current standards

- Competitive edge of quality will continue to be a major factor in successful negotiations in global markets
- There needs to be an urgent push towards up-skilling the workforce
- The requirement for Australian Industry to have the reputation of being the best skilled and thus producing the highest quality products in the world

We appreciated the opportunity to meet with the commissioners who were also grateful of us talking with them for the 2 hour session to help paint a larger and more detailed picture of the impacts of Governments decisions on not only budgetary allocations but also how it will affect local communities. We hope that this submission will assist in compiling their report to Government on the important topic of Tariff Reduction post 2005.