

F T A A

**Submission to
Productivity Commission Inquiry**

**Preferred policy options for
post 2005 assistance including
proposals to preserve technical skill
base for apparel industry**

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- **FTAA – Association background**

This submission has been prepared on behalf of the Fashion Technicians Association of Australia (FTAA). The FTAA is an organisation of clothing professionals who have come together with a common goal:

- To promote the needs and interests of technicians in the garment industry.

FTAA members are working across the TCF&L industry in the production of apparel as specification writers, pattern drafters, graders, marker makers, cutters, quality assurers, sample machinists, design / production assistants. They work in many other areas outside the traditional boundaries that used to define a technical profession. FTAA members are also educators and students – our association facilitates a much-needed relationship between training institutions and the TCF&L industry.

Our Aims:

1. To advocate the importance of technical professions within the apparel industry.
2. Support members in the pursuit of excellence and innovative professional practices.
3. Create networks to encourage the exchange of information and ideas between members.
4. Establish links with industry bodies, government agencies, training institutions and research facilities.
5. Promote the benefit of research and development to the industry and monitor the effects of new technologies on professional practice.
6. Encourage and participate in the development of improved training programs.
7. Advocate the need for industry benchmarks and international standards of accreditation.

Overview of Submission

The content of this submission addresses the issues, which directly and indirectly impact on the technicians in the apparel sector. It makes suggestions for implementation of the objectives outlined in the recently completed TCFL>>2012 Strategic Plan. These recommendations are consistent with FTAA objectives and lend themselves to a dynamic approach with could be implemented within the short term.

The submission of the FTAA is set out along the lines of the Terms of Reference of the inquiry:

- 1) Current assistance programs
- 2) Major impediments to long term viability of the TCF sector.
- 3) Major opportunities for the TCF sector.
Industry strengths and weaknesses
- 4) Post 2005 policy options
- 5) Relevant workplace issues
- 6) International trade developments

1) Current assistance programs

As outlined in the Commission's overview of the TCF sector, SIP and the EOAP are the two major assistance programs in operation in the TCF industry. The FTAA recommends the following points regarding the programs and their implementation.

- SIP funding for product development and research & development should include allocations for development in technical expertise.
- The current high funding thresholds exclude small businesses that employ many technicians in the apparel industry. Lowering thresholds or the consideration of joint applications for funding (for example, between groups of firms, or between a firm and an educational institution) would increase availability of assistance throughout the TCF sector and could redress the bias towards large business under the Strategic Investment Program.
- Current SIP and EOAP arrangements are not geared towards promoting local production. The loss of a viable local production component in the TCF sector erodes the skill base of the industry.
- Cost reduction and process improvement are the focus on which the Government has built assistance packages for the apparel industry. While this approach encourages business to lift its performance to parallel international benchmarks, it does nothing to address the fall in demand for apparel in comparison to other products.

2) Major impediments to long term viability of the TCF sector

- The industry is focused on the product and not on the consumer.
- There is a lack of a professional development culture.
- Industry uncertainty does not promote a long term approach – in investment, industry development, staff development, marketing. It is reactive rather than proactive.
- There is no integration between different groups within the TCF sector (especially between industry firms and educational institutions). The fragmented nature of the industry does not facilitate a cohesive approach to strategic issues.
- The diminishing level of local production affects the viability of firms providing the infrastructure to apparel manufacturers (eg printers, dyers, trims suppliers, etc.). This in turn reduces the ability of new, innovative firms to establish themselves successfully.
- The diminishing level of local production erodes the technical skill base. This results in less control over the production process and the quality of the finished product.

3) Major opportunities for the TCF sector

The TCF sector has an opportunity during the current period of review to develop opportunities in the following areas:

- develop an integrated approach to industry issues – restructuring, education and training.
- niche specialties – design innovation, export opportunities. We need to emphasise the competitive edge of locally produced apparel - in innovative design, quality, fit, and quick lead times.
- create a solid technical product development base – maintaining and improving technical knowledge of apparel production is essential to retaining control over the quality of the final product.
- Growing the apparel market

As indicated in the Commission's 'snapshot' of the current state of the TCF industry, the proportion of household income spent on apparel has been trending downward for some time. This trend would suggest that the industry is not fulfilling consumer expectations. Both Federal and State Government policies focus on improving innovation in design and on capacity to increase production - these policies are operations focused. We believe policies also need to encompass a consumer centric focus consistent with the recommendations for vision changes in the TCFL >> 2012 Strategic Review (page 8).

- e-commerce and new technologies

New, integrated technology for designing, fitting, and selling garments (body scanners, 3D avatars, virtual imaging, garment rendering) is being developed in the USA, Europe and Hong Kong. Technicians need to be prepared in how to use and apply the tools of these new technologies. Investment uncertainty has made it difficult for firms to incorporate these developments into their current operations. If we are to maintain a presence within the global TCF market we must be open to the many opportunities to develop our industry and service our customers that the e-commerce and other computer technologies present – merging mass-market techniques with customisation.

Strengths

- lifestyle marketing
- low barriers to entry
- productivity improvements – quick lead times for onshore production assists in working ‘close to the market’ – especially in women’s fashion apparel.

Weaknesses

- declining technical skill base – the is a result of the low value placed on technical skills and positions within the apparel industry. With the downsizing of the industry, the accumulated knowledge of experienced technicians is lost.
- communications problems - unskilled and poorly managed operations. This also has a direct impact on the transportability of skills and the working conditions of a technician.
- isolation from international apparel organisations – benchmarking, latest techniques, best practice.
- slow adoption of technology –

Computer patternmaking, marker making, cutting etc. - the TCF industry is comprised mostly of small companies. Many small firms do not have the individual resources to make large capital outlays (eg computer patternmaking systems). Many technical areas of the industry are still operated manually – this is inefficient.

- no accurate and current size data of the Australian population

As noted in the Commission’s ‘snapshot’ of the TCF industry, the percentage of household income that is spent on apparel, has been declining. Why aren’t people spending their disposable income on clothes? One major problem with the current offer is that the fit and sizing of garments is arbitrary and varies between outlets. The market needs to encompass a greater diversity of the female/male form and be based on real and current data that reflects the Australian demographic. A national sizing survey would be a significant resource that would benefit technicians by providing them with more accurate fitting data; businesses could use the information to offer an improved product to their target markets and identify niche markets that are currently being under serviced.

4) Post 2005 policy options

The FTAA recommends the following policy options for the TCF industry post-2005:

- Tariff levels to be retained. Further reductions in tariffs without adequate assistance or reciprocal reductions in trade barriers by our trading partners will have a large negative impact on the industry.
- Modifications to the SIP and EOAP programs (as outlined in Section (1) of this submission) in order to assist the many small firms that make up a large proportion of the TCF sector.
- That a balance between local and offshore production be maintained. Firms need to remain competitive, but to address this need by moving production offshore without retaining a viable level of local production effectively results in transferring the skills base out of Australia. The long term impact of further reducing the onshore industry needs to be researched and quantified.
- Assistance policies to look at developing the infrastructure of the industry. Policies are focused on individual firms instead of looking at a 'whole of industry' approach to assistance packages. (for example – developing professional bodies, assisting links between industry sectors, links with international bodies, etc.).

5) Relevant workplace issues

- Employment demographics - The problem in defining strategic positions is that no one really knows the TCF employment demographics. Much of the industry's production is outsourced and employees are 'hidden'.
- Low value placed on technical skills within the industry
As companies downsize, multi-skilled technicians are sought to absorb the extra responsibilities of a 'leaner and meaner' fashion industry. Irrespective of the size of business, as staff numbers are rationalised, those left need a broader understanding to be able to maintain fluent operations.
Production practices, which took advantage of outsourcing & offshore manufacturing 10 years ago, are today in many instances handicapped by lack of skills. Many experienced people were squeezed out of the industry and replaced by non-skilled labour. This has put enormous pressure on those left in the industry to fill the gaps and the level of expertise is not sufficient to meet current market demands
- Professional development – no culture of long-term professional development exists in either the design-based and especially in the technically-based areas of apparel production. (The FTAA is a professional development organisation for apparel technicians and was incorporated in 2001 – no other similar body exists in Australia for apparel technicians as far as we are aware.).
A system of professional registration and accreditation would assist in consolidating a skill base and establishing benchmarks. Accreditation would also provide a tool for measuring competencies and remove the frustration that many professional technicians experience in trying to communicate with others in the supply chain.
Another benefit would be to validate the efforts of our training institutions to raise the standards of graduates and encourage them to undertake research and development. It would also provide incentive for obtaining qualifications.

International Trade developments

It is outside the scope of this submission to comment in detail on the impact of International Trade developments on the TCF sector. We have seen the decline in the size of the local industry with the reduction of tariffs and are facing further tariff cuts. The move towards a free trade environment should not be done without exploring other avenues of international competitiveness (quality of product, innovation of design, etc. – to emphasise product differentiation). The decline in the local skills base as a result of the push free trade will greatly affect our ability to compete in the global market. Less local industry leads to loss of infrastructure, less career opportunities, less attractiveness of the fashion apparel industry as a career.

Conclusions

- Current assistance packages need to be geared towards small businesses in the TCF sector (not just the larger players) through lower thresholds and increased flexibility in funding guidelines. Assistance should do more to encourage onshore production.
- The TCF industry needs to be more consumer focused and be more strategic in its planning. The current culture is product and production focused within a short term operations horizon.
- The current period of review is an opportunity to address the need to create a solid technical base within Australia in order to adequately respond to the Australian market and to retain control over quality.
- Further tariff reductions will have a large negative impact on the industry.
- Employment demographics need to be researched and recorded. A culture of professional development needs to be fostered.
- International trade developments towards a free trade environment will have a negative impact on the industry unless appropriate assistance and resources are available to aid transition towards global competitiveness.

