

Tasmania

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TCF Inquiry
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

INQUIRY INTO POST-2005 TEXTILE CLOTHING AND FOOTWEAR ASSISTANCE ARRANGEMENTS.

The Tasmanian Department of Economic Development has been charged by the Tasmanian Government with reviewing and providing a response on behalf of the State to the above inquiry.

The Tasmanian Government agrees with the general principle that reduced Commonwealth Government assistance and protection, and the promotion of international free trade, helps create efficient and competitive industries and businesses.

However, while Australia should continue to pursue the fulfilment of its international free trade commitments, it should also take into account the actions of other nations that may create an unfair disadvantage to unprotected Australian industries in general. Tasmania also acknowledges that industries and businesses that have operated under protectionist barriers may require some assistance in the transition to operating in an unprotected environment, and that such assistance is a responsibility of the Commonwealth Government.

While the TCF industry in Tasmania is small by National standards, there may be some lessons the Commission can draw from the Tasmanian TCF experience that are relevant for the industry nationally. The Commission could examine:

- the extent to which specific Commonwealth funding for the TCF industry has reached and impacted on Tasmanian TCF businesses to achieve the Commonwealth's aims, especially in relation to the Strategic Investment Program (SIP), where the criteria effectively exclude most Tasmanian businesses in this sector;
- the experience of the Tasmanian TCF industry under lower tariffs; and
- the likely impact of the tariff reductions for 2005.

The Tasmanian Government is of the view that the reduction to 17.5% scheduled for 2005 may serve to undermine the positive efforts of the industry in general.

It is understood from the industry that good use has been made of SIP and the program should therefore be extended taking into account the following:

- the process for applying for SIP should be more user friendly;
- with a higher percentage return for capital expenditure;
- research and development criteria to be more workable;
- the inclusion of higher support levels for companies operating in Regional Australia or in areas of high dependency on textiles;
- the inclusion of an allowance for market access and development of overseas distribution channels;
- the inclusion of those projects that are environmentally sensitive; and
- the inclusion of skills training which is currently not reflected in SIP.

In addition to the above suggestions, Tasmania is of the view that it is extremely important that the Commonwealth reports on a state by state basis of the effects, or lack thereof, of specific Commonwealth TCF assistance.

My comments may not entirely constitute a submission to your inquiry. They are intended to very broadly summarise the State's overall position, bearing in mind that I am conscious that a substantial number of companies operating in the textile, clothing and footwear sector in Tasmania, will be making their own individual submissions.

Thank you for the opportunity to comment.

Mark Kerslake
SECRETARY

21 March 2003