

# ***Australian Dyeing Company***

## **COMPANY PROFILE**

Australian Dyeing Company commenced operations in 1958 at its current location in Clifton Hill as a commission dyehouse for processing both knitted and woven fabrics.

Australian Dyeing Company is internationally accredited and endorsed for quality to ISO 9001 : 2000. In November of 1991 the company won a High Commendation for Quality at the Australian Quality Awards being the only company in its division to reach the final in the Small Enterprise Category. In 1998 a World's Best Practice Program was implemented.

ADC would today be the largest and most modern and versatile commission dyehouse in Australia, with the highest reputation for service and quality and employing technically skilled staff with an ongoing training and multi-skilling program. ADC sees itself as assisting its customers create niche products and points of difference through product innovation. ADC has focused its future growth on exports of branded niche products. ADC will continue to develop strategic alliances and dedicated supply chains.

Australian Dyeing Company has developed a Brand known as Smart Cotton, which is the environmentally superior dyeing process, supported by both the Victorian Environment Protection Authority and the Federal Environment Department. This product has been successfully exported and continues to grow.

ADC is accredited to test for UPF results by the Australian Radiation Laboratory and has branded this product Solar Smart. The export market sees this product as a significant niche development.

ADC will continue to be known as the mill that is at the forefront of new and innovative developments to dye and finish all types of fabrics – woven and knitted. ADC utilises state-of-the-art computer software specifically designed - Millwatch®. ADC is the first company to offer DCA – Direct Customer Access – allowing customers real time direct access to ADC's internal computer and monitoring systems. ADC is dedicated to exceed our customers' expectations in terms of a mix of service, price, and quality, versatility, flexibility and quick response with a priority to always deliver on time.

Australian Dyeing Company has an excellent business in a very competitive environment and is well poised for potential growth, via industry rationalisation and exports. It has restructured its operations onto one site and is well prepared to tackle the very competitive T.C.F. sector of the world economy. The management is actively seeking to drive ADC to become export orientated.

ADC purchased special equipment and formed a subsidiary company – Smart Yarns P/L – that dyes cellulosic yarn continuously providing special effects to be translated into fabric form for knitted, woven and flat bed production. This has been branded SMART YARNS. This product is a major export concentration.

The group will continue to do its utmost to grow in the future in a world economy, which will have increased accessibility. ADC's management will continue discussions with overseas mills regarding Technology Transfer and Joint Ventures.

ADC will also develop with strategic partners, supply chains that meet consumer demands.

Subject: Position Paper: Productivity Commission - TCFL post 2005

Dear Sirs,

RE: TCFL Position Paper by Productivity Commission(PC)

I wish to make the following comments and recommendations following the meeting I attended at the TFIA on 16/4:

- The Government wants the TCF sector to adjust to changes to tariff policy and encourage international competitiveness of TCFL companies. However that will not occur without ongoing Government support and restructure of the industry. This sector of the economy is largely labour intensive and will require government support to compete with overseas companies where wage rates and on-costs are substantially below Australia's.

**THIS SECTOR DOES REQUIRE SPECIAL ONGOING ASSISTANCE BECAUSE IT IS STRATEGICALLY IMPORTANT FOR AUSTRALIA.**

The PC has acknowledged that some companies are capable of becoming internationally competitive. These companies need to be assisted and supported together with those that already are internationally competitive. Those companies that are not competitive- nor never will –need to be assisted to exit via an adjustment program that will assist employees that have substantial redundancy and entitlements owed to them. However those employees will also need re-training and possibly relocation assistance. Some companies wish to exit this industry but simply can not afford to change direction. Rationalisation by market forces has occurred but this has caused social/employment problems. The government must facilitate and assist in the rationalisation process. The PC has acknowledged that there will be further disruption in the future. This can and should be managed to be an absolute minimum.

SIP is the best form of adjustment assistance for those companies who are viable or can survive and be internationally competitive. The PC has acknowledged the Federal Government's desire to maintain the strategically important TCF sector to the Australian economy. However there are issues of critical mass. Some internationally competitive companies even today still require the existence of some parts of the domestic industry. Thus SIP must continue and be strategically implemented. However it should not be paid(if still due) if that company goes into administration/liquidation etc as that implies the company was not viable.

Any assistance to displaced workers must not come out of SIP funding. The SIP funding must be used for capital investment and R&D and innovation but also restructure. It is my belief that restructure assistance should be given priority so that any other grants for R&D etc can be given to those strong companies that can grow and export and be profitable and viable. Thus it is absolutely essential that SIP funding needs to be extended to cover metropolitan restructure of companies to assist mergers and acquisitions etc. This will ensure a smoother rationalisation (restructure) process and improve economies of scale. Parts IV and V of the current SIP need to be changed and extended to ensure disruption to the industry is a minimum and restructure - while maintaining critical mass - occurs speedily and smoothly and effectively. The part II type grants for capital investment need to have the % rebate increased to encourage the latest state-of-the-art equipment to be purchased.

Australian tcf companies can not exist on exports alone. There needs a minimum domestic demand to underpin export growth, to ensure future viability and sustainability of this industry. As with other sectors of the Australian economy where minimum Australian content is required the PC must consider this as part of its recommendations to the Government as to how to

ensure the retailers comply. It does occur elsewhere in the economy so the TCFL sector should be allowed the same. This will underpin a minimum domestic demand. Only when there are companies that are profitable without government assistance can the Government remove all assistance. That is the definition of "viable".

THE PC SEEMS CONCERNED ABOUT PROVIDING THE TCFL SECTOR ASSISTANCE TO THE DETRIMENT OF OTHER SECTORS OR PROVIDING SPECIAL TCFL ASSISTANCE ALONE. Thus the following 2 suggestions are for the whole economy:

- Dumping is a major issue. This sector does not need special assistance from other sectors. Simply change the onus of proof from the local manufacturer to the importer regarding dumping for ALL sectors of the economy.
- All sectors trying to gain exports and international market access should get government assistance. This should not be part of SIP. There needs to be certainty. However the PC admits it is difficult to predict everything that will occur in 5 or 8 or 10 years. Thus there needs to be a formal review included as a part of the process in 4 years.

In overview the PC has provided an excellent summary of the TCFL sector. However there is no need to halve the assistance in 5 years. The assistance should run while the industry requires it. If the PC requires to give a date then the current assistance should remain until the tariff is at 5% to ensure adjustment assistance does occur for the equivalent time.

I invite the Commissioners to visit our mill as the largest and most modern exclusive commission textile fabric dyehouse in Australia.

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