



**Response to:
the Productivity Commission Position Paper for
Post 2005 assistance for the TCF industries**

June 2003

The Technical Textiles and Nonwoven Association (TTNA) welcomes the opportunity to discuss with the Commission the industry requirements for certainty and fairness in industry policy and to provide an initial response to the matters raised in the Commission Position Paper released in April 2003.

Overview of the TTNA

The Technical Textiles and Nonwoven Association (TTNA) is a national industry association representing the collective interests of the Australian Technical Textiles and Nonwoven industry.

- The TTNA has 49 member companies which accounts for 80% of the Australian industry
- Members include:
 - Technical and nonwoven textile manufacturers
 - Suppliers of raw materials (e.g. fibers, polymers, binders, adhesives films and other such chemicals and materials and services to the industry such as converting, and packaging) and
 - Suppliers of machinery to the industry
 - government bodies
 - research & development bodies
 - educational bodies
 - testing bodies and consultants to the industry

Characteristics of the Technical and Nonwoven Textiles industry

- The sector employs a highly skilled workforce
- It is highly capital intensive and,
- requires large investments in:
 - Research and Development
 - Innovation

- Product Development and
- Production Facilities
- The sector is highly dependent on other manufacturing sectors including:
 - Building & construction and
 - Automotive industries
- Some traditional textiles and fibre producers are making the transition into technical textiles.
- The Strategic Investment Program (SIP) is an important program for the industry

The economic significance of the industry

- The industry's investment in capital expenditure was:
 - A\$66M in 2000/01
 - A\$57M in 2001/02, and
 - an estimated A\$84 in 2002/03
- \$1.7 billion annual manufacturing turnover
- Average turnover per employee is between \$250,000 and \$400,000
- Earns approximately \$200 million in exports
 - R&D expenditure:
 - A\$18.6M in 2000/01
 - A\$20.4M in 2001/02 and
 - an estimate of A\$19.8M in 2002/03
- The regional economic contribution in:
 - Dandenong, VIC
 - Gosford, NSW
 - Albury, NSW
 - Stawell, VIC
 - South Port, QLD

Restructuring the TCF industry

The Technical Textiles and Nonwoven industry has responded positively and has undertaken fundamental structural change by:

- Investing in over A\$200 million since 2000 and
- Producing premium specialty products

The challenges for the technical & nonwoven textile industry

- Small domestic market
- Erosion of domestic base and loss of critical mass
- Increasing import penetration
 - Marginal costing and dumping
- Restricted Access to overseas markets
- Competition from emerging overseas producers
- Certainty about future policy and assistance for the industry
- Education and workforce skills
- Market access and development
- Extent of government support

Key drivers for the industry in the future

- Investment in Research and Development
- Investment in the latest technology
- Environmental management
- Continuing productivity and efficiency improvements
- The ability to develop export markets
- A highly skilled and capable workforce

TTNA's response to the Position Paper

The TTNA is in favour of the Government continuing to stimulate the uptake of Research and Development and Innovation through investment for the betterment of the technical and nonwoven textile industry, therefore the TTNA is in favour of the continuation of the Strategic Investment Program (SIP):

- It is proven and is the least disruptive approach i.e.: “It is best to err on the side of caution”

The TTNA recommends:

- SIP to be extended for a further 10 years beyond 2005, at current annual funding levels – with consideration for:
 - An increase capital expenditure from 20% to 35%.
 - Any new program to be designed for a seamless transition
 - Any benefits accrued pre 05 should be recognised in any post 05 program

Other considerations:

- **Redefining Innovation:** The current definition of innovation (for SIP) is well understood and is now working well, there is therefore no need to extend the definition.
- **Reducing the expenditure threshold:** The \$200,000 threshold is not a problem for the technical and nonwoven textile industry

- **Labour adjustment Schemes:** Displaced TCF workers have access to generally available programs. There is no need for a special TCF fund.
- **Regional issues:** Special consideration to address unique needs of regional manufacturers
- **Market Access:**
 - The PC is misguided in its suggestion that Trade liberalisation by other countries is irrelevant to Australia's action of tariffs
 - The PC does not fully acknowledge the magnitude of non-tariff barriers for Australian TCF firms seeking to enter foreign markets.
 - The PC should reconsider its position on sector specific export market development programs to assist develop TCF exports