



**Feltex Australia Pty Ltd**

**FURTHER SUBMISSION TO  
THE PRODUCTIVITY COMMISSION  
FOLLOWING THE RELEASE OF ITS  
POSITION PAPER**

**May 2003**

1. Feltex Australia Pty Ltd (FA) is a leading manufacturer of carpets in Australia, and is a member of the Carpet Institute of Australia (CIA).
2. FA fully supports the submissions made by the CIA to the Productivity Commission (PC) on behalf of the carpet industry.
3. FA has issues that have particular relevance to its own business in Australia, which are not necessarily addressed by the CIA submissions.
4. FA observes that regional issues receive much comment in the PC Position Paper and also in press and other media.

FA notes that 74% of employment in TCF industries is in the five mainland capital cities. 35% of total TCF employment is in Melbourne.

5. FA employs around 740 personnel in Melbourne, as stated in its previous submission to the PC, a large number of these workers have relatively low skills, have English language difficulties, and do not have easy access to alternative employment. They are not a mobile workforce.
6. FA believes that the costs of doing business in the carpet industry are roughly similar in metropolitan and regional areas, when wage rates and work place flexibilities are factored in.

FA believes that there should not be any delineation in any support mechanisms for employment in regional versus metropolitan locations.

7. FA submits that tariff levels should be maintained at 2005 levels (10% for carpets) at least until 2010.

FA does not support any tariff reductions beyond 2010, without an assessment of the economic impact of any such reduction on investment, employment, and consumer preference.

8. FA endorses the PC view that there needs to be a continuation of SIP or a similar support mechanism for the TCF entities post 2005.

The SIP is a key element in assisting FA (and other TCF entities) in moving to a position of international competitiveness as tariffs reduce.

9. FA supports the CIA submission that a SIP or similar scheme should be fully funded at current levels (ie 2000 – 2005 dollar support) and continue for 10 years to 2015.

FA believes that the current scheme is best for all participants as it is well understood and the outcomes are predictable to all participants.

10. FA re states its view that workplace reform is a critical success factor for its future viability.

In particular a solution needs to be found to the divisive issue of employee entitlements.

FA does not support the trust fund concept proposed by the union movement.

11. FA supports the PC view for an independent review of this issue.