

WHAT DOES THE TCFL SECTOR NEED IN ADJUSTMENT ASSISTANCE FROM THE FEDERAL GOVT TO ENSURE LONG TERM VIABILITY:

The fed.govt.wants to reduce tariffs to 5%.(even zero!!)

The industry needs to be viable- ultimately- without Govt.assistance.

The existing assistance needs to continue until the sector is sustainable without govt. assistance.

TCFL companies need to be strong and profitable to be viable and sustainable.

TCFL companies can not exist on exports alone.

The tcfl sector is a strategically important sector and needs to remain in Austr.even if it is smaller.

But there is a critical mass that needs to remain as a minimum to ensure a meaningful sector continues.

The finance(banks/insurance) sector does not want to fund the TCFL sector due to "risks"and lack of future etc.

Thus the TCFL sector must restructure if it is to remain strategic and sustainable and meaningful.

RESTRUCTURE FUNDING ASSISTANCE:

-assistance must be given for rationalisation-mergers/acquisitions/departures.There are precedents.

This does not occur now(without assistance as too expensive and no one wants to fund the investment nor the exit!! There have been some closures and acquisitions but the social dislocation is very large. The process of market force restructure simply takes too long. The sector must be fully restructured and ready to sustain without assistance, sooner rather than later.

- assistance to be allowed in both metropolitan and regional areas.ie type 4 and 5 grants

Once rationalisation/restructure has occurred and there are some improved economies of scale then cos.can be large enough to allow control of costs/margins and be profitable and capture the domestic market/demand that remains.

Once profitable then cos.can make investment in training/exports/innovation etc.

However there needs to be some domestic demand at a reasonable level that will sustain a local sector.

-Possible suggestion is that SIP is linked to a % domestic production???

ie:a co.will only get SIP funding if some of its production is for domestic production.(increase the requirement of Australian value added

MINISTER MACFARLANE HAS BEEN QUOTED AS WANTING TO "BUILD THE TCFL SECTOR SO IT IS ABLE TO SUSTAIN ITSELF."

THE SAME PACKAGE WILL ONLY KEEP A "HOLDING PATTERN"

The Forum has been totally ineffective and total waste of substantial funding as has the rigby report and other audits.

The Rigby Report made certain recommendations including considerations for mergers and acquisitions.

FUNDING ASSISTANCE:SIP

SIP must continue until rationalisation/restructure has been effective and the majority of cos.remaining are sustainable and viable.

The current sip funding system does deliver reasonable results. However the industry would prefer to see a better and more effective implimentation. Some anomalies do arise eg dyeing/knitting sector in Vic....new mills funded even when there is a known and acknowledged over capacity.

Further if co.goes into admin.all funding is frozen!!

At the end of the period any unutilised funding of sip does not go back into fed.general revenue but is continued on in the program until fully spent.

If there is to be a change to sip post 2005 then it should come into being immediately.

Market access funding is required.

If a tcfl product/component can not be produced in Australia the tariff should be zero immediately.

Dumping legalisation should be changed to put onus on the importer.

Ian Fayman
Co-Managing Director
Australian Dyeing Company