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Productivity Commission
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26/5/03

Review of TCF Assistance Position Paper

I do not have much time as I am required to be away from my factory for the next two weeks.

Consequently, I will send a brief response as an interim submission and hope to send another follow up submission prior to 20 June 2003.

I understand the deadline for submissions is 20 June 2003.

FIRST MAIN CONTRADICTION

- As far as the Productivity Commission is concerned I find it totally repugnant that on the one hand the Clothing and Textile Industry has to compete without tariffs yet, on the other hand the Australian Industrial Relations Commission hands down Safety Net Wage Review Decisions giving increases in award wages. In May 2002 the AIRC awarded increases across the board of \$18.00 per week. In May 2003 the amount handed down was between \$15.00 to \$17.00 a week. In effect wages have increased by \$35.00 a week in a two years **without Productivity offsets! As an employer I have to pay these increases, but forgo any productivity. Believe me – there are none- because AIRC says there doesn't have to be any. Yet in your Review of TCF Assistance you indicate that firms must get smarter and become more efficient. I am not sure how this can happen. It is not a level playing field. Moreover, in Australia the move to make employers pay more superannuation, makes Australian manufacturers even more uncompetitive, in relation to wage costs. Add to that the Workers Compensation premiums I have to pay. I have been informed I am required by law to pay an additional 4% premium (to pay for the HIH collapse) Any talk about tariffs pails into insignificance when faced with the above requirements. The fact remains that the Position**

Paper does not seem to take into consideration any of the above variables. And, yes, I do understand that importers who employ staff have to pay these costs as well, but importers do not employ anywhere near the number of staff as manufacturers, due to the labour intensity of the work. SO what we have here is a discrimination against manufacturers who employ staff in Australia. Somehow, I cannot understand it, that the Productivity Commission is drafting a position paper that discriminates against employing manufacturing staff. This does not mention the recent change in the Australian dollar, which has caused imports to become even cheaper. How on earth can clothing manufacturers compete against these odds? I draw your attention to ...Overview page 28..”A stronger and more competitive TCF sector is achievable“. I read with interest this page. In view of the above issues I have raised I am not sure this is possible. I invite your response on this point. Because no matter how well I manage my manufacturing business, I am not convinced how long I can sustain against developing countries with a low wage base. I feel the industry is not valued and the Commission does not want to be bothered with the TCF industry.

ELIGIBLE THRESHOLD OF SIPS \$200,00

- **Your paper fails to adequately address the number of small manufacturers who (like myself) have sales of about \$1 million, yet cannot obtain any SIPS money due to the unrealistic threshold of \$200,000.**
- **At the moment only large firms can access this money.** This is not equitable. I suggest that a good number of efficient manufacturers should be eligible for SIPS funds, especially if the eligibility was significantly reduced. The firms that should be eligible are the firms differentiating and into “niche “ markets that the importers are never going to service. I manufacturer specially made school and sports uniforms. It is in these very small markets where there is the opportunity to compete against imports. They are not commodity manufacturers. Leave this to the developing countries.
- **This issue has not properly dealt with.** It requires more work in consulting small manufacturers. Basically, there is a huge bundle of SIPS money going to a chosen few. Big mistake. There is a better way. It must be explored. Special provision should be allocated to small firms who satisfy – niche markets, manufacture small runs of specially made items and who fill the gap in the market place that the importers will not do. There are manufacturers who can satisfy this market niche. Make a special allocation funding from SIPS to incorporate this group. It will be money well spent. There will be less money spent on consulting and compliance costs. These firms are the “true believers “ andm going out of their way to be different, Yet where is there reward ?

- Monies could be allocated to State Clothing Manufacturers Networks. In Tasmania (no money ever given to clothing manufacturers- despite regional position and difficulties of transport and freight). In Tasmania the Department of Economic Development assists the coordination of meetings with Clothing Manufacturers Network. State governments could be allocated certain SIPS money for discretionary use in Manufacturing Networks. This would reduce compliance costs as State government agencies would be responsible for the allocation and accountability. This idea is worthy of further discussion and possible implementation.

• SUPPLY CHAINS

- Our firm purchases specially made UV polo shirt fabric from the mainland mills. We pay about \$5.50 per metre from the Mills. How is it that importers purchase polo shirts for less than \$5.00 fully made ? Are we as manufacturers already paying too much for our fabrics ? If so, the supply chain needs investigating to ensure that manufacturers get a fair go. More work needs to be spent on ensuring that supply chains are sustainable.

BUY AUSTRALIAN CAMPAIGN

- Throughout the report no reference is made to encouraging local and smart clothing manufacturers to continue to make products that overseas countries will not touch , due to small size. It seems implicit upon current funding guidelines that only the big players will receive any SIPS money. The position paper needs to incorporate more of the small manufacturers issues. After all these are the key linkages in the whole process. Communities will support the local manufacturer they will buy Australian if ..there is something unique about their product.
- Support of local manufacturers should be built into SIPS payments by rewarding manufacturers who can demonstrate that they are making unique products in small niche markets. These manufacturers are already demonstrating the way of the future. There are many Schools in Southern Tasmania that due to small school size it is impractical and not feasible to make offshore. At present my firm is servicing these small production runs and notwithstanding imports , will continue to service these small markets ; schools, clubs ,small businesses etc etc.

NO HANDOUTS

Small manufacturers don't want handouts. They do want mentors who can assist their firms reaching their full potential and utilizing technology better. It is not about consultants "sucking up " all the available money with reports that gather dust. It is about giving assistance to firms who have already demonstrated a capacity to do things differently in the small niche markets. These firms are genuine, and should receive support towards sustaining and ensuring they continue to be viable. Assistance is needed to ensure their competitive edge is sustained.

I am willing to discuss any issue and hope I will receive a response to my sunmision. I hope I will be able to table a further sumission prior to 20 June. This will depend on my work commitments .

Yours Faithfully

Charles C ook

Managing Director.

c.c senator Abetz.