

Dr David Robertson  
Presiding Commissioner  
TCF Inquiry  
Productivity Commission  
PO Box 80, Belconnen, ACT 2616

Dear Dr Robertson

I am writing to you in regard to the inquiry you are chairing into the TCF industries.

Shoe Lasts & Components P/L has been following your activities with some interest. However as a relatively small company we have not sought to play an active part. However I understand that the FMAA has requested that the tariff on footwear parts should be reduced to zero. This request was not sufficiently detailed so as to make it clear that such a course should apply to uppers only.

Shoe Last & Components is Australia's leading manufacturer and supplier of componentry to the Australian footwear industry. The company employs some 20 people designing and producing footwear components at its Thomastown Victoria design and manufacturing plants.

The business designs, manufactures and supplies footwear components including:

- \* soles
- \* lasts
- \* heels.

The business supplies Australia's leading manufacturers of branded footwear including Sandler, SPS, Bianco, Michaelis Bayley and various small specialist niche producers such as orthopaedic and sporting footwear producers. The business's products are used in the full range of manufactured footwear including casual men's and women's shoes, hiking boots, sportswear, comfortwear, dress shoes and sandals.

Significant changes have occurred within the componentry industry over the past few years as a result of the Commonwealth Governments reduction of tariffs in the latter 1990's, the abolition of the import credit scheme and the cessation of the Fiji/Australia supply chain.

These changes have led to a significant decline in the aggregate demand for the design, manufacture and supply of componentry. As a result the business with the support of the Strategic Investment Program has undertaken a number of initiatives to ensure its long term viability.

These strategic initiatives have included:

- \* investing over \$1 million in 2001 and 2002 in new plant and equipment
- \* enhancing our design capabilities
- \* increasing the emphasis upon strategic partnerships with finished footwear manufacturers
- \* increasing the proportion of output manufactured to specific order

These pressures will be exacerbated by further tariff reductions at some stage in the future, depending upon the Governments response to your report.

While elements of the Strategic Investment Program have been very helpful, other aspects such as the type 4 and 5 provisions were found by SLC to be more rhetorical than substantive. As a result a number of desirable rationalisations which SLC wished to arrange have not occurred.

As a result the industry is less progressed in its restructuring than it otherwise would have been. This means that any unskilful implementation of the FMAA's request would immediately and directly affect SLC and its viability.

As such I would be happy to work with you to ensure that any changes applied only to tariff item 64.06.10 - the tariff item relevant to uppers. Alternatively, no change should be made at all.

Naturally, if you have any queries or would like to discuss this issue further then I would be pleased to assist.

Guy Gregg  
Director