

2 June 2008

INTERFACEFLOR SUBMISSION TO THE TCF**ASSISTANCE REVIEW**

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Organization: Industry

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Employees 228

Products Modular carpet

Target Market Commercial interior spaces

BACKGROUND

InterfaceFLOR manufactures modular carpet from its Picton, NSW mill and sells & distributes this carpet across Australia and New Zealand. It has been registered for the Strategic Investment Program (SIP) since its inception in 2000. During the period 2000-2004 (SIP One) the business grew revenues by 19% at a time when the market for modular carpet was relatively small. However since 2004 (during the period of the current SIP) revenues have more than doubled at an average growth rate of 25% per annum. Employment numbers in the business have also grown as outlined below:

	Number of Employees based in Picton	Number of Employees based outside Picton	Total Number of Employees
2000	72	64	136
2005	96	41	137
2008	171	57	228

The SIP has been a major contributor to the growth of the business. Grant dollars have not only been claimed for capital projects but also for innovation and design which is central to the ongoing success of the business.



Interface has manufactured at Picton for 40 years but for the majority of the period leading up to 2002, growth was at best, slow. The SIP has underpinned our confidence in the ability of the Australian market to support significant investment. SIP has supported the complete redevelopment of our manufacturing facility and allowed the company to expand capacity and with it, employment.

INNOVATION AND COMPETITIVENESS

Innovation has helped InterfaceFLOR remain competitive. The following are two examples of projects that have been assisted by SIP.

Glasbac Re Recycled backing

This project was to trial a recycled modular carpet backing to substitute for virgin raw materials. The recycled content is sourced from post-consumer material, affording a closed loop recycling system.

Scope of the project included engineering and process changes to allow this recycled material to be processed.

Glasbac RE backed carpets have a total recycled content by weight from a minimum of 40% and up to in excess of 50%. Glasbac RE reduces the amount of virgin vinyl used by 49%. This project is an example of the company's commitment to sustainability with the ultimate goal of leaving no environmental footprint.

SIM Centre

This project was to develop SIM (simulation) technology to digitise product development & design to enhance development speed and to reduce the use and waste of physical material.

Prior to developing the technology, the process of customisation involved interpreting design briefs, analysing yarn types and constructions and physically producing samples. Often, multiple samples and trials would be required. This process generated a lot of waste and other resources to generate one signed off sample.

With the new technology all product development could be simulated digitally. It enables the print and email all product design and sharing with internal and external customers.



InterfaceFLOR can now minimise the amount of product samples produced in new product development and better achieve our sustainability goals

The challenge for the business going forward will be to continuously innovate and develop high design, sustainable products for the local market against the increasing threat of cheaper product sourced from low cost countries such as China. With the abolition of tariff protection the only way to remain competitive is to innovate, to be sustainable and to work on product cost reduction at the mill. In order to achieve this, the industry requires Government support for businesses prepared to implement these initiatives. Such support could be in the form of Innovation & Design grants, assistance for the implementation of sustainability initiatives which might reduce water and energy use, increase recycled content of product, or reduce greenhouse gas emissions, or funding to improve the level of skilled employees available to the textile industry.

EDUCATION AND SKILLS

A critical component of any future agenda for Government assistance must be to improve the skill level of employees available and the number of courses that are offered by tertiary education specialising in textile design and manufacturing. This is a particularly acute problem in NSW with the main specialist textile education being centred on Melbourne's RMIT.

Textile manufacturing landscape in Australia has changed dramatically. The emphasis is now on specialization & innovation. Smaller scale design driven firms have appeared with a focus on a capital intensive, innovative & creative approach. Whilst lower cost manufacturing will always remain a value driver the carpet industry is seeing that the specialist skills required in product development, manufacture & distribution will provide a competitive advantage. It is therefore vital that companies attract employees with these skills, train & develop their staff and have in place strategies to retain these staff against the background of a declining labour pool.

REGIONAL ASSISTANCE

Industry in Picton also suffers in that the Picton locality is not considered to be regional even though it is outside of metropolitan Sydney. This has prevented the access to any regional development grants despite the growth in employment over the past eight years. Recruiting skilled labour from a relatively small local pool continues to be a challenge.



CLIMATE CHANGE AND ENVIRONMENT

SIP has enabled Interface to fundamentally impact the environmental foot print of its Picton facility. It has created the ability to increase investment in capital equipment that runs faster, is more efficient, uses cleaner fuel sources and allows for a higher recycled content in product. SIP has contributed greatly to Interface's drive to reduce water and energy use, switch to alternative energy sources and minimise green house gas emissions. This has resulted in the following improvements:

Carbon footprint down by 25% in 2007 (the Picton plant is Australia's first carbon neutral manufacturing facility)

Total waste down 28% (saving \$40 million)

Water use down 48% over a 10 year period

Energy use down 56% over 10 years

SUMMARY

Interface Australia operates a growth textile business in a regional location and it does so with environmental sustainability front and centre in its thinking and its actions. The SIP scheme has fundamentally supported the company's growth strategy over the past seven years. Interface has, over this time, significantly increased its number of employees and the wider contribution the company makes via supplier purchases, tax paid and the encouragement to innovation within the local economy.