

Professor Roy Green  
Reviewer, TCF Review  
c/- The Manager, TCF Review Secretariat  
Department of Innovation, Industry, Science and Research  
GPO Box 9839  
CANBERRA ACT 2601

27<sup>th</sup> May, 2008

Dear Professor Green,

Please find below a submission to the TCF Review from the Just Group.

**Declaration of Interest:**

Just Group has made an application for financial support under the SIP Program regarding certain programs and investments undertaken in the financial year F07.

**Company Profile:**

Just Group is a public company with annual sales of \$900m and over 5000 employees. It is essentially involved in the designing, sourcing and retailing of apparel for the Australian market. Other non apparel and offshore retail sales apply but the core business is Australian based retailing of apparel. The group owns and operates 7 brands across 900 stores.

Two key operations within the Group are very strongly skewed to local production in Australia. Approx. 40-50% of the \$225m at retail of sales by Portmans and Jacqui E are designed and made locally under the control of Just Group.

We do not own the sewing factories; however we do own the fabric, some of the machines and the commitments to outsourcers assembling the product. As such we are a virtual factory with sewing and cutting employment responsibilities (albeit dispersed) of about 500-1,000 full time equivalent people. (This ratio is difficult to predict given the outsource nature of the operations but these approximations indicate that we are a significant TCF employer when viewed in the traditional factory equivalent measures.)

**Submission points:**

- We have had difficulties in interpreting our activities into the SIP Scheme which is more orientated towards traditional factories. However we have just made our first claim under the Scheme and although relatively small we have stepped up our activities in the innovative process improvement areas during the current year (with even greater investment in such innovative processes over the coming 3-5 years) and expect the SIP program to be an important driver of change in our local TCF manufacturing operations. As such we strongly support the continuation of the SIP program for clothing 2010-2015 as promulgated in Parliament in 2003.
- The continuation of the SIP Scheme for clothing as scheduled provides scope for additional new dimensions to be overlaid on this core program for Clothing. We believe that once the main adjustment considerations for traditional clothing manufacture are addressed by the continuation of this program, the policy focus should then be on key areas of need and select opportunities. These include:

- Worker skills Program: The nature of the outwork system makes assistance to improve their operation very difficult. This has been seriously under serviced by past programs and there is a need to provide skills and encouragement to the outwork community so that they can play a better role in developing a more sophisticated, speedier and supported outwork supply base.
  - Technical skills program: The availability of technical skills is an issue for local production. Pattern makers, sample machinists and designers are all important elements of a new age clothing base. Once the traditional manufacturing policy issues are addressed this is then a priority for improved clothing policy
  - Start up Program: The easy entry of the clothing industry makes for a highly competitive and vibrant industry. However it is an industry populated by big and small firms with a wide range of sophisticated demands by retailers, Unions and Government. Start up businesses need to be encouraged and supported through this maze and a program in this area would be a beneficial addition to the core SIP clothing program post 2010
  - Network Program: Given the small scale of the Australian industry compared to some overseas manufacturing hubs, greater networking within the industry would be of benefit. A program that supports certain industry wide activities, such as investigation into new sewing technology or adoption of software to support concept to market processes, is worthy of consideration
  - Enhanced Delivery Mechanisms: Given the difficulty in accessing and communicating with grassroots industry participants, we see the importance of enhancing the delivery mechanism of innovation to those who tend to fall under the radar of existing associations, such as outworkers. There is the potential for organizations such as ours to act as this delivery mechanism, given the direct nature of the “factory to retail store” model of our business.
- Tariffs on raw material imports: As a fashion manufacturer/retailer, we are conscious of using the most fashion forward fabrics and prints as raw materials. We import these fashion oriented fabrics when the local textile industry cannot provide them, however we need to carefully manage raw materials costs in order to be competitive with our locally manufactured garments, to offset the higher costs of manufacturing in Australia.
  - As noted, the key consideration is to address the opportunities that directly impact on the economic viability of local manufacturing either by lowering costs or developing systems to speed the response times to changing market demand. The continuation of the SIP program post 2010 is important to the fast fashion supply chain (similar to the world leading fashion retailer Zara) development we are currently working on and its impact of upgrading the outwork system as we progress with this work over the next 3-5 years.

Many thanks for the opportunity to provide this submission to the TCF Review. We look forward to hearing the outcomes of the review later this year,

Sincerely,

Wai Tang  
Director of Operations