

12th May 2008

Professor Roy Green
TCF Reviewer
Industry House GPO
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Canberra ACT 2601



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Dear Prof. Green,

Re: TCF Review 2008

Victor Footwear is a manufacturer of quality workwear and elastic sided boots, employing some 30 people at its factory in Auburn, Sydney. As a result of the introduction of the Strategic Investment program in 2000/01 the company invested over \$1.3 million on a rotary table injection moulder. This was nearly 25% of the company's annual turnover at that stage. For a small company such as Victor this was and still remains a very significant and substantial investment in manufacturing in Australia. As an indication of the degree of commitment this investment represented for the company, if the whole TCF industry had similarly committed to new plant and equipment then total industry investment would have been around \$2.2 billion in 2001/02 compared to the actual level of \$150 million.

The manufacturing industry should be a valued part of any countries social and economic make up. It should be a basic belief and goal of our Government to have a local industry able to manufacture products for our own use and to supply other countries who may need them.

Footwear manufacturing has played its part in the development of our nation – for well over 200 years our industry has provided jobs for Australians, provided products for consumers and paid and collected taxes. The industry also played its part during all the wars Australia has been involved in, by making boots and shoes for our armed forces. Manufacturing industry also has a flow on effect to the service industries that support the manufacturing industries.

Our industry is able to offer employment to refugees, migrants, people who wish to work with their hands and the not so highly educated – giving them new skills, helping in their use of the English language and assimilating them into Australian society. The footwear industry can continue to be such a training ground into the future.

We have made improvements in our international competitiveness, raising the quality of our products and investing in modern plant and technology. Not only does this enhance our viability it ensures that we are able to provide some competition for imports from low

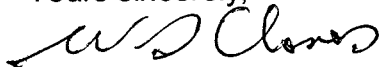
cost labour countries. We would be also leaving ourselves exposed to supply problems and large price increase if we do not maintain our manufacturing industry.

How can this be achieved? A Federal policy framework that encourages the survival and development of an Australian footwear manufacturing industry is essential. This could be achieved by:

1. As part of a Buy Australia commitment provide a minimal guaranteed throughput for local manufacture through federal and state government purchasing policies so that technology can be developed with some degree of security.
2. Negotiate access to the most technically demanding footwear market in the world – the USA military from which we are prohibited from supplying through Government policy.
3. Provide support for investment, R&D, design, marketing, branding and advertising.
4. Reduce the effective income tax rate for manufacturing industry, to recognize the greater risk associated with this commitment compared to importing.
5. Raw materials and components used in manufactured footwear should be duty free.
6. Reduced payroll tax on all employment.
7. Support for in-house training of employees including language and skill enhancement and recognition.
8. Additional training for any employees adversely affected by structural change.

Thank you for the opportunity to express my thoughts.

Yours sincerely,



Bill Cloros

Managing Director