



Weighing the cost of innovation

NATIONAL: The TCF Review's recommendations for an overhaul to foster innovative capability have triggered industry debate on how funding should best be deployed.

Embodied a 134-page document titled *Building Innovative Capability* Professor Roy Green's review stated TCF industry success would be based on "the development of innovative capability at the level of the enterprise and workplace".

"This is driven not only by research and technology development but also by the increasing emphasis on business model transformation, market led organisation change and the integration of firms into external collaborative networks and supply chains."

The review therefore recommended a "shift in the organising principle of industry assistance from structural adjustment to building innovative capability at the level of the enterprise and workplace".

This would entail a new TCF Innovation Assistance Package from 2009 to 2015 with a budget of \$250 million. As part of the overall innovation strategy a TCF Innovation Council should be established with funding of \$12 million to commence in 2009.

However, in the context of further tariff reductions, the

Professor Roy Green aims to promote innovation among the TCF sector.



review also recommended continuing industry assistance in the 2010 to 2015 period of transition, but in a new form superseding current assistance measures. This assistance would be provided in a \$200 million TCF Innovation Capability Program (TCF ICP), accessible to all firms and organisations. The TCF ICP should also include an allocation of at least \$15 million for small businesses.

Jo Kellock, executive director of peak industry body the Council of Textile and Fashion Industries of Australia (TFIA) welcomed Professor Green's recommendations, with some qualifications.

The review's underlying

message for the industry was that "success will come to those business owners and managers who run with innovative value added products and services with an emphasis on design management," she said.

"Whether [industry] likes it or not there will be an end point to government assistance and it would appear that the TCF industry is on its last lap for funding support. Therefore we need to make sure the industry and government gets it right; that is, the right policy framework and the right amount of resources to fund the recommendations."

While there was merit in broadening the scheme post

2010 – "currently approximately 450 businesses receive funding in current TCF schemes" – Kellock said there was a risk that with around 55 per cent less funding than the \$98 million currently allocated each year, "the impact [of funding] will be diluted or worse still, will be available to fewer than 100 participants. This is effectively narrowing the scheme rather than broadening it."

Meanwhile Victorian TCF business LM Australasia – renowned as a successful innovator – welcomed Professor Green's recommendations overall. Founded as a sleepwear and underwear wholesaler, LM

Australasia had re-engineered itself to build a reputation for innovation in the arena of seamless garment technology. LM Australasia managing director Michel Abeyssekera said as a company that had received no funding in the past, LM Australasia would have benefited from a government innovation package. "We would have been able to take to market one or two more products with export capability sooner and generally accelerate our export push. The government should encourage and embrace innovation and it is essential that the right policies are implemented to support this."

Abeyssekera welcomed the notion of an innovation council to foster enhanced collaboration between all sectors of the TCF industry. He was also "pleased to see that there are funds allocated to assist talented and innovative practitioners coming through the industry. They have been neglected in the past. The \$15 million allocated for small businesses should encourage the implementation of new business models, improvement of skills and the development of an industry with a culture of environmental sustainability and ethical work practice."

As *Ragtrader* went to press the TFIA – together with three other industry bodies and the union – was preparing a joint response to the review's recommendations.

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