

SUBMISSION TO PRODUCTIVITY COMMISSION TEXTILE CLOTHING AND FOOTWEAR INQUIRY

INTRODUCTION

Melba Industries (Trading for MelbaTex Pty Ltd) is a 100% Australian Owned Fabric Manufacturer of Industrial Textiles, operating out of sites in Geelong and Melbourne.

As an active member of the Council of Textile and Fashion Industries of Australia Ltd (TFIA), Melba fully supports the submission put forward by our Industry Body.

Therefore, in this submission, we will concentrate on additional productivity issues not fully covered by the TFIA.

MELBA INDUSTRIES

Melba is a manufacturer and exporter of a comprehensive range of high performance fabrics for a wide range of markets. Melba key facts include:

- Commenced operations in 1934.
- 100% Australian privately owned company after acquisition from the Austrim Nylex Group in 2002.
- Operations at Geelong and Thomastown in Melbourne.
- 240 Employees.
- Sales of \$60m+ per annum.
- Exports over 30% of sales.

Our vision is for Melba to become the supply partner of first choice in the Asia Pacific Region in markets that depend on manufacturing excellence and a mix of innovation and technical differentiation. At present these markets include:

- Automotive.
- Protective.
- Industrial.
- Theatre Seating.

AUTOMOTIVE



Melba's automotive textile production involves developing and supplying Australia's largest range of automotive upholstery fabrics, including seating, headlining, door panels and sun-visor applications. Melba's range of fabrics include: warp knits, woven and circular knits, that encompass piece dyed, or yarn dyed materials. Melba has printing, coating, finishing and laminating facilities in-house, ensuring our operation supplies the most diverse textile manufacturing capability within the Asian region.

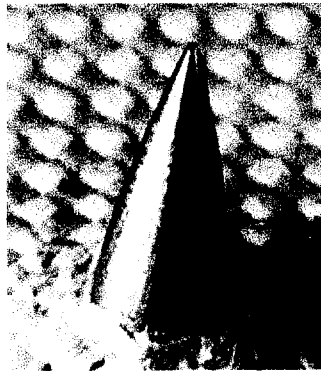
Melba Industries is a supplier to the four major car producers in Australia and a number of overseas automotive manufacturers in the Asian and African regions.



PROTECTIVE TEXTILES

Melba's protective clothing division plays a crucial role in the protection of personnel in the fire, police, military and industrial workplace. Increasing industry concerns for general worker safety, including protection from death and disabling injuries and illnesses has seen the development of protective textiles that protect from the specific threats of chemical agents, splashes, fire, and bullets. This has resulted in an entire division devoted to personal protective equipment. This equipment includes everything from chemical/biological protective garments and suits, to fire fighters' turnout gear, industrial fire retardant garments and bullet resistant fabrics for vests, vehicles and helmets.

There have been significant revisions and additions to many of the existing standards for worker protective textiles. Melba Industries stands in the forefront of the manufacture of textiles for the protective industry, enhancing the protection of Australia's Emergency Services and Armed Forces personnel, continually aspiring to higher levels of quality and innovation.

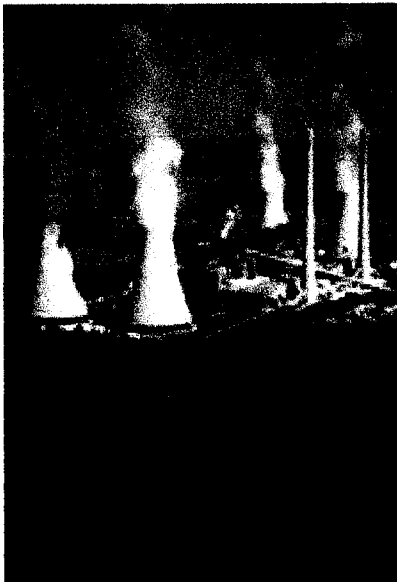


INDUSTRIAL TEXTILES

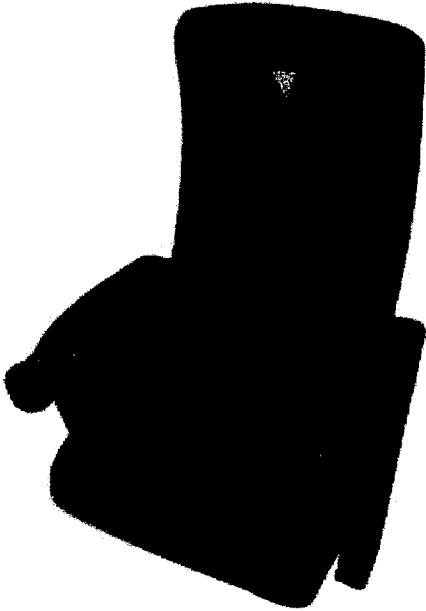
The Industrial Textile Division produces solutions for the most technically demanding textile needs. The division offers a dedicated Research and Development team that is committed to innovation. Our R & D division creates a wide variety of solutions for customers who have either clear specifications, or the need for research and development for diverse fabric performance.

Some of the industrial applications include:

- Power Stations
- The Mining Industry
- Transportation Industry
- Filtration Services
- Safety
- Search & Rescue
- Medical Industry

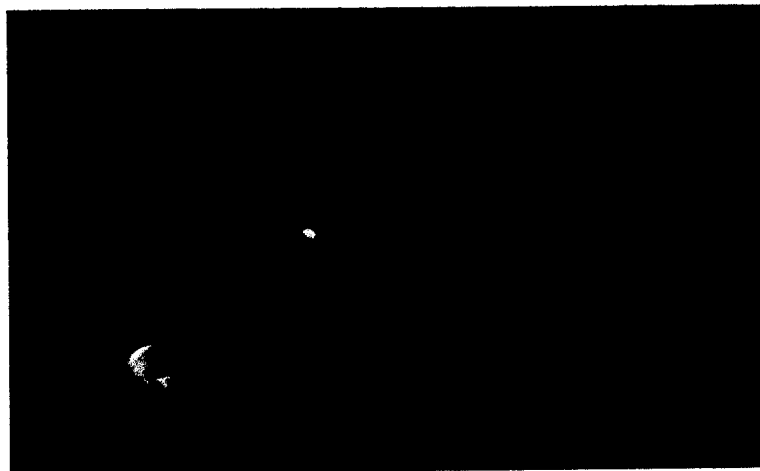


THEATRE SEATING



Melba Industries produces high quality auditorium and theatre seating upholstery that is specifically crafted to meet and surpass the demanding requirements and standards of various market sectors.

With a vast exporting program that encompasses Asia, the Middle East and the US, Melba's theatre and auditorium seating fabric can be found on seats throughout the world.



POST 2005

1. Tariff Reduction.

We Support the TFIA submission.

2. Positive Assistance

The SIP program has been of great benefit for Melba in encouraging Capital Investment and Innovation. With this support Melba will continue:-

- Significant acquisitions of new equipment to support new products and reduce operational costs.
- To lead the Australian Textile Industry into new markets both locally and overseas via our Research and Development Center. Over 25% of current sales are due to products released within the last twelve months.

We are satisfied with the current structure of the scheme and would not like to see any relaxation of definitions and administration.

The only concession we would like to see is the ability to bring forward part payments.

3. Market Access

We support the TFIA submission.

Additionally we would like to see some changes to the EMOG scheme to allow companies the size of Melba to participate. Exports are a growth area for us and there are still markets we can penetrate with some assistance.

4. Yarn Duties

In order for Melba to be more productive and therefore more competitive, we ask the Federal Government to remove duties on yarns which are not, nor will ever be, manufactured in Australia. In particular these include Aramid, Meta Aramid and Multifilament Textured Polyester Yarns.

CONCLUSION

We believe that Melba is well placed for sustainable growth on the back of:

- Complete vertical integration that allows for control over new product development and flexible manufacturing.
- A world class design and development team working closely with overseas yarn suppliers. We will continue to create innovative products that we can get to market quickly.
- Shareholders that are all long term participants in the Australian Textile Industry. Over \$4m of Capital Investment in the first year of operations are testament to the belief in Melba's future.

If you have any queries, please do not hesitate to contact me at Melba on **(03) 9474 3010**.



Steve McMillan
CEO
Melba Industries (Trading for MelbaTex Pty Ltd)