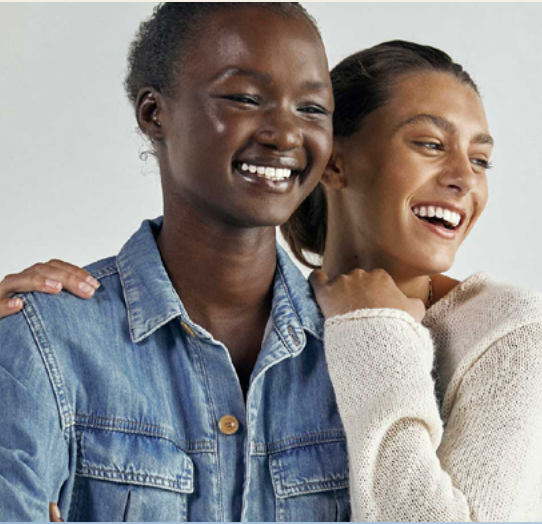


# From Farm to Frontline:

A FASHION & TEXTILE INDUSTRY REVOLUTION



**PRE BUDGET SUBMISSION  
2022-2023**

A F C A U S T R A L I A N  
F C F A S H I O N C O U N C I L

**January 2022**

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## Foreword

Australia's fashion and textile industry has long been undervalued for its socio-economic return to Australia. A landmark report commissioned by the Australian Fashion Council (AFC) in 2021 revealed that **our sector contributes 1.5% to Australian GDP, generates more export revenue than wine and beer, and employs more Australians than mining or utilities. We also employ almost double the average percentage of women in other industries.** We are proud of our significant contribution to the Australian economy and to the economic security of women. But we are also primed to revolutionise our industry to be world-leading in mindful innovation and to exponentially grow our economic impact.

We are the wool and cotton growers. The tourism, education and retail operators. The media, e-commerce and digital marketing platforms. We are seamstresses, textile designers and pattern makers; the STEM students who want to work in Fashion-Technology. We are the small business owners and enterprise organisations creating thousands of jobs in an essential and rapidly evolving industry.

**From the farm to the fashion frontline, this dynamic industry literally touches every Australian.** We go to work in a Hard Yakka hi-vis vest, RM Williams boots and a Nobody Denim face mask or are zoom-meeting from home in our PE Nation activewear.

It is not only Australians buying Australian fashion and textiles. **Buyers all over the world are choosing our premium and sustainable Australian brands** over cheap 'fast fashion' items of dubious ethical provenance and poor environmental consequences.

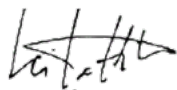
Forget antiquated notions of an industry mired in the industrial age. **Our sector has embraced a vision of Industry 4.0**, propelled by advances in technology and generating the jobs of the future, whilst becoming more socially and environmentally sustainable than ever before. We can demonstrate how a growing skilled workforce, dominated by women, can take advantage of new technologies to deliver clothes that the world wants to wear. And we know we can empower our primary producers of wool and cotton to add economic value to their products by keeping the processing here in Australia.

**With the funding to support these policies and initiatives, we can futureproof our industry, build our sovereign advanced manufacturing capability, accelerate the momentum of Australian Fashion's nation brand and turbocharge our export earnings.** It will mean thousands of new jobs, particularly STEM roles for women graduates, and a buoyant global market for clothes made from Australian cotton and wool.

To drive **true economic security for women and their families, create the jobs of the future, onshore advanced manufacturing, innovate and open new tourism markets**, our industry requires the support of the Federal Government. With these objectives in mind, please accept this Federal Budget submission for the Government's consideration.

We look forward to working with you in the delivery of these critical programs.

Warm regards,



**Leila Naja Hibri**

Chief Executive Officer, Australian Fashion Council

# EXECUTIVE SUMMARY

## UNDERSTANDING THE VALUE AND ECONOMIC IMPACT OF THE INDUSTRY

Until now, the comprehensive value of the fashion and textile industry's economic contribution had not been fully measured nor its impact properly valued.

In 2021, the AFC commissioned EY to analyse the impact of this sector on Australia's economy, and to review the substantial potential of its future. The report, '[From High Fashion to High Vis](#)', revealed, among many insights, that the fashion and textile sector significantly drives regional prosperity and tourism growth, given the industry's physical retail presence in every local shopping centre and main street across the country.

### THE FASHION AND TEXTILE SECTOR:

- **Contributes \$27.2 billion to the Australian economy, equal to 1.5%**
- **Employs 489,000 Australians** (315,000 full time) - greater than mining, utilities, or the arts and recreation industries respectively, and **equal to 3.8% of Australia's labour market**
- **Generated \$7.2 billion in export revenue, totalling 1.7% of all Australian exports** over the last 12 months, in the midst of a global pandemic - this is more than double the value of wine and beer exports.
- **Employs almost double the average percentage of women employed in other industries in Australia - 77% of the fashion and textile sector's workforce is made up of women**

### THE OPPORTUNITY IN PARTNERING WITH GOVERNMENT

The Australian fashion and textile industry represents true economic security for women. Equipped with the data from the economic study, it is unequivocal that we are the undervalued ballast of the Australian economy. And yet, this is a sector that has been overlooked for decades.

Consider this; the wine industry received \$50m in Federal Government support to promote industry growth, whilst our sector last year received \$950,000 to create an 'Australian Fashion' Certified Trade Mark (CTM) as well as a local and global campaign. Our industry had not received Government funding in over a decade, even though fashion and textiles brought in more than double the export revenue of beer and wine.

Whilst we are deeply grateful for this funding, and the more recent \$1m Product Stewardship Scheme grant to address clothing waste, imagine what we can do with a comparable level of funding, more targeted policy levers and cost-effective incentives that turbocharge our job and export trade growth and future technology capabilities?

With the right Government support, we believe we can double our economic contribution (from \$27.2 billion to \$54.4 billion) to the nation within the next 6-10 years.

## **SUPPORTING AUSTRALIAN BUSINESSES GROWTH AND CREATING MORE JOBS FOR AUSTRALIANS**

To achieve this, we ask the Government to support us on the following initiatives to be delivered over the next 3 years:

- Market the 'Australian Fashion' CTM to Australia and the UK in 2022 and extend in-country campaigns to additional high-value markets - New Zealand, Denmark, China, Hong Kong, Italy, Singapore, Korea and the UAE - in 2023 and 2024.
- Develop validation technology that can deliver trust in the provenance of brands carrying the 'Australian Fashion' CTM, using blockchain technology which can be developed with key partners, such as CSIRO-Data61 and/or Queensland University of Technology (QUT).
- Accelerate export opportunities for the fashion and textile industry through a grant program (similar to the wine industry).
- Fund Skills Gap and Workforce Mapping - 2, 5 & 10 Year Roadmap with a focus on boosting economic security for women, including through STEM education and jobs
- Enact a policy amendment to include the fashion and textile industry to become the 7th Modern Manufacturing Initiative, enabling industry access to the funding program.
- Create tax incentives to build an advanced, world-class textile industry, including the extension of the instant asset write off to December 31st, 2022.
- Accelerate advanced manufacturing 4.0 and net carbon zero to develop a new, world-leading 'Fash-Tech' sector through the creation of an investment scheme.
- Become leaders in a global circular economy and incentivise ethical product stewardship, reduce textile waste and accelerate decarbonisation.
- Support innovation in regional Australia with primary producers.
- Develop a 2, 5, & 10 year roadmap to future-proof the fashion and textiles industry in key areas of growth.
- Incentivise an Australia-first uniform purchasing policy with procurement targets for Australian Defence and Police.

### **If the requested funding is provided, we know the Australian fashion and textile industry will significantly:**

- turbocharge our trade exports earnings;
- create Fash-Tech skills and critical technologies of the future;
- increase demand for advanced sovereign manufacturing and provide a sovereign textiles market for our cotton and wool growers;
- mitigate the dumping of the hundreds of thousands of tons of polluting clothing and textile waste that ends up in landfill in Australia and overseas;
- create the foundations for a future circular economy within our industry;
- bolster our inbound tourism;
- create true opportunities for economic security for women and their families within our industry;
- showcase our Australian-owned brands to the world and accelerate their growth; and, importantly
- create thousands of new and secure jobs, particularly across regional Australia.

We will do more than be part of Australia's economic recovery, we will lead it!

**We call for these policy recommendations to be included in the 2022-23 Federal Budget.**

# 1. Generating Demand for the Australian Fashion and Textiles Industry Extending the Australian Fashion Brand Investment.

## **BOOSTING DOMESTIC AND GLOBAL DEMAND TO 'BUY AUSTRALIAN FASHION'**

### The Issue

In May 2021 the Government awarded the AFC \$950,000 to “support the design and development of an Australian Fashion Certification Trade Mark (CTM). The AFC has committed to working closely with AusTrade in the development of the Australian Fashion CTM to leverage the Nation Brand’s insights, optimise synergies and impact, ensuring the two initiatives work together to create exponential value.

The intended outcomes of the Australian Fashion Brand CTM grant are to:

- improve sales and demand for Australian fashion both locally and overseas.
- support investment in local fashion design and manufacturing capabilities by Australian fashion businesses.
- enhance the international reputation for Australian fashion by leveraging positive attributes associated with Australian culture and design.
- increase consumer recognition of Australian fashion products by providing a visual marker of quality.

The outputs of the grant are to be the:

- logo, associated rules and criteria for an Australian Fashion Brand CTM.
- creation of assets to promote the Australian Fashion Brand CTM and the brands who qualify for certification.
- local and international media strategy to promote the CTM and to draw traffic directly to the brands included in the campaign.

The \$950,000 grant already awarded does not cover the cost of buying media across print, out-of-home, digital and other media vehicles. Additional funds are required for a media buy: to extend the distribution and promotion of the CTM, in Australia and select overseas markets; to create brand awareness via marketing, media and promotional activities as well as measurement and impact benchmarking; funds will also be required for the creative campaign refresh for 2023 and 2024. Further, the initial grant does not extend to the technology required to deliver the protections for proving:

- designer provenance;
- country of origin;
- ethical manufacturing;
- modern slavery free supply chains; and
- guarding against counterfeiting, which is a practice rife in the ‘fast fashion’ and textile industries, particularly those made cheaply across Asia and other markets.

“The future of Australia’s fashion industry lies in embracing new technologies and developing products and services for the next generation of consumers. Younger generations are looking for transparency across the whole value chain, and technology such as blockchain can unlock real-time data to demonstrate ethical and sustainable practices across the industry.”

Anthony Eisen

Co-founder and CEO, Afterpay

**Investment is required to ensure we can fulfil the aim of significantly driving demand for Australian fashion and textiles.**

**The Context**

By 2025, the global fashion industry will reach a value of USD\$1,311.7bn<sup>1</sup>. In this highly competitive sector, the Australian fashion and textiles industry is at an advantage, being anchored in a country whose attributes of being creative, pristine, progressive, safe and carefree are able to attract a premium from an increasingly sophisticated global consumer.

**We are in a unique position to generate significant demand for Australian fashion and textiles, both in Australia and overseas.**

By creating a market-driven groundswell of awareness, interest, demand and consumer purchase for our Australian brands, there will be a significant and tangible economic return for all Australians, particularly women who represent more than 77% of the industry workforce.

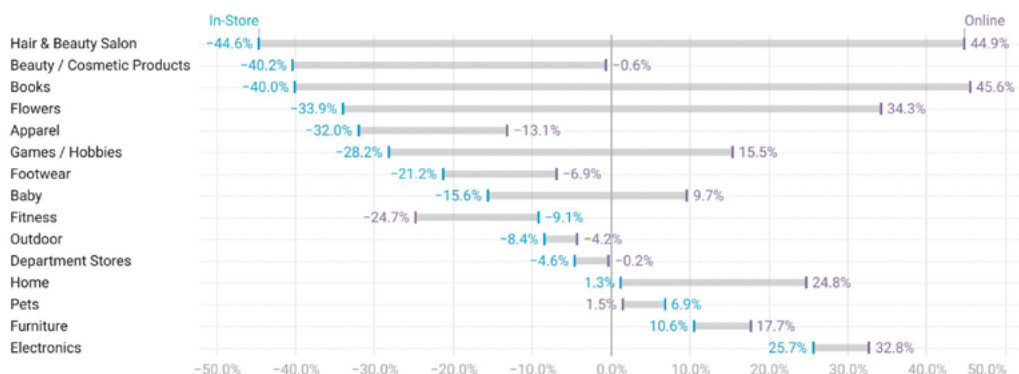
We are currently in the final stages of approval for the Australian Fashion brand mark, its qualifying criteria and the operating model for its administration following the \$950,000 grant awarded to the AFC in the May 2021 budget. We have kept the Department of Industry abreast of our progress and we have remained steadfast in our commitment to deliver against agreed objectives on brief, on budget and on time. However it will not be enough to simply create the Australian Fashion CTM and campaign, and then hope it will gather momentum by word-of-mouth. For it to be successful and to deliver the expected increase in demand for Australian Fashion, which will lead to substantial growth in jobs and the economy, it is imperative that we build awareness both in Australia and overseas.

In the last twelve months, with continued lockdowns particularly in Victoria and New South Wales, and the more recent business disruptions caused by the Omicrom variant, urgency to create renewed demand is greater than ever. We are seeing sales decline for the apparel and footwear categories, both in-store and online, as demonstrated by data from Afterpay (the following graph shows NSW).



Afterpay Presentation | 2021 | Commercial In Confidence

**In-store spending with Afterpay fell significantly during the Sydney lockdown, while Online spending grew across most categories**



Afterpay Data | Percentages represent change in spending from 19 June to 18 July 2021 vs. average of previous three periods. Ticketing removed as Online only; Travel removed for visualisation (-266% In-Store vs -26% Online)

1 [Global Market Size 2025](#)

Our industry members are feeling the pain and being vocal about the impact of the pandemic to their businesses. Inventory has piled up due to lockdowns and store closures. Local and global supply chain disruptions and uncertainty in consumer confidence as well as significant reductions in local manufacturing capacity due to sick and isolating, mostly female, workers has resulted in factory owners being fearful that their businesses may never recover. And brands whose global brand cache is built on their Made in Australia credentials are concerned that factories will not be able to support their growth. The situation is dire, and the industry will need help to restore the momentum that fuels the many jobs it supports.

In an industry survey of CEO’s taken in October, 2021 across small, medium and enterprise businesses, the consensus was that the investment into the media spend for promotion of the CTM is the #1 priority for the Australian Fashion Council.

CEO ROUNDTABLE OCT 2021 POLL RESULTS - SHORT-MEDIUM TERM PRIORITIES	RANKING
Australian Fashion Brand CTM local and global campaign budget \$3m	1
Skills Gap and Workforce Mapping	1
Australian Fashion Brand CTM blockchain authentication technology	2
2, 5 & 10 year roadmap research and development funding	3
Brand-Builder industry recovery scheme	4

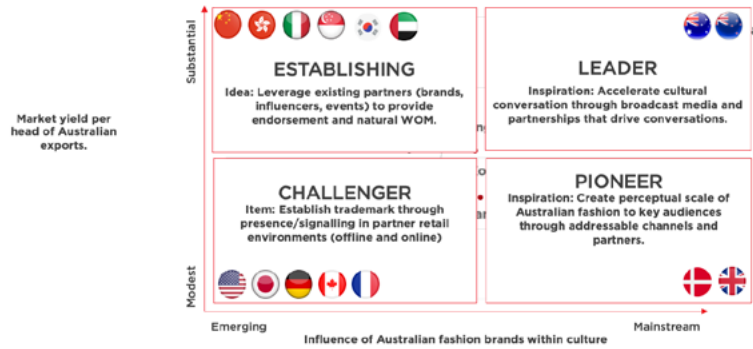
Precedents have been set by the Federal Treasury in the awarding of grants to specific industries with the aim of export revenue generation and the building of international markets. The EY report published in May, 2021, highlighted that the fashion and textiles industry contributed \$7.2b in export revenue to the Australian economy. In comparison, the wine industry whose exports decreased in value in the year ended [September, 2021](#), to \$2.27b were awarded a \$50m package in 2019 known as the Export and Regional Wine Support Package, which concluded in June 2021. A significant [portion of this \\$50m](#) grant was spent by the wine industry for the creation of advertising content, media partnerships, advertising contributions and influencer campaigns. With the fashion and textiles industry generating a multiple of 3.17x the wine industry in the value of export revenue, the investment in the development of export markets for fashion and textiles over the next 3 years can deliver a significant return to government, industry and the taxpayer.

There is clear, existing momentum to build on. The investment requested from the Government will have an exponential effect on the foundations already in place. Universal McCann (UM), the appointed media agency for the AFC, have estimated that an investment of A\$2m into media in the UK market in 2022 will generate an uplift in sales of up to A\$11.2m. This 5.6x ROI is substantial for the Australian fashion industry. This does not take into account any effect from the recently announced Free Trade Agreement (FTA) with the UK, which should provide a further tailwind to Australian-made fashion brands exporting to that market.

Additional high-level analysis by UM has prioritised key markets based on the influence of Australian fashion brands within specific countries as well as the total export volume/population size of those countries. Their recommendation is to prioritise the Leader, Pioneer and Establishing markets in that order (see following chart). This would require additional investment in 2023 and 2024 to target high-value consumers in New Zealand, Denmark, China, Hong Kong, Italy, Singapore, Korea and the UAE (see market communication priorities below). A total combined media budget of \$30m over 3 years has the potential to generate upwards of \$168m in revenue for the Australian industry. Further analysis is planned to be conducted to generate market specific ROI’s on media and marketing investment.



**Market Clustering: Market communications priorities.**



We are the home of some of the most innovative fashion and textile designers the world has produced. We are leading the way in developing sustainable, ethical fashion and we are spearheading innovative technologies that track the entire product lifecycle, and can also be applied as a digital trust mark for fashion and textiles.

As borders reopen and tourists start to return to Australia, there is significant economic reward from the overflow of promoting Australian fashion overseas. Pre Covid, South Yarra and Paddington had become shopping meccas for inbound Asian tourists in their search for fashion. This was further reinforced through Australian fashion events, such as the Afterpay Australian Fashion Week, which alone generates upwards of \$30m in coverage globally, particularly as the fashion press is attracted to the optimism and innovation of the Australian fashion industry.

Outside of generating export dollars through tourism, demand can be channeled through social media and ecommerce platforms, allowing easy access for global consumers to purchase Australian fashion.



Bondi Born at Afterpay Australian Fashion Week, June, 2021. (Photo by Mark Metcalfe/Getty Images)

This submission aims to build on this momentum to deliver global demand for Australian fashion. We need to make our finished fashion and textile products the destination purchases that consumers and retailers from all over the world want to buy.

“Australia is emerging as a shining example of the fashion industry done right in a post-pandemic world. Australian fashion businesses are rapidly combining sustainability with creativity and desirable lifestyle positioning. All the key ingredients are there, for the industry to thrive - and we know that both locally and abroad there is extremely strong consumer goodwill towards Australian brands. But **more needs to be done to create awareness to really increase demand.**”

Billy Voss  
CEO, Bassike

## The Solution

### **Australian Fashion CTM Awareness & Demand Generation Marketing Campaigns - Australia, the UK, New Zealand, Denmark, China, Hong Kong, Italy, Singapore, Korea and the UAE**

1. Implement an in-market media campaign to generate awareness of the Australian Fashion Brand CTM and domestic demand for Australian fashion and textiles from May-October 2022
2. Implement, in alignment with Austrade, an in-country media campaign in the UK to generate awareness of the CTM and international demand for Australian fashion and textiles in May-October 2022.
3. Implement in-market campaigns in New Zealand, Denmark, China, Hong Kong, Italy, Singapore, Korea and the UAE to generate demand in these high-valued markets in 2023 and 2024.
4. Support in-market campaigns with a trade, wholesale and consumer activity program.

#### **Key deliverables:**

Harness the marketing knowledge and feedback within AFC membership and with partner global media agencies, and collaborate with Austrade (Nation Brand leadership) to:

- Implement the Australian demand generation media campaign - clear campaign objectives, including metrics and ROI
- Implement the UK demand generation media campaign - clear campaign objectives, including metrics and ROI
- Implement pilot marketing campaigns for the Australian Fashion Brand CTM both domestically and in the UK market between April and September 2022.
- Implement in-market campaigns, including media and refreshed creative campaigns, internationally across 8 additional markets, New Zealand, Denmark, China, Hong Kong, Italy, Singapore, Korea and the UAE, in 2023 and 2024.
- Create and implement trade roadshows (analogous to those implemented by the wine industry through a federal grant), across the 9 target international markets, UK, New Zealand, Denmark, China, Hong Kong, Italy, Singapore, Korea and the UAE, including but not limited to immersive events for trade, media and consumers, and participation in key global fashion events.

### **CTM trust, provenance & validation technology**

Launch the creation, design and testing process for validation technology that can deliver trust in the provenance of brands carrying the Australian Fashion Brand CTM, using blockchain technology which can be developed with industry partners such as CSIRO-Data61 and QUT's Fashion & Sustainability Team.

#### **Key deliverables:**

- AFC industry members will participate in advisory round tables, to determine the scope of the technology and the business deliverables it must fulfil.
- The AFC, in partnership with CSIRO-Data61/QUT, will refine the business requirements and proceed to develop and roll out the technology as part of the Australian Fashion CTM.
- The technology will be built on existing research and capabilities, and will leverage best in class industry practices.

### **The Cost**

- \$1m to create and build an Australian in-market media campaign to promote the Australian Fashion Brand CTM (May 2022 - October 2022)
- \$2m - UK international media campaign to promote the Australian Fashion Brand CTM (May 2022 - October 2022)
- \$30m - International media spend and creative campaign refresh to extend to New Zealand, Denmark, China, Hong Kong, Italy, Singapore, Korea and the UAE in 2023 and 2024. This entails a spend of approximately \$2m per market per year across a 2 year period.
- \$1m- Development of the block-chain technology project for Australian Fashion Brand CTM provenance (September 2022 to September 2023)
- \$32m - Development and implementation of the in-market trade and consumer events across 9 international markets from 2022 to 2024. This is comparable to the investment in the wine industry's trade and consumer events, but sized up to reflect the fact that the fashion industry's export value is three times that of the wine industry.

**TOTAL \$66m**

### **Benefit to taxpayers**

Australia's Nation Brand, when launched, will create opportunities for businesses to build on Australia's strong international brand<sup>2</sup>.

A complementary high performing Australian Fashion Brand CTM, attached to our garments and textiles and sold overseas, will produce significant economic dividends by creating unprecedented brand awareness and demand.

The planned outcomes of the Australian Fashion Brand CTM is to build on the industry's contributions to the Australian economy:

- Protect and continue to grow the \$27.2bn contribution to the Australian economy; particularly the \$7.2bn in export revenue which totals 1.7% of all Australian exports, more than triple the value of wine exports;
- Create significant opportunities for economic security for women and their families within our industry, with 77% of the fashion industry's workforce being women, compared to the national average of 47%; and
- Add an additional A\$184.8m in taxable revenue to the Australian government, (based on an ROI of 5x media investment of \$33m)

2 <https://www.austrade.gov.au/nation-brand/brand-development>

We can protect our innovative and unique fashion and textile industry from plagiarism and counterfeiting using cutting edge provenance technology.

The reassurance this technology will offer as an essential element of the 'Australian Fashion' CTM, will create an unparalleled level of trust in Australian fashion, and will help unleash export earnings for Australia.

By creating international trade momentum, we will help create the economic ballast our sector needs to invest in competitive innovative technologies and advanced manufacturing within our industry.

### **Benefit to industry**

COVID-19 has been an ongoing shockwave to the fashion and textile industry.

This proposal is aimed at super-charging its recovery and that of the nation's economy.

We know we will restore pride, fuel optimism and spark renewed commitment from the local industry to advance Australian fashion in every way. If implemented, these policy step changes will inspire our industry leaders to double down on the investments that will drive continued transformation and growth.

It will also create immediate and sustainable revenue growth opportunities for businesses that carry the Australian Fashion Brand CTM as the campaigns will drive direct traffic to their online stores, enabling them to prosper and to create more local jobs for our economy.

## Case Study: State of Escape

### LOCAL MANUFACTURING & EXPORT

Investing in production to fuel global demand and growth.

#### Background:

Founded in 2013, State of Escape is a cult women's accessories brand, globally renowned for their iconic tote bag, sold by the thousands across Australia and key markets such as Japan, Scandinavia, South America and the USA. Since its inception, the business has committed to ethical and transparent manufacture in Australia.

#### The Challenge:

Before launching the business, it took 12 months to secure a local manufacturer to produce their hand crafted products that had access to the correct machinery and a skilled labour force. Between 2014 and 2017 State of Escape worked with one key factory where they occupied 70% of the capacity. Even though the factory employed 20 machinists, cutters and other labour's to support its growing needs, the key challenge faced was delivering the extra capacity to support State of Escape's rapid growth.

#### Solution:

In 2018, State of Escape was able to move to a new local factory that could support their growth. This was made possible by a gentleman who worked at the original factory but could see he could provide the business with a more innovative production line and future growth opportunities. He had previously operated his own factory for 20 years in Sydney before offshore manufacturing forced its closure. To support him to relaunch a factory, State of Escape contributed \$50k to help with the purchase of specific machinery and other initial start-up costs. The majority of staff began with minimal design and production skills and the factory owner has himself trained them up and provided them with in-demand job skills.

#### Result:

Currently the factory in Sydney manufactures exclusively for State of Escape, ensuring skilled expertise is applied across all product lines. The factory owner currently has 15 staff but prior to Covid had up to 25. State of Escape's success, both at home and abroad, is heavily entrenched in its craftsmanship story around handcrafted locally produced goods in Australia. The business continues to grow strongly - with 10 full time staff employed, with a plan for 3-5 additional headcount in 2022, Sales growth projection of 150-200% over the next 5 years.

The key needs are for the factory to expand its operations and manufacturing space, greater skills training and education of staff, access to funds for innovation in machinery and new manufacturing processes and developments. State of Escape will likely need to further subsidise and support the factory in the interim, in lieu of going overseas to produce, therefore taking precious cash flow away from growth-driving initiatives. This is where government support to local manufacturing to modernise and build a skilled labour force would make a significant difference.

## 2. Acceleration of Export Opportunities for the Fashion and Textile Industry

### **EMPOWERING SMES ACROSS THE SUPPLY CHAIN ‘SMILE CURVE’ TO DEVELOP NEW INTERNATIONAL MARKETS**

#### The Issue

The opportunities for the fashion and textile industry to supercharge their export opportunities has been hindered by some challenges both with the existing Export Market Development Grant (EMDG) and due to market conditions. These include, but are not limited to:

1. Existing Australian fashion and textile businesses' export capabilities have been decimated as a result of Covid-19, and they lack the resources to rebuild on their own.
2. Businesses have reached the maximum grant opportunities through Austrade, either through dollar value or by reaching the maximum for EMDG claims.
3. Businesses lack the ability to contribute matching funds or resources up to the value of any EMDG grant.
4. Within the current EMDG structure, cash-strapped and cash flow challenged small businesses fail to deliver an ROI for the early stage \$40k first time exporters grant.
5. Businesses lack the capabilities to navigate the current EMDG system, particularly for regional producers or marginalised communities.
6. The narrow definition of export opportunities, which include finished products, but does not include raw materials such as wool and cotton.

With the government commitment to helping businesses to develop export opportunities, the AFC believes that the current framework for assessing and granting funds specifically for the fashion and textile sector requires changes to specifically support this industry.

As mentioned earlier, precedents have been set by the Federal Treasury in the awarding of grants to specific industries for generation of export revenue and building international markets. The \$50m Export and Regional Wine Support Package awarded to the wine industry in 2019 included a grants program that funded 135 wine businesses to create their own promotional export activities. It was targeted at helping small and medium producers with grants of up to \$25,000 (with up to 50% eligible expenses reimbursed) for initiatives including sending free samples, marketing and promotion campaigns, market research and development activities and in-market representation at international fairs and trade events. The AFC has identified the opportunity to run an analogous program for the fashion and textile industry.

#### The Solution

Create a three year program, to further support export market development. This program would seek to overcome the 6 challenges outlined above and will reinvigorate the sector across the smile curve from regional producers through to direct-to-consumer exporters via online channels. It would be administered by the Australian Fashion Council in close collaboration with the Commonwealth Government.

The primary objective of this program is to accelerate the commercial export opportunities for the industry. This would not be limited to finished goods, but would seek to support opportunities across the smile curve (see diagram on page 28) to firmly anchor Australia's leadership position globally in the fashion and textile industry, particularly for promoting regional businesses, for engaging and including indigenous communities and for establishing opportunities for the economic and job security of women.

Examples of projects that may be supported through this program:

- Expansion of online direct-to-consumer channels in international markets that are highly receptive to Australian fashion.
- Support for Australian brands to ensure GDPR compliance for online channels accessing the EU and UK.
- Export of innovations in the production and early stage refinement of fibres, including cotton and wool.
- Market research and development activities related specifically to new international markets.
- Attendance at international trade shows and events to showcase their brands to international buyers.

These grants would be available both to businesses with initiatives already in progress as well as businesses with early stage new initiatives. Grant submissions would be assessed on key criteria, including but not limited to:

- ability to demonstrate a credible ROI for the initiative.
- export-oriented initiatives which support job creation for regional areas, marginalised communities, and for women.
- initiatives that are aligned to the strategic objectives of the government and the AFC such as developing export opportunities around sustainability, circularity and recycling.

The proposed grant size would be \$25,000, requiring a contribution by the SME:

- for cash-strapped small businesses with a turnover under \$10m and who meet the eligibility criteria, the grant would cover up to 80% of eligible expenditure
- for medium-sized businesses with a turnover between \$10m and \$50m, the grant would cover up to 50% of eligible expenditure

## The Cost

### **\$10m over 3 years:**

#### **\$4m Year One - 2022-2023**

- \$300K - Program development and set up, early stage implementation, industry collaboration and promotion
- \$320K or 8% of \$4m - Ongoing program monitoring, reporting and administration
- \$3.38m - Grant disbursement

#### **\$3m Year Two - 2023-2024**

- \$240K or 8% of \$3m - Ongoing program monitoring, reporting and administration
- \$2.76m - Grant disbursement

#### **\$3m Year Two - 2024-2025**

- \$240K or 8% of \$3m - Ongoing program monitoring, reporting and administration
- \$2.76m - Grant disbursement

## Case Study: MJ Bale

### ESG INNOVATION:

Creating Net-Zero Premium Menswear By Starting At The Farm

#### Background:

The wool industry globally has come under criticism for its impact on the production of greenhouse gas emissions. The burping and flatulence of livestock release methane making up around 4% of global greenhouse-gas emissions, according to data from the United Nations' Food and Agriculture Organisation.

#### The Challenge:

Opportunities to reduce or eliminate greenhouse gas emissions are being sought across all aspects of value chains, coupled with fashion and textile businesses driving towards net zero even ahead of aggressive government targets. Although wool is one of the more sustainable fibres, the sheep contribute to greenhouse gas emissions posing a challenge for fashion businesses working towards net zero as quickly as possible, such as premium menswear retailer M.J. Bale. The opportunity for this significant reduction did not sit on the factory floor, but at wool farms across Australia.

#### Solution:

Through a research methodology developed by Ms Bree How, a University of Tasmania honours student, and supported by M.J. Bale, a flock of 48 merino ewes were monitored over 300 days while being fed a mixture of barley and an eco-friendly seaweed grown in Tasmania, *Asparagopsis taxiformis*. This specific seaweed alters the animal digestion, reducing the methane an animal produces by 80% or more. Whilst the science first developed by CSIRO ran for only 72 days in a lab, this trial ran for 300 consecutive days on a farm with normal free-grazing conditions for the sheep, proving the science sound in a commercial context. The University of Tasmania study has recognised that the seaweed as a routine additive is currently cost prohibitive - however the benefits outweigh the cons in investing additional resources to determine cost effective processes.

#### Result:

M.J. Bale has stated that if they can make this work in a microcosm, then the wool-growing industry will be able to do it at scale. Global studies have shown that this specific seaweed alters the animal digestion, reducing the methane an animal produces by 80% or more. The conclusion from the University of Tasmania reads, "A new red seaweed, *Asparagopsis taxiformis*, has been discovered recently and is being viewed as a promising new method for reducing methane emissions in livestock when provided as a feed additive... The use of *A. taxiformis* in this study showed no negative effects on sheep production factors and therefore can be used in sheep production to reduce methane emissions without negatively impacting production". The opportunity is to commercialise and scale this proven initiative in order to decrease the greenhouse gas emissions in the fashion and textiles supply chain and make Australia's highly sustainable merino even more desirable on the global market.



## 3. Boosting Economic Security for Women

### ADDRESSING THE INDUSTRY SKILLS GAP AND WORKFORCE SHORTAGE - 2, 5 AND 10 YEAR PLAN

#### The Issue

We know our sector is not alone in struggling with skilled workforce shortages. The issues facing the fashion and textile industry were already evident before the pandemic.

But now, there is an even more urgent need to address these capability shortages, and to plan for upskilling and reskilling opportunities in response to Covid-19 and the increased demand for Australian made product.

And it is equally important to acknowledge the necessity for rapid technological evolution to ensure competitive advantage. To do so we must understand the jobs and career pathways of the future and begin planning for them.

As an industry we know that the only way to create the foundations for sustainable economic security for women and their families is by providing them with the skills needed to secure jobs of the future, especially the technology and science-based jobs needed for advanced manufacturing. We can futureproof the next generation of young female STEM students and ensure they are job-ready and equipped to enter a profession that is resilient and in demand.

But to achieve this, we must first understand where the current and future skills gaps are. The Australian Fashion Council is ready to undertake a national skills mapping and building project to identify workforce shortages, skills gaps, career and capability opportunities for the future of the fashion and textiles industry.

The project framework is ready to implement and will deliver actionable recommendations to ensure industry growth is supported through a pipeline of workers with the required skills for the future. We will identify critical skills; training gaps; areas for upskilling and reskilling; opportunities for ongoing education through alternative learning models such as micro-credentials; strategies for reviewing the role and delivery of apprenticeships and traineeships; and opportunities to clearly scope career pathways that will enable the future job security of the Australian fashion and textile industry's workforce, particularly for Australian women.

#### The Context

##### **True economic security for women**

The Australian fashion and textile industry generates over 489,000 jobs, with women being over 77% of those it employs compared to a national average of 47% in other sectors. Our industry plays a vital role in delivering economic security to its predominantly female workforce.

Australian women and their families were the hardest hit during the pandemic. They lost more jobs than men and shouldered the greater burden of homeschooling which impacted their earnings. More than 80% of Australians who withdrew their superannuation early during the pandemic were women<sup>3</sup>.

<sup>3</sup> Data from the superannuation fund HESTA

Male dominated sectors have been well catered to by government support through ongoing subsidies, rescue packages and tax exemptions. This has been particularly apparent in the selection of the National Manufacturing Priorities, where, in the totality of the six priority industries, only 28% of those employed in those sectors are women.

It is time to give priority to a female dominated essential industry, to begin addressing training and education gaps, and to clarify future career pathways that ensure the economic advancement of Australian women.

“Apparel design and innovation skills will remain high in demand to support local trends and unique demands to our region. We also have an opportunity to bring some manufacturing back to Australia, **so we need to look at creating the skills to do this.** We have lost a lot of these skills to overseas, **but we can do it in a smarter way using more tech.** “

Craig Gordon

General Manager, Hard Yakka & King Gee, Workwear Group (Wesfarmers)

### **Rising demand for Local Manufacturing, Sovereignty and Sustainability**

The risk of relying on offshore production was glaringly exposed when international manufacturing and transportation ground to a halt at the height of the first lockdowns in 2020. Our lack of sovereignty, even for creating crucial PPE, became obvious. Fortunately, many of our local manufacturers switched their production lines to make PPE, coming to the rescue when it was needed most.

The exposure to global supply chain volatility as well as the growing appetite for more environmentally and socially sustainable production has meant that Australian fashion and textile businesses are now, more than ever, intent on shifting at least some of their production on-shore.

This has meant that the demand for local production is far out-stripping supply, and the urgency for creating a pipeline of skilled workers and skills-gap mapping, has become critical for the industry to survive and thrive.

### **The Solution**

The solution is to undertake a national skills mapping and building project to identify workforce shortages, skills gaps, career and capability opportunities for the future of the fashion and textiles industry.

The framework for implementing this mapping exercise has already been developed by the AFC, the Royal Melbourne Institute of Technology (RMIT), and Innovation & Business Skills Australia (IBSA) in Victoria, with the intent of beginning with a pilot application in Victoria.

The opportunity being proposed is to apply the methodology and approach across all States. Doing this will entail working closely with leading education institutions and fashion and textile businesses nationally in order to identify immediate skills gaps and workforce shortages as well as future career pathways.

The findings will deliver actionable recommendations ensuring that the growth of the industry is supported through a pipeline of workers with the required skills for the future - creating economic security, especially for women.

## Identifying the Industry Skills Gap and Workforce Shortage.

Funding is required for the following activities:

1. Implementing the existing framework developed by the AFC, RMIT, and IBSA in Victoria - funds to be used for project headcount within AFC, RMIT and IBSA to carry out the study in full and deliver report with recommendations
2. Extending the existing framework nationally - funds to be used for the complex and detailed work required by the AFC, IBSA and other national academic institutions in each state to carry out the study in full and deliver a report with recommendations (UTS in NSW, QUT in Queensland, other states TBC)

It is important to note that RMIT and other interested tertiary institutions are committed to dedicating resources in-kind, and require funding only for incremental activities.

Industry participation is also guaranteed with AFC members having already communicated a strong need for addressing the skills gaps issue and are therefore strongly committed to supporting this project which is pragmatic and immediately implementable. At the AFC's October 2021 CEO Roundtable forum, this was voted as the #1 priority (together with Australian Fashion CTM media investment) by industry CEOs when polled (see table on page 8).

### Key Deliverables:

Proposed outcomes will identify, through industry, government and academic consultation:

- Current capabilities.
- Critical skills gaps, training gaps, areas for upskilling, cross-skilling and reskilling, to create career development opportunities for existing employees.
- Opportunities to highlight and clearly scope career pathways that will enable the financial and future job security of the Australian fashion and textile industry's workforce, particularly for Australian women.
- Opportunities for ongoing education through alternative learning models - for example, micro-credentials.
- Opportunities for promoting and expanding STEM roles in the context of Advanced Manufacturing, Recycling and Reuse, Digital Innovation and Artificial Intelligence (AI).
- Enabling new methods and approaches to designing and making that result in new market/product opportunities and new jobs and enterprises.
- Strategies for reviewing the role, structure and delivery of apprenticeships and traineeships within the fashion and textiles sector.
- Recommendations for immediate actions to be implemented and for longer term planning.

### The Cost:

- \$290K per state/territory for national coverage
- **TOTAL \$2.03m**

### Benefit to taxpayers

- Assisting on delivering the Government's \$2.7bn Boosting Apprenticeship Commencements initiative
- Channeling apprenticeships and traineeships into much needed roles.
- Providing an evidence-based skills framework for skills demand across the industry and across Australia.
- Underpinning short term and medium term job opportunities for women.
- Ongoing delivery of value to the Australian economy; delivering the right skills to

support industry growth will help protect and extend the significant economic contribution of the fashion and textiles industry, which currently sits at 1.5% of the national economy.

**Benefit to industry**

- Reskilling of talent to meet new and unexpected demands, particularly on-shoring of manufacturing and introduction of new technologies and automation.
- Building the foundations for the industry's future education and training platform.
- Future-proofing of the industry by identifying key future roles across technology, advanced manufacturing and sustainability.
- Creating economically viable career pathways that will ensure long term talent attraction and retention.

## Case Study: Country Road

### LOCAL MANUFACTURING

An enterprise-level business supporting local growers and meeting consumer demand for Australian Made.

#### Background:

Country Road is one of Australia's leading and most iconic retailers. It was launched in 1974 and runs 90 stores and 60 concessions across Australia, New Zealand and South Africa. The business supports local by sourcing: Australian cotton and merino fibres and making select ranges onshore, such as ; shearling products through Koalabi, a second generation family-owned business in Melbourne; and leather belts from Eagle Australia, another family business that sources its leather from an Australian owned and operated tannery.

#### The Challenge:

For some time Country Road had been keen to increase its on-shore manufacturing. Consumer research had shown **80% of Country Road's members seeing their use of Australian wool and cotton as very important**, and **64% of Australian consumers indicating their support for onshore manufacturing even if it's more expensive**. However, the obstacles were many - the lack of factory capacity to produce large volumes, the shortage of skilled machinists and technicians, the lead times, and the impact of higher production costs on product pricing.

#### Solution:

In 2020, Country Road trialled onshore garment production with their 90s Reissue Australian Made Heritage Sweat, manufactured by AMBT Textiles, Kaplan Sewing and Shiny Embroidery, all Melbourne-based production facilities. AMBT is an environmentally conscious business with cleaner production measures integrated into their Australian plant. With an on-site 5 stage water treatment plant, up to 85% of AMBT's water can be reused, either back into the manufacturing process or via other recycled water programs. They have an ongoing focus on reducing electricity, gas and water usage. It provided the opportunity to work with an ESG committed manufacturer, and test the appetite of customers for local garment manufacturing, and their willingness to pay the increased price that comes with it.

#### Result:

The Country Road customer responded well. The business has since gone on to produce a locally made mens T-Shirt and another product is set for release in 2022 with the aim to increase on-shore production and support Australia's manufacturing sector. A key learning was that different ways of working and different skill sets were required of the team when working with local suppliers. An additional benefit is the small transport footprint of local production with the onshore journey from fabric manufacturer, to embroidery, construction and warehouse being approximately 100km. The Australian-made Heritage Sweat directly benefited a workforce of over 120 Australians, across the four manufacturing companies, enabling the business to produce further garments onshore.

## 4. Accelerating Advanced Manufacturing 4.0 and Net Carbon Zero

### **TURBO-CHARGING FASH-TECH FROM THE FARM TO THE FASHION FRONTLINE WITH SUSTAINABLE AND SOVEREIGN CAPABILITY**

#### The Issues

Developing the vision, skills and capabilities for industries of the future takes both an understanding of the current situation, and also the ability to paint a picture of the desired outcomes over the next 10 years.

Three key opportunity areas stand out in envisioning solutions to the building of foundations for the development of new industries within the Australian fashion and textile sector:

1. Shaping the Farm of the Future for Regional Australia
2. Addressing and Capitalising on the Rise of ESG
3. Safeguarding Sovereignty & Growing Australia's Supply through Advanced Manufacturing

The potential of these 3 areas to contribute to the growth of our economy and assist in doubling the industry's GDP in 6-10 years cannot be overstated. There is also a great interconnectivity within these areas that requires a balanced and coordinated support structure for their economic potential to be fulfilled. This new structure will overcome past barriers to accessing significant funding allowing for great innovations to be deployed on a global scale.

Historically, Australian fashion and textile businesses seeking to innovate have been shackled by a number of barriers:

- Access to capital to scale technologies past the MVP phase.
- Limited domestic markets unable to allow for scale and production of significant volumes.
- Limited infrastructure and know-how to accelerate development of new technology.
- Lack of industry-specific expertise within the investment community that can appropriately assess the commercial opportunity for fashion and textile specific innovations.
- Lack of recognition and support for the value that regional areas, marginalised and indigenous communities as well as women can bring to technological innovations.
- Government policies shortfall in support for the sector due to a lack of recognition in the real value of the industry to the Australian economy.
- Insufficient acceleration in job creation due to limited innovation in technology- a study undertaken in 2021 showed that 80% of new jobs were created by 10% of the fastest growing tech companies.
- Unforeseen trade barriers, such as the diplomatic tensions with China, creating challenges for exporting Australian products.

Precedents show that the Australian Government has established initiatives to solve these issues in other sectors through targeted support for the creation of new industries and to support the emergence of new technologies. [The Clean Energy Finance Corporation](#) (CEFC) is an Australian Government-owned Green Bank that was established in 2012 to facilitate increased flows of finance into the clean energy sector. It is responsible for investing \$10bn in clean energy projects on behalf of

the government. [The Department of Foreign Affairs and Trade](#) (DFAT) has also demonstrated Australian Government support through an investment into a US\$100m fund managed by Lendable to support economic growth in fintech start-ups in south-east Asia.

A further significant precedent dates back 17 years and was established specifically for the Fashion & Textile industry. [The TCF Post-2005 \(SIP\) Scheme](#) was created in 2005 to foster the development of a sustainable and internationally competitive Textile, Clothing & Footwear (TCF) manufacturing industry and design industry in Australia by providing incentives to promote investment and innovation in the industry. The grant funding of up to \$575m was available to eligible entities across two five-year periods. A report on the scheme's effectiveness concluded that the scheme had "made a positive contribution to Australia's TCF industries, helping entities to reposition themselves to compete in the changing business environment."

This is also a great opportunity for us to learn from what the fashion and textile industry is doing globally. In 2020, the French Government, through [Bpifrance](#), injected €492m into its fashion and textile sector, noting that France's economy, competitiveness and influence were at stake.

Shopify, the world's leading ecommerce platform and largest Canadian company by market capitalisation, is headquartered in Ottawa. With the right mix of policy reform and industry activation, there is no reason that the birthplace of the next fashion industry tech unicorn can't be Canberra, Toowoomba or Warrnambool.

## The Context

### Creating the Farm of the Future for Regional Australia

There is no doubt that Australia is a global leader in agriculture where innovations are helping its industry adapt to already challenging climatic conditions, increasing demand for products globally and increasing costs in production as well as stronger demand for highly efficient and effective methods of production. Agricultural technology, or Agtech, is predicted to become Australia's next [\\$100bn](#) industry by 2030. Similar opportunities can be created and can add value to Australia's producers of raw materials for the fashion and textile industry.

Australia is home to some of the best quality cotton and wool in the world. Innovative farmers take advantage of our great climate and can produce these globally coveted raw materials for the world's best brands in fashion and textiles. Examples include:

- French fashion label Hermès is planning to create Australia's biggest crocodile farm, building on Australia's current capacity - 24,600 crocodile skins were exported in 2018/2019 - making the value of the croc industry around \$107m.
- Years of innovative breeding have resulted in the production of ultrafine Merino wool that is naturally finer than cashmere. The world's best Merino wool comes from Australia, which provides 81% of the world's superfine wool, a wool with an average fiber diameter below 17 micron.
- CSIRO scientists discovered how to grow coloured cotton, removing the need for harmful chemical dyes, while providing a competitive advantage to Australia's cotton industry, worth \$2bn.
- Farmers in Tasmania are trialing a seaweed-based feed additive that reduces the methane produced by sheep by up to 80%, which can enable Australia to produce and export the world's most sustainable merino wool (see MJ Bale case study on pg 16)

Successful innovations in farming and agriculture are the result of close working partnerships within the fashion and textile industry. These partnerships can anticipate future challenges and quickly turn them into innovative, practical applications and commercial opportunities.

Looking ahead to the future, and expanding the definition of Agtech, the fashion and textile industry can build on existing technologies to create great fibre alternatives, like seaweed and bamboo, at a large and efficient scale and deliver a positive net impact on global climate change.

### **Capturing the Rise of ESG**

The next decade will see unprecedented change brought on by macro drivers including sustainability, rapidly advancing technologies, and the drive for net zero, resulting in subsequent flows of funds into Environmental, Social and Governance (ESG) initiatives.

The drive for innovation on the basis of ESG principles can clearly be quantified. In September, 2021, the AFR stated that total assets overseen by ethical investment funds on behalf of Australian investors leapt 30% in 2020 to be worth \$1.28 trillion, accounting for 40 cents of every professionally managed dollar. Globally by 2025, global assets managed in portfolios labeled 'ESG' are expected to reach [US\\$53trillion](#). Australian fashion and textile businesses will fail to attract capital in order to grow if they are not addressing the significant ESG issues that plague the industry.

Whilst only 4% of all clothing sold in Australia is manufactured within our borders those brands that are manufacturing locally are reaping significant ESG rewards. Their localised supply chains and smaller environmental footprints have enabled them to be the first businesses in our industry to certify as Climate Active carbon neutral and to meet ESG targets more quickly (see bassike case study on page 33).

It is also important to acknowledge that the context of local manufacturing has changed. New innovations in automation, AI, and technology, are now allowing production to take place cost-effectively in what have been traditionally considered high-cost labour markets. When this is coupled with factories powered by renewable energy, the sustainability outcomes are significant. This evolution is allowing many developed markets to 'take back' their manufacturing capabilities as the shift to sovereign manufacturing takes hold. Whilst no-one is predicting a full-scale reversal of the globalisation phenomenon of the last 40 years, what is in the plans for many businesses is a re-balancing of supply between onshore and offshore. And this has created an enormous demand for local manufacturing.

The other important opportunity with ESG in our industry is that of new technologies and solutions in the area of circularity and waste reduction. Australia is the second highest consumer of textiles per person in the world, after the US. Every Australian consumes an average of 27 kg of new clothing per year and also disposes of an average of 23 kg of clothing to landfill, or 93% of the textile waste we generate. The businesses using innovation and technology to solve this enormous waste problem will create whole new high-growth industries (see BlockTexx case study on page 27). Some of our industry's biggest success stories in 5 years time will be in the business of re-use, repair, refurbishment, remanufacturing, repurposing, recycling and recovery. In combination with the value-add processing opportunity in primary industry with wool and cotton, these emerging industries can significantly drive job growth, particularly regionally.

### **Safeguarding Sovereignty and Growing Australia's Supply Through Local Manufacturing**

Since the start of the pandemic in March 2020, Australia's reliance on global supply chains and the resulting vulnerabilities in supplying the nation with essential products such as PPE, uniforms, garments and footwear have been made apparent. In the 1960s, manufacturing represented a quarter of Australia's GDP, including a thriving TCF sector. Gradually, our local manufacturing capability shrunk as production moved offshore to leverage lower labour costs. By 2020, manufacturing represented only 4.21% of the GDP. Only 4% of garments sold in Australia are made locally. Australia now ranks



last on the OECD rankings for manufacturing self-sufficiency - making us the most underdeveloped manufacturing sector of any industrial country in the world.

The environment has also shifted to positively support the shift to manufacturing in Australia. Technology innovations are replacing human labour, and removing one of the key barriers to manufacturing onshore - the high cost of labour. As Australia continues to tap its natural resource advantage with endless hours of sunlight, reliable low-cost energy will replace non-renewable and greenhouse gas emitting sources.

The impact of shifting the manufacturing base overseas has been highlighted during the pandemic, with the unintended consequence of offshoring.

- In October, 2021, Stockland stated that Australian wool growers felt the brunt of China's power shortage as nationwide restrictions on electricity use shut down some Chinese processing mills. Government regulations on energy consumption, as well as skyrocketing coal prices, led to electricity rationing and forced a number of processing factories to suspend or reduce operations in China. The potential impact on China's early-stage wool processors reverberated through Australian wool auction rooms with the Eastern Market Indicator, closing the week at 1337 cents a kilogram, down 31c/kg. Grower resistance to the price drop led to a high pass-in rate of 23 per cent.
- In 2020, China was supplying 83% of the four major types of PPE that medical staff wear to prevent infections - masks, gowns, protective clothing and glasses - in terms of import value, according to the United Nations trade statistics. Given China's track record of leveraging trade in foreign relations and retaliation, and the fact it will often prioritise domestic supply over other nations, countries around the world have bolstered their own domestic production, particularly the US, to reduce reliance on China.

The demand for local manufacturing is significantly outstripping supply - and the demand is coming from SMEs and enterprise businesses alike, with a number of the latter increasingly moving at least a portion of their production from off-shore to on-shore. This provides them with supply flexibility that they were lacking pre-Covid and which created risk in their supply chain. But even more importantly it enables them to meet rapidly rising consumer demand for Made In Australia products as consumer sentiment shifts to prioritising locally made products with a smaller environmental footprint (see Country Road case study on page 21 and State of Escape case study on page 13).

Australia's fashion and textile manufacturing base is ripe for reinvention to fit the future, not to replicate the processes and infrastructure of the past.

## The Solution

The solution is to create a 4-pronged approach to drive innovation at scale for the fashion and textile industry, while aligning to ESG principles as Australia heads towards Net Zero emissions by 2050:

1. Elevating the fashion and textile sectors, including cotton and wool growers, as the 7th manufacturing priority under the existing [Modern Manufacturing Initiative](#).
2. Investing in new technologies that enable greater onshore manufacturing capabilities through tax incentives, no or low interest loans, and grants and co-funded grants for Australian-owned businesses. Examples may include:
  - a. Supporting the investment into existing advanced technologies, such as zero-waste fully-circular knitting machines, for building domestic capabilities.
  - b. Supporting the creation of Australian-owned and manufactured fashion and textile technologies which can be exported to other markets

3. Extending the [instant asset write-offs](#) to Australian owned businesses that need to upscale or extend existing onshore manufacturing capabilities.
4. Funding investment schemes, analogous to the [TCF Post-2005 \(SIP\) Scheme](#), that would support the creation of large-scale new and advanced industries to deliver significant benefits towards ESG goals and the circularity space: scalable technologies developed specifically for the reuse, repair, refurbishment, remanufacture, repurposing, recycling, recovery, and supporting the export of these industries and technologies

**Key deliverables:**

1. Policy amendment to include the fashion and textile industry to become the 7th Modern Manufacturing Initiative.
2. Access to the key initiatives within the Modern Manufacturing Strategy initiatives including:
  - a. \$1.3b Modern Manufacturing Initiative funding program, allowing the transformation and scaling of manufacturing businesses, in order to translate ideas into commercial successes and to integrate into local and international value chains.
  - b. \$107.2m Supply Chain Resilience Initiative to help Australia address identified gaps in critical supply chains, which can include PPE and other essential worker apparel and textile items.
  - c. \$52.8m Manufacturing Modernisation Fund round two to deliver quick action to unlock business investment on shovel ready projects.
3. Policy amendment to extend the instant asset write-off scheme to December 31st, 2022.
4. Creation of an Australian Government funded (and potentially Australian Fashion Council administered) Innovation Investment Scheme, comparable to the [TCF Post-2005 \(SIP\) Scheme](#), to drive significant investment and innovation for the creation of new industries across fashion and textile ESG and circularity, advanced local manufacturing and wool and cotton AgTech.

**The Cost:**

1. Nil.
2. A percentage of the total \$1.3b Modern Manufacturing Budget to be allocated to fashion and textiles in agreement with government
3. Funding details to be developed and agreed with the government.
4. Development of the program and allocation of funds across 10 years to be developed in partnership with the government.

**Benefit to taxpayers**

- Accelerating job creation, from regional Australia to urban centres, with a focus on job security for women.
- Creation of a robust fashion and textile technology industry, building a tax base for future Australians.
- Creation of new industries in ESG, and resulting job creation specific to new and emerging sectors.
- Significant value delivered back to the Australian economy and overall contribution to the nation's growth.

**Benefit to industry**

- Immediate acknowledgement of the importance of the fashion and textile industry to Australia.
- Immediate support of manufacturing initiatives across the smile curve to drive accelerated growth.
- Immediate cash-in-pocket with the instant asset write off scheme.
- Long-term creation of new industries which can support regional Australia, indigenous communities and women.
-

## Case Study: BlockTexx

### ESG INNOVATION

Circularity Tech Innovation For Domestic Application And Export

#### Background:

Australia rates highly in the consumption of new clothing, placing in second place globally, with an per capita consumption of 27kg per year and sadly an average of 23kg going straight into landfill - approximately 800,000 tonnes of textiles per year.

#### The Challenge:

Mixed fibre garments and textiles have a lower probability of a commercial second life, compared to single fibre, due to complexities in chemically separating them into high value raw materials, as opposed to downcycling into lower value products. Whilst mechanical shredding produces a lower value product, emerging technologies have attempted to retrieve the cotton, but the polyester is discarded as a waste product. The successful companies will chemically separate blended fibres and retain all the components for future high valued uses.

#### Solution:

BlockTexx is a clean technology company that recovers polyester and cellulose from textiles and clothing. Their mission is to divert textiles and clothing away from landfill and accelerate the global textile recycling industry towards a sustainable future. BlockTexx has created a patent pending and proprietary technology that separates polyester and cotton material such as clothes, sheets, and towels of any colour or condition back into high value raw materials of rPET and rCellulose for reuse as new products for all industries. Approaching the circularity challenge from a different perspective, the BlockTexx team realised that neither cotton or polyester fibres need to be recycled back into its original form. The recovered PET is polymerised to create virgin-quality S.O.F.T. branded rPET pellets suitable for use in textiles, packaging, and building products. The recovered cellulose is processed to create S.O.F.T. branded cellulose powder for use in textiles, agriculture and foods.

#### Result:

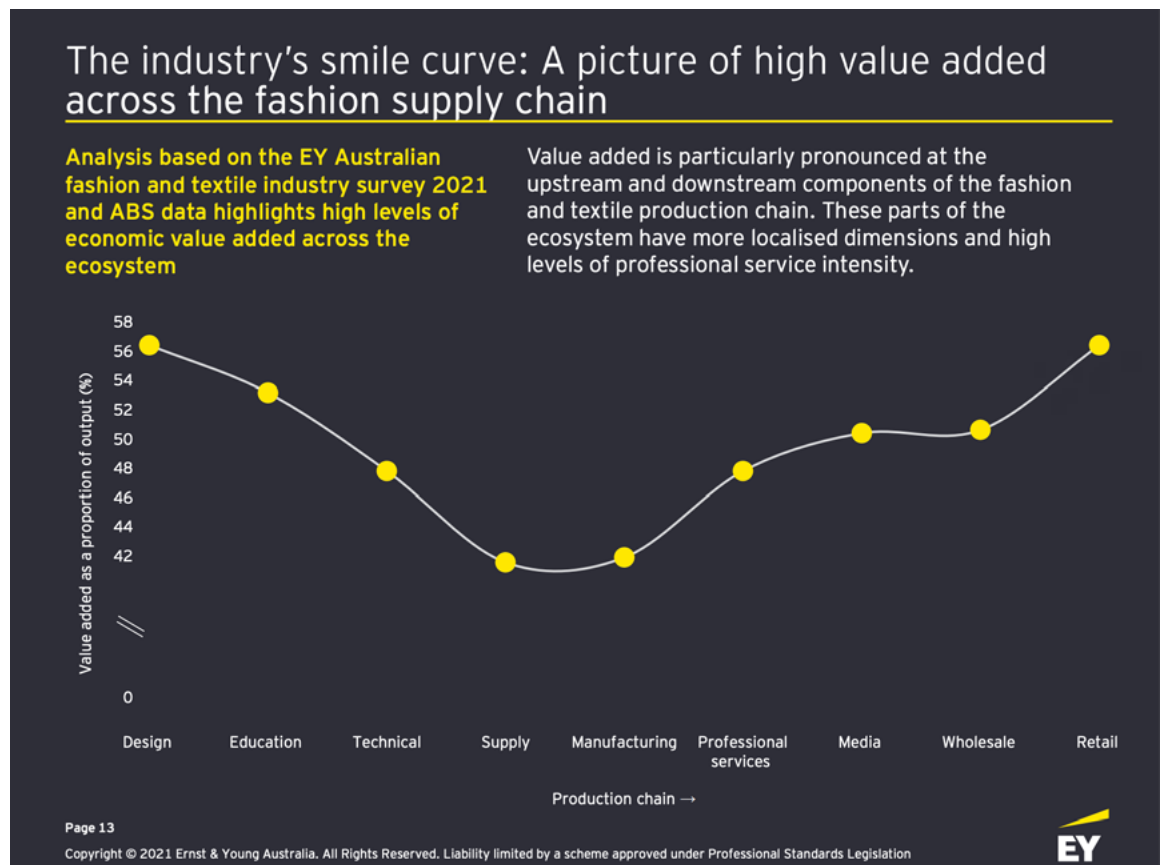
BlockTexx converts textile waste into a high value resource, stimulates the production of new products and meets consumer demand to reduce the environmental impact of our clothing. Unlocking the value of discarded textiles is a huge commercial opportunity that closes the loop in fashion production, and with the BlockTexx technology not even requiring the output of the recycling process to be reintroduced into the fashion value chain, it is not just fashion labels or designers who are seeking solutions and new ways to work with recycled textiles. Charities, government bodies, corporations and large manufacturers are all looking for opportunities to reuse and repurpose unwanted fabrics – such as uniforms, hotel sheets and unsold stock. For Australia, even a 6.6% reduction in textiles that currently go to landfill represents the removal of a clothing pile the size of the Sydney Harbour Bridge.

## 5. Future-proofing the Fashion and Textiles Industry

### DEVELOPMENT OF A 2, 5 & 10 YEAR ROADMAP THROUGH RESEARCH & INDUSTRY TOOLKITS

#### The Issue

The fashion and textile industry's 'smile curve' (see below) gives us a clear picture of the value-add opportunities within the industry. With the level of accelerated change that is upon us, we must start working on those optimisation opportunities now.



As new technologies emerge, and the impacts of the global pandemic continue to accelerate macro-trends, new sectors and professions that have not existed in the past, will be created. Forecasting and planning for the next 2, 5 and 10 years to 2032 must be undertaken to ensure that a world-leading, viable, resilient and prosperous fashion and textile industry is shaped. We must build back better, aligning our sector to the realities of Industry 4.0.

#### The Context

##### Preparing for Future Market Opportunities

As one of Australia's leading industries, the fashion and textiles sector, has the potential to drive our collective prosperity in the years ahead. Looking beyond the

Covid-19 recovery, the foundations for a world-leading industry 4.0 circular economy framework must be planned and built from now.

Emerging new technologies and innovations will need to be embraced. These will accelerate growth, maximise domestic input, enhance resilience to future market disruptions and create value for the Australian economy. New industries within the sector will be created as demand shifts towards digitalisation, automation, advanced manufacturing, sustainability, and circularity across the entire supply chain from production to recycling and reuse.

Over the next two years the AFC is planning to develop reliable and pragmatic Roadmaps and associated policy recommendations across the critical areas that will deliver a resilient and sustainable industry.

The AFC would seek to enable and empower the local industry with a significant investment into domestic and international research to deeply understand these seismic sector shifts, and the opportunities for Australia's economy, as they unfold. A key output of this initiative would be to produce tools that would equip industry stakeholders to be able to plan strategically and execute competitively.

Based on consultations with industry, government and other key stakeholders, the following areas of focus have been highlighted as the most critical priorities to future proof our industry:

1. Development of Local & Advanced Manufacturing
2. Commercialisation of Sustainability and Circularity
3. Acceleration of Fashion Technology (FashTech)

**“Effectively nurturing Australia’s advanced manufacturing capabilities will be instrumental to the future growth of our local industry.** The next frontier demands more efficient, smarter and sustainable supply chains and adequate government funding to this sector will be critical in supporting the continuation of our onshore production capabilities and localised job growth. “

Erica Berchtold  
CEO, The Iconic

Below are the key drivers for identifying these three critical priorities:

1. Development of Local & Advanced Manufacturing:
  - Based on responses in the EY Australian fashion and textile industry survey 2021 that was conducted as part of the industry report [From High Fashion to High Vis](#), local manufacturing was identified as the biggest opportunity to address the fashion sector’s most pressing challenges. This finding was confirmed by key industry chief executives interviewed for the report and again in a CEO Roundtable poll held in October 2021.
  - Current owners of manufacturing facilities tend to be older Australians with no clear succession plans, increasing the risk of the diminishment of supply capacity.
  - Covid-19 demonstrated Australia’s vulnerability to global supply chain interruptions. Those vulnerabilities were called out in the Federal Government’s [Productivity Commission’s Report into Vulnerable Supply Chains](#) (published in March 2021). As a result there has been a strong call to strengthen our sovereign capabilities by increasing local production.
2. Commercialisation of Sustainability and Circularity:
  - Businesses are under pressure both from consumers and from investors who are demanding environmental and socially responsible practice

- Industry requires financially sustainable viable innovation, hence the need to accelerate the commercialisation of new ESG technologies.
  - Enabling a more vertical local manufacturing model will accelerate sustainability, reducing the enormous carbon footprint that is currently associated with the fashion industry's supply chain.
  - Waste remains a major issue for the industry, and immediate alternatives to landfill must be enabled rapidly.
3. Acceleration of Fashion Technology (FashTech)
- The pandemic has accelerated the uptake of technology across every facet of the fashion industry - from the shift to increased ecommerce consumption, away from bricks and mortar, to the advancement of technology platforms including but not limited to: design, product development, logistics, payments, marketing, e-commerce and end of life solutions
  - For Australia to maintain a leadership position on the global stage, it is critical that we develop and advance our leadership in innovation and technology advancement
  - The fashion industry has been pivotal to the success of Australian tech unicorns like AfterPay and Canva. In order to fuel the continued growth of the industry, we must create an environment that fosters the next generation of applied technologies addressing design, commerce, merchandising, communication and lifecycle circularity management

“Understanding that consumer demand is high for responsible business reform, up to 90% in some countries — and growing in Australia. Taking part in global issues on a national level, connecting with peers facing the same challenges, and staying ahead of increasingly strict regulatory requirements. **Australia has the opportunity to position itself as a global leader.**”

Omer Soker

CEO Charitable Recycling Australia

## The Solution

The AFC seeks to build a relationship with the Australian Government that will enable it to guide the industry into a post-Covid recovery, revival and beyond to 2032.

We seek to collaborate with the Australian Government to:

- Build stronger connections across the sector with industry, academia and government.
- Provide local data and job market insights.
- Contribute to the development of the comprehensive annual skills plan.
- Contribute to how Government, industry and providers respond to employment demands.

We recommend the creation of three Priority Task Forces to develop a 2, 5 and 10 year Roadmap across the key areas of:

1. Development of Local & Advanced Manufacturing
2. Commercialisation of Sustainability and Circularity
3. Acceleration of Fashion Technology (FashTech)

The approach for the three priority areas will be as follows:

- 1. Strategic Industry Collaboration**
- 2. Industry engagement**

### 3. Policy Framework

#### Stage 1

##### 1. Strategic Industry Collaboration

Consultation with industry, government and academia in the development of programs aimed at building infrastructure and skills and mobilising investment across the industry.

##### a. Industry Roundtables:

AFC will facilitate the engagement of key industry, government and expert representatives to work collaboratively and determine strategic project outcomes.

##### b. International trends:

AFC will undertake an in-depth international research study to fully uncover global trends and technological initiatives in STEM, design and manufacturing which will help identify the gaps in knowledge and new trends that will shape the future of the global fashion and textiles industry.

This research and data will be collated and reviewed by the AFC in collaboration with a research partner, and delivered as the **Australian fashion and textile Business Trends Index - Benchmarking Study**. Australia's infrastructure, skills, technology and commercialisation development capabilities will be rated against a set of standardised criteria.

This report will be submitted to the Government to deliver interim insights and potentially inform urgent policy applications.

The AFC would seek to conduct the Index every 2 years on an ongoing basis, allowing Australian industry to benchmark its performance against global competitors, understand shifting strengths and weaknesses, and adapt to ensure the sustainable growth of the local sector.

#### Stage 2

##### 1. Industry Engagement

Once the foundational work is completed, the project will engage with the relevant sector experts to fully develop the actions across a 2, 5 and 10 year roadmap that will be embedded in the industry's policy framework. It will bring together industry, government, key sector professionals and grass-roots workers, educators, union representatives, and students to provide input and insights.

##### 2. Policy framework

Working closely with the Australian Government, the initiative will culminate with a presentation of the report and the delivery of a co-designed policy framework with a strong emphasis on ensuring sustainable growth for the industry and the economic security of workers, in particular women.

Proposed outcomes:

- A clear pathway for the rapid increase of local manufacturing capacity to meet the demands of the local industry.
- A credible roadmap for advanced manufacturing methodologies and an understanding of the resources, infrastructure and capabilities required for activation over the next 2 to 10 years.
- Prioritisation by industry, academia, government and regulators like the EPA, of the initiatives to co-invest in and drive the commercialisation of sustainable business models, particularly around the reduction of waste and through investment in the development of circular materials and business models.
- The identification of the priority areas of technology that must be delivered

in order to sustain a world-leading, independent, sustainable and prosperous industry ecosystem and a roadmap for their development including the creation of an Australian FashTech hub in the Ultimo Tech Precinct in Sydney.

- A bi-annual Australian Fashion and Textile Business Trends Index to allow the Australian industry insight into their competitiveness on a global scale.

The three Task Forces would launch in June 2022, in order to deliver the insights that will enable policy direction to be formed together with the government by late 2022, and adopted in 2023.

## The Cost

### Stage 1 - Strategic Industry Collaboration

- \$225K - Coordination and Management of three Task Forces
- \$3m - Set Up, Research and Development of the Australian Fashion and Textile Business Trends Index 2022 - Benchmarking Study

### Stage 2 - Industry Engagement and Policy Development

- \$300K - Three industry initiatives, roadmaps and policy development

### Stage 3 - Ongoing Strategic Research and Policy Refinement

- \$9m - Australian Fashion and Textile Business Trends Index to be undertaken as an ongoing benchmarking study to assess and inform the Industry on their global competitiveness and relative performance; three bi-annual studies at \$3m each in 2024, 2026 and 2028.
- **TOTAL: \$12.525m over 4 years**

### Benefit to taxpayers

- Providing a robust, evidence-based approach to creating a sustainable and valuable fashion and textiles industry in Australia.
- Significant, long-term creation of valuable jobs and careers, building on advancements in technology.
- Accelerating industry growth to continue adding value to direct and indirect sectors both within and related to the industry.
- Coordinating and streamlining of efforts across industry, government and academia to ensure that tax-payer funded initiatives are aligned and driving optimal productivity.
- Driving global competitiveness in the industry

### Benefit to industry

- Significant changes to consumer behaviour and supply chain management will have lasting benefits for a post Covid industry
- Technology and advanced local manufacturing delivering economic growth and job creation.
- Major opportunities to leverage new digital technologies for industry growth and innovation, particularly in processing of primary materials, sustainability and circularity industries, and fashtech.
- Reskilling talent - As the industry evolves to embrace more complex models of design, production and retail, workers will need new and enhanced skills.
- Preparing the industry to be adaptable and technology-savvy to reap the gains from future industry growth
- Building the foundations for the industry's future education and training platform.
- Creating economically viable career pathways that will ensure sustainable jobs with skills that are transferable across different sectors.



## Case Study: bassike

### LOCAL MANUFACTURING & ESG

Producing onshore to create a unique globally-loved brand whilst delivering world-leading ESG and Carbon-Neutral results.

#### Background:

bassike is a design-led brand, supporting local manufacturing and sustainability since its inception in 2006. With 8 stores in Australia, strong partnerships with retailers like David Jones, and stocked in over 70 stores globally, bassike is one of Australia's shining stars of fashion.

#### The Challenge:

When founders Mary Lou Ryan and Deborah Sams started bassike, the local industry was in decline, but they saw an opportunity to create a superior product and a brand that would be differentiated on the global stage. By producing locally, they were able to design unique products that would not be possible to make offshore, where many products look the same. The challenge was the ability to scale this innovation to sustain a strong global business.

#### Solution:

Closely collaborating with its Australian suppliers, bassike were able to create a unique product and brand based on 'true cost'. Using organic cotton with an instantly recognisable special texture and natural twist, bassike became recognised for its best in class social and environmental commitment. Local manufacturing enabled the creation of a **short supply chain which allows the business to react quickly to market demand and reduce lead times by 50% compared to offshore.**

#### Result:

bassike has become the global go-to organic t-shirt brand and is growing strongly year on year. By producing over 90% locally, the business has significantly reduced its carbon footprint; Its factory and knitting mill use renewable energy, with a 48% reduction in electricity used. And with the entire jersey supply chain sent by sea or road freight, not air freight, GHG emissions are a fraction of those generated by traditional businesses. In 2021 bassike became one of the first Australian fashion businesses to certify as Climate Active Carbon Neutral.

By proudly producing locally, bassike have contributed to the local economy and job growth, preserving skills and jobs that would otherwise have been moved offshore. Over the years, **one factory alone has seen a 257% increase in employment growth** and bassike's head office on Sydney's Northern Beaches **employs 3.5x more staff than if they were to manufacture offshore.**

To keep up with consumer demand, and sustain growth and jobs, bassike needs government investment in supply chain innovation and labour shortages through training and apprenticeship programs or skilled immigration.

## 6. Boosting Australian-Owned Brands

### **INCENTIVISE AN AUSTRALIA-FIRST UNIFORM PURCHASING POLICY AND PROCUREMENT TARGETS FOR AUSTRALIAN DEFENCE AND POLICE**

#### The Issue

##### Public Sector:

The Australian Government advocates 'buy Australian-first' and promotes its Country-of-Origin policies and yet its own Commonwealth procurement policies mean that our Defence and Federal Police are wearing uniforms and carrying textiles, mostly made in China.

Government procurement strategies are often based on minimising costs and do not take into account the fact that buying from Australian-owned suppliers enriches the national economy and that product that is made in Australia is often better quality, giving it a longer life span and making it commercially viable in the long term.

##### Private Sector:

Thousands of Australian businesses buy uniforms and other textile products to equip their workers every year. From enterprise-sized airlines dressing ground staff, flight attendants and pilots, to mid-sized construction companies equipping their tradespeople with safe and durable workwear, through to SMEs like restaurants outfitting their kitchen and waiting staff, all are reliant on quality uniforms for their people. When making their purchases these businesses have no incentive to buy from Australian-owned suppliers who are creating jobs for Australians.

#### The Context

##### Public Sector:

The government has already set procurement targets that are based on creating an even playing field and providing greater opportunity to minority groups. An example is the existing [Indigenous Procurement Policy](#) which sets targets to purchase from indigenous led/owned enterprises. We propose enhancing government procurement policies to include a target for procuring from Australian-owned uniform providers, and particularly those that manufacture in Australia, knowing that the sector employs a predominantly female workforce, another group which is underrepresented.

##### Private Sector:

Numerous schemes were put into place over the 2020/21 period to drive demand for Australian products and services. Particularly around home improvements, a simple but effective initiative is the highly successful [HomeBuilder](#) scheme launched during the height of the pandemic to support the construction sector. The amount handed to more than [137,000 Australians](#) was significant — a \$25,000 grant for eligible contracts signed between June 4 and December 31, 2020, or a \$15,000 grant for eligible contracts signed between January 1 and March 31, 2021. Analysis from Master Builders Australia estimates that this initiative boosted economic activity in Australia by more than \$120bn, with the value of building work supported by HomeBuilder at \$41.6bn. Additionally, more than 374,000 jobs were created.

This initiative, centred on a male worker dominated industry, created the greatest new employment opportunities for men. And it has been established that women and their families were the hardest hit during the pandemic when it comes to loss of earnings.

Other ongoing initiatives include the \$1.38b [Build Better Regions Fund](#) - a Community Investments Stream to drive economic growth and build stronger regional communities into the future.

These programs are already in place, with guidelines and administrative processes already created. We propose the initiation of a similar scheme to encourage procurement from local uniform and textile producers, who are an essential part of our female-dominated industry.

Also to be considered is that many of the businesses that would partake in the scheme saw numerous activities put on hold during the pandemic, including uniform procurement. As business activities resume, there will be renewed demand for worker attire and the opportunity exists to ensure that this spend is directed towards Aussie businesses that contribute meaningfully to our economy.

## The Solution

### Public Sector:

The Government would establish a procurement policy that prioritises the purchase of its uniforms and textiles from quality Australian-owned businesses, particularly those who manufacture in Australia. This is aligned with existing procurement targets for indigenous led/owned enterprises.

### Private Sector:

This simple but effective initiative is modelled on the highly successful [HomeBuilder](#) initiative. We will work with the Government to launch **OzBrandBuilder**, a scheme where Australian companies and organisations can bid for grants to purchase uniforms and textiles from Australian-owned businesses to equip their workers. We anticipate it will trigger a strong level of domestic spending activity and investment on the part of businesses, both large and small.

Additional tax incentives or other cost relief measures should also be offered to Australian companies that demonstrate they are purchasing more than 80% of their overall uniform and textile needs from Australian-owned businesses.

### Policy recommendations:

- A procurement target of 30% by July 2024 for the Australian Government to procure its uniforms and related textile-based equipment from Australian-owned brands
- Procurement by the Commonwealth, of Australian-owned brands, to be scaled up to 100% by 2032.
- Launch of a well-funded OzBrandBuilder grant scheme aimed at incentivising Australian companies to procure their uniforms and textile needs from brands owned by Australians and that employ Australians.

### The Cost:

#### Government Australia-first procurement policy

- est. +30% on current offshore manufacturing contracts

#### OzBrandBuilder

- grant caps to be set in collaboration with government, considering an enterprise tier and an SME tier

#### Benefit to taxpayers

- Support for local manufacturing, including in regional areas
- Reinvigorated pride for being able to wear 'Australian-Made'
- Jumpstart to local manufacturing for garments.

#### Benefit to industry

- Development of new skills and capabilities to create a foundation for manufacturing.
- Increased influence on the entire supply chain to minimise disruptions and impact on revenue.
- Creating viable and sustainable career pathways for Australian workers.

## CONCLUSION

### **FUTURE PROOFING THE FASHION AND TEXTILE INDUSTRY - FOR ALL AUSTRALIANS AND FUTURE AUSTRALIAN JOBS**

Right now, as we continue to struggle with a once in a generation global health and economic crisis, Australia has - on its own doorstep - an extraordinary opportunity to become a global leader in fashion and textiles.

We have long overlooked the economic power of our sector to produce the beautiful and sustainable designs and products the world wants to buy from us. With this comes the jobs, the training, the skills, the new innovations in technology, the onshore advanced manufacturing and the environmental benefits of supporting a new industry 4.0 circular economy.

In the past 12 months, our industry added \$27.2 billion to the national economy, delivered \$7.2 billion in export revenue and employed 489,000 Australians, 77% of whom are women. We are the epitome of what it means to deliver real economic security for Australia's women. Imagine what we can achieve with further strategic policy reform and focused investment:

- Creating the demand for a safe and trusted nation brand that marks Australia as the sustainable and authentic creator of fashion and textiles that the world wants to buy.
- Empowering SME's across the board to grow in new international markets, creating jobs across urban and regional Australia.
- Developing a job skills and training map that can be implemented rapidly to protect existing jobs, particularly for women, and to create new ones.
- Crafting roadmaps and shaping policies in collaboration with government and industry to ensure Australia is on the front foot and advantageously positioned with a future-proofed industry as we emerge from the pandemic into a changed world.
- Accelerating the Modern Manufacturing Initiative with the inclusion of the fashion and textiles industry across primary producers, ESG and net zero initiatives and bolstering sovereign manufacturing.
- Kickstarting local fashion and textile manufacturing with an incentive to purchase 'Australian Made' uniforms and footwear.

We look forward to continuing our successful collaboration with the Australian Government.

# Case Study: Cotton Circularity in Regional Australia

## ESG INNOVATION

Partnership between Corea, Queensland Government, Goondiwindi Cotton, Sheridan, Cotton Australia, Worn Up and the Cotton Research & Development Corporation  
Led by Marjon Wind and supported by Sam Coulton & Dr Oliver Knox

### Background:

Australia has taken an unfortunate leadership position globally, and one that must change quickly, Australia is the second highest consumer of textiles per person in the world, after the US. Each and every Australian consumes an average of 27 kg of new clothing per year. Each Australian also disposes of an average of 23 kg of clothing to landfill each year, or 93% of the textile waste we generate. Annual estimates recently published by the Department of the Environment have estimated the total annual discard by Australians is close to 800,000 tonnes of clothing and textiles per year. That is more than 15 times the weight of the Sydney Harbour Bridge thrown into landfills across the country.

### The Challenge:

Australia needs to shift its clothing and textile disposal from environmental catastrophe to environmental sustainability. Textile waste not only creates environmental degradation, but through the decomposition process greenhouse gases are being produced, including both carbon dioxide and methane. Australia may only produce 3% of the world's cotton, but is the third largest exporter. Whereas 3% may sound insignificant, on an average year Australia's cotton producers produce enough cotton to clothe 500 million people, with Australian cotton farming also being one of the most water efficient in the world. Already groups such as CSIRO have created varieties that improve environmental sustainability and profitability, through increased water efficiency and reduced use of insecticidal sprays. Australia is firmly in a position to create and adapt a circularity innovation in the disposal of clothing and textiles.

### Solution:

The partnership supported a soil scientist, Dr Oliver Knox, from the University of New England, in the trial of disposal of cotton textiles by spreading the shredded goods on cotton paddocks in Goondiwindi. Around two tonnes of cotton textiles were processed, transported to the farm and spread onto a local cotton field by a local farmer. Early stage soil samples have indicated no real change in the soil carbon, no real change in the soil nutrition, and no further dramatic change, which is being seen as highly encouraging. An ongoing goal of the trial, as the fabrics continue to break down, is to increase microbial activity and improve soil moisture.

### Result:

If successful, the project team hopes this can provide a large-scale circular solution for 100 percent cotton textile products in Australia, which are naturally biodegradable, renewable and recyclable. With the trial to be completed by cotton harvest in early 2022, projections have indicated that 2,250kg of carbon dioxide equivalents can be mitigated through soil breakdown versus landfill just for this trial, and significant amounts would be mitigated should this be adopted throughout the Australian cotton farming community.

**TOTAL BUDGET SUMMARY - ALL INITIATIVES**

<b>1. Drive Growth for Australian Business and More Jobs For Australians - Boosting Domestic and Global Demand to 'Buy Australian Fashion'</b>	
Australian in-market media campaign to promote the Australian Fashion Brand CTM (May 2022 - October 2022)	\$1,000,000
UK international media campaign to promote the Australian Fashion Brand CTM (May 2022 - October 2022)	\$2,000,000
International media spend and creative campaign to to New Zealand, Denmark, China, Hong Kong, Italy, Singapore, Korea and the UAE in 2023 and 2024.	\$30,000,000
Development of the block-chain technology project for Australian Fashion Brand CTM provenance (September 2022 to September 2023)	\$1,000,000
Development and implementation of the in-market trade and consumer events across 9 international markets from 2022 to 2024.	\$32,000,000
<b>2. Acceleration of Export Opportunities for the Fashion and Textile Industry - Empowering SMEs across the 'smile curve' to grow in new international markets</b>	
SME Export grant program development and set up, early stage implementation, industry collaboration and promotion, ongoing program management and administration from 2022-2025.	\$10,000,000
<b>3. Boosting Economic Security for Women - Addressing the Industry Skills Gap and Workforce Shortage - 2, 5 and 10 year plan</b>	
Extending the existing framework nationally to map gaps and opportunities, and develop a policy framework to create the skills, training, jobs and related technology for the future of the sector.	\$2,030,000
<b>4. Accelerating Advanced Manufacturing 4.0 and Net Carbon Zero - Turbo-charging Fashion-Tech from farm to fashion frontline with sustainable and sovereign capability</b>	
Include the fashion and textile industry to become the 7th Modern Manufacturing Initiative and access into the key initiatives within the Modern Manufacturing Strategy of the \$1.3bn allocation identifying a percentage which could be directed to the sector.	To be developed together with government.
Policy amendment to extend the instant asset write-off scheme to December 31st, 2022.	
Creation of an Australian Government funded (and potentially Australian Fashion Council administered) Innovation investment Scheme - from 2022 to 2032.	
<b>5. Future-proof the Fashion and Textiles Industry - Development of a 2, 5 &amp; 10 Year Roadmap Through Research &amp; Industry Toolkits</b>	
Stage 1 - Strategic Industry Collaboration Stage 2 - Industry Engagement and Policy Development Stage 3 - Ongoing Strategic Research and Policy Refinement	\$12,525,000 over four years
<b>6. Boosting Australian-Owned Brands - Incentivise an Australia-first uniform purchasing policy with procurement targets for Australian Defence and Police</b>	
Australian Defence and Police additional cost of onshore manufacturing versus current offshore manufacturing contracts Private Business - Two tiers of grants, one for enterprise and one for SME businesses for the purchase of uniforms from Australian-owned makers.	Estimated +30% in federal government investment in uniform procurement. Grant model to be developed with government.
<b>\$90,555,000</b>	

# Case Study: Queensland Wool Processors

## REGIONAL INNOVATION

Regional Jobs And Value-Add Primary Industry Production

### Background:

Blackall, Queensland, a rural town located about 960 km by road from Brisbane and with a population of 1,416, was the home of the last remaining steam operated wool washing plant in Australia. Operating from 1908 until it closed in 1978, the scour played a central role in the lives of many Blackall families. Global supply chains aiming to drive efficiency into the chain now see unwashed wool and merino bundled into trucks, then shipping containers, then trucks again as they make their way to primarily Chinese factories which undertake the processing of the greasy wool through into the top making process, spinning and finally fabric formation. It is only at this point that the fabrics are yet again shipped off to world-renowned design houses across Europe, the US, Japan, and even back to Australia, to be crafted into the beautiful garments seen in designer boutiques, small shops and infamous department stores.

### The Challenge:

For more than 100 years, the wool industry was an economic miracle, giving Australia one of the highest living standards in the world. The Australian economy boomed on the national income from wool exports. It is a common expression, looking back to the 1950's and 1960's that Australia "rode on the sheep's back". Now is the time for the wool industry to regain its economic strength and contribution to the nation's balance sheet. Exporting greasy wool without any value add in Australia is not the pathway to achieve this objective. Queensland Wool Processors Pty Ltd (QWool) is the vehicle to achieve our game changing objective. Even though wool production has fallen in Australia since its peak in 1995 (731 million kg), it is still the largest producing nation of greasy wool in the world at 368 million kg per year (2019). China however is now a very close second at 367 million kg per year. China imports 350 million kg of greasy wool, which accounts for about 75% of Australian greasy wool exports. Additionally, China imports 90 million kg of clean wool. Only 2% of Australian wool is exported as clean wool. Production supply chains in Europe want supply direct from Australia to minimise cost, time and supply risk, and to ensure ethical treatment of the flock, and traceability of the fiber.

### Solution:

Queensland Wool Processors (QWool), chaired by Central Queensland University chancellor John Abbott AM, is leading the charge to build an end-to-end wool processing plant in Blackall. Not only providing the scouring capability within the value-adding steps, but also the carbonising, top making, yarn spinning and yarn dyeing aspects. A feasibility study found that scouring and carbonising to top making were unlikely to be sufficiently viable on their own, yarn spinning and dyeing increased the operational viability considerably. Trends in automation and AI would also be employed to reduce the labour costs, and immediate trends in the cost of logistics, which have increased by more than 300% since the outset of covid-19, provide additional support for this initiative.

### Result:

Seed capital has been raised by Queensland Wool Processors to undertake design of the plant, securing of the logistics of the supply chain, and to establish new markets for this high quality all Australian product. The raising of the required capital of \$200m will occur later in 2022. The initial facility will be built in Blackall to process 10 million kg of greasy wool per year. If this initial project is successful, then it is envisaged that 3 to 4 other plants will be built in other wool producing areas. The Blackall project would significantly impact the local economy, with the creation of 270 full-time jobs and generate \$130m a year in revenue. Additional benefits would be captured in the shortening of the value chain, and in the ability for Australia to export finished products of a higher value direct to key markets for consumption.



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