



# AFC Pre-Budget Submission 2024-25

The Australian Fashion Council (AFC) is the not-for-profit peak body for the Australian Fashion and Textile Industry with a 65-year history of helping the industry adapt, evolve and thrive. In FY 20/21 our industry contributed more than \$27.2 bn to Australia's economy, equating to 1.5 per cent of GDP. In 2021, the industry generated more exports (\$7.2 billion) than wine and beer.

Our ask is a \$10m investment to the Industry that will:

- Ensure Australian businesses transform and thrive,
- Recognise Australia as a champion for sustainability,
- Create greater economic security and employment opportunities,
- Build Australian Fashion brands nationally and internationally to be known for creative sustainable and innovative design, making Australia an attractive tourist destination for its fashion culture.

The AFC delivers to its members information and education, conversation and collaboration, and leadership, advocacy, and support, to guide the just transformation of the industry to a socially, environmentally and economically prosperous circular economy by 2030 and to Net Zero by 2050.

Our members are designers, pattern-makers and manufacturers, retailers and consumer representatives, cotton growers and wool farmers, buyers and marketers, textile engineers and chemists, textile recyclers and circular innovators. Our members work in design studios and factories, at markets, in offices, homes and shops in every corner of Australia.

We are close to half a million workers, which is more than the mining and utilities sectors combined. 77% of our workforce are women. Together, we meet people's basic needs for safety, warmth and comfort as well as their human need for self-expression and wellbeing.

We care about:

- Consumers as our priority, as their preferences and purchases are pivotal for driving the market's success and sustainability;
- Australian designers, manufacturers and brands, for their creativity, craftsmanship and contributions to the industries innovation and growth;
- Cotton farmers and Wool growers as we rely on these primary materials for producing textiles and garments.

Since our last budget submission, the AFC successfully launched Seamless, a national clothing product stewardship scheme that will enable the Australian clothing industry to do what no single business can do alone: transforming how clothing is made, used, reused and recycled in Australia. This was created by a consortium led by the AFC with Charitable Recycling Australia, Queensland University of Technology, Sustainable Resource Use and WRAP UK. The AFC is proud to have brought these stakeholders together and led the development of its roadmap. This work has been the centrepiece of the AFC's policy to transition the clothing sector to a circular economy by 2030 and to create a just transformation towards Net Zero by 2050. The launch of Seamless demonstrated that the funding we receive is used and executed effectively.

In the current economy and the cost-of-living crisis, having a job is critical. Our industry employs more than 489,000 Australians, many are from migrant communities. We support over 376,000 women, who represent 77% of this workforce. We contribute to people's economic security, particularly women's economic security, as well as to Australia's productivity levels.

## Key points

Australia's fashion and textile industry is facing key challenges: changes in the retail and trading environments at a local and global level, inflationary pressures, and major shortages of skilled workers and materials. These challenges can be addressed through:

- Creating new jobs and business opportunities consistent with the drive towards a thriving society and economy as we transition to Net Zero by 2050;
- Tackling the revival of our local manufacturing sector and advance its capabilities by accelerating the adoption of innovation and technology, building a resilient and responsive supply chain in the process; and
- Addressing current industry skills gaps and workforce shortages by creating aligned education and career pathways for Australia's future workforce, especially for women.

These initiatives align closely with the government's policy priorities for increasing jobs and skills, advancing gender equality, promoting Australian manufacturing under the national reconstruction fund and growing a sustainable economy including transitioning to a circular economy.

An investment of \$10 million in the Australian Fashion and Textile Industry has the potential to significantly grow this industry to \$38 billion and provide economic security to over 7% of Australia's female workforce, as validated by the 2022 EY economic study, ['Fashion Evolution: From Farm to Industry'](#).

## Recommendations

AFC's FY24-25 Pre-Budget Submission recommends \$10 million investment in the Australia's fashion and textile industry to:

- Make fibre and its derivatives (textiles, uniforms, clothing) a priority in the development of Australia's sovereign capabilities;
- Boost women's economic security by developing career pathways for women throughout their working life, addressing current and future industry skills gaps and opportunities;
- Promote the Australian Fashion™ campaign locally and globally to increase local and export earnings;
- Build a workable and sustainable circular economy across Australia's clothing, uniforms and textiles supply chain.

The proposed activities for the \$10 million investment include:

Priority	Activities	Total cost (FY 2023-24)
<b>Priority 1:</b> Build sovereign manufacturing capability of 'Fibre and its Derivatives' (from fibre to yarn, textiles to fashion and uniforms) to boost jobs, the economy, exports and close the supply chain loop.	<ol style="list-style-type: none"> <li>1. Create a foundational roadmap to both develop a right-shoring plan and to promote its activation in conjunction with the National Reconstruction Fund (NRF) through feasibility and pilot studies for example (\$1 million)</li> <li>2. Map existing local production and manufacturing capabilities (\$750,000)</li> <li>3. Undertake feasibility and pilot studies to bring fashion and textiles production and manufacturing (including sorting facilities, reuse, resale and recycle units) to regional Australia (\$750,000)</li> <li>4. Supporting 'value adding to fibre' pilot projects with Industry to develop Australian fashion and textiles circular products – from farm to fibre, to textiles and clothing (\$2 million)</li> <li>5. Develop a Local Uniforms Procurement Scheme for Australian Government agencies, including the Australian Defence Force and the Australian Federal Police to buy from Australian owned businesses with local manufacturing wherever possible (\$500,000)</li> </ol>	\$5 million

Priority	Activities	Total cost (FY 2023-24)
<b>Priority 2:</b> Develop skills and career pathways to address current and future skills needs, create jobs and boost the economic security of the industry's women empowered workforce.	<ol style="list-style-type: none"> <li>1. Develop a nationwide apprenticeship and traineeship program with industry partners such as Skills Insight JSC, AI Group's Centre for Education and Training, and colleges and universities (\$1.5 million)</li> <li>2. Promote and educate school leavers, women looking to re-enter the workforce, and migrant and refugee workers about the opportunities and pathways for pursuing a career in the industry (\$1 million)</li> <li>3. Upskill and train or retrain the existing workforce (especially pattern makers, machinists and technicians) in new technologies. This could include training in new design technologies and manufacturing processes, as well as developing opportunities for ongoing education through alternative learning models, for example, micro-credentials (\$500,000)</li> </ol>	\$3 million
<b>Priority 3:</b> Promote the Australian Fashion trademark to grow domestic and global demand for design-led brands committed to responsible practice.	<ol style="list-style-type: none"> <li>1. Deliver a Domestic campaign to create brand awareness via marketing and media activities, as well as measurement and impact benchmarking (\$500,000)</li> <li>2. Execute a campaign in the UK market (identified through research as the key opportunity internationally for Australian fashion export opportunities) to generate brand awareness and stimulate and grow international demand for design-led, sustainable Australian fashion. Also provide a platform to be known for creative, sustainable and innovative design, making Australia an attractive tourist destination for its fashion culture (\$1.5 million)</li> </ol>	\$2 million

## Investing in the Australian Fashion and Textile Industry

The Australian Fashion and Textile Industry is at a pivotal moment, with an opportunity to significantly increase and expand our reach in a uniquely Australian way. But we are also facing a set of very challenging circumstances: inflationary pressures combined with major shortages of skilled workers and materials; and business models that need to transform to better address the growing sustainability concerns of consumers, both domestically and internationally; are just two issues that demand our attention.

In 2022, the AFC outlined key policy priorities to address these challenges as well as grow the industry by \$10.8 billion and provide economic security to over 7% of Australia's female workforce. These policy priorities align with the current Federal Government's policy agenda and the proposed activities can

make important contributions areas such as: the National Jobs and Skills Plan, the National Gender Equality Strategy, the National Reconstruction Fund (NRF), the Circular Economy transition and the Climate Change Act.

By way of comparison, Wine Australia - as a result of both an excellent product and skilful marketing and communications backed by government support - is perceived internationally to be of high quality, produced in a safe, sustainable manner and delivering a consistent product. The peak body, Wine Australia, is funded by levies with matched funding from the Australian Government. Australian fashion and textiles hold the same appeal and with similar government support could achieve the same international reputation as an Australian product. Successfully implementing the proposed activities will have a significant impact for Australia with an anticipated boost to the national economy and greater economic security for those employed in the industry, most of whom are women.<sup>1</sup>

**Priority 1: Build sovereign manufacturing capability of ‘Fibre and its Derivatives’ (from fibre to yarn, textiles to fashion and uniforms etc) to boost jobs, the economy, exports and close the supply chain loop.**

To build the Industry’s future manufacturing capability requires:

- Right-shoring (building domestic supply chain resilience) and greater sustainability across the supply chain; and
- Building greater demand for domestically grown and manufactured products

Over the past decades, clothing and textiles manufacturing has declined to around 1.5% of Australia’s manufacturing output<sup>2</sup>, as activities have been offshored to countries with cheap labour.

Furthermore, most Australian fibre processing and textile and clothing manufacturing is undertaken in Asia and, while 88% of businesses design their products in Australia<sup>3</sup>, only 29% source some of their materials from local suppliers<sup>4</sup>.

Australia has the opportunity now to utilise new technology and becoming a clothing and textiles manufacturing leader, particularly for high quality goods and uniforms. This is also significant because of the geopolitical global supply risks we saw during COVID-19 pandemic and that continue today; many Australian brands are now looking to manufacture locally to deliver vertical, sustainable and de-risked supply chains.

Currently demand for locally made is greater than the supply, and this is largely because there is not enough capacity to produce more. More brands are looking for sovereign manufacturing for supply chain resilience.

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<sup>1</sup> [EY Report commissioned by the AFC, Fashion Evolution: From Farm to Industry](#)

<sup>2</sup> [EY Report commissioned by the AFC, Fashion Evolution: From Farm to Industry](#)

<sup>3</sup> [EY Report commissioned by the AFC, Fashion Evolution: From Farm to Industry](#)

<sup>4</sup> [EY Report commissioned by the AFC, Fashion Evolution: From Farm to Industry](#)

In particular, visibility over how production and manufacturing occur is critical, particularly as calls increase for a transition to a circular model of production and consumption - ensuring a smaller supply chain footprint and meeting ESG targets are part of this. As the Minister for the Environment and Water, the Hon. Tanya Plibersek MP, said the transition to a circular economy requires “*new ways of working*”<sup>5</sup> This provides a “*great opportunity to create manufacturing systems that are optimised to be less resource intensive, produce less waste, and have less impact on the environment*”<sup>6</sup> as noted by the Minister for Science and Industry, the Hon. Ed Husic MP.

With the welcome news of the government’s decision to incorporate clothing and textiles as ‘value add’ derivatives to fibre, the fashion and textile industry can now benefit from the National Reconstruction Fund (NRF)’s priority funding of \$500 million allocated to value adding in agriculture, forestry, fisheries, food and fibre.

Growing the manufacturing capability of fibre and its derivatives will diversify and transform Australia’s industrial capability in this sector and drive opportunities to deliver high value, internationally competitive products and services across the value chain. Government investment, specifically through the NRF will be necessary for this industry to reach the forefront.

The AFC will liaise with industry and create a foundational roadmap to both develop a right-shoring plan and to promote its activation in conjunction with the NRF. The AFC will also continue to work collaboratively with a range of other industry associations and bodies, who will be key stakeholders in ensuring smooth industrial relations negotiations as the industry grows its local manufacturing footprint.

## **Recommendations**

The AFC recommends \$5 million funding to assist with delivering the following:

1. Create a foundational roadmap to both develop a right-shoring plan and to promote its activation in conjunction with the NRF: feasibility and pilot studies etc (\$1 million)
2. Map existing local industry production and manufacturing capabilities (\$750,000)
3. Undertake feasibility and pilot studies to bring fashion and textiles production and manufacturing (including sorting facilities, reuse, resale and recycle units) to regional Australia (\$750,000)
4. Support ‘value adding to fibre’ pilot projects with key Industry groups to develop Australian fashion and textiles circular products -from farm to fibre, to textiles to clothing (\$2 million)
5. Develop a Local Uniforms Procurement Scheme for Australian Government agencies, including the Australian Defence Force and the Australian Federal Police to buy from Australian owned businesses with local manufacturing wherever possible (\$500,000)

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<sup>5</sup> [‘The Road to a Circular Economy’](#), The Hon Tanya Plibersek MP, media release, December 2022

<sup>6</sup> [‘Experts to lead ‘meaningful and direct change’ in Australia’s circular economy shift’](#), The Mandarin



## Priority 2: Develop skills and career pathways – to address current and future skills needs, create jobs and boost the economic security of the industry’s women empowered workforce.

Central to future proofing the sector and continuing to deliver for the Australian economy is closing skills gaps and building its career pathways. Unless we have a workforce – with the requisite skills and capabilities needed – we won’t be able to scale up production and manufacturing, we won’t have brands to certify, we won’t have a circular sustainable industry from which to drive deeper change, and we won’t be able to foster the economic security of the fashion and textile industry majority female empowered workforce.

In October 2022, the AFC welcomed the newly released National Skills Priority List which included eight key fashion and textile skills in the manufacturing space that have moved to the ‘strong demand’ category, recognising the substantial gaps in skills and capabilities which exist because of the:

- Lack of clear career pathways and knowledge of the diverse opportunities within the industry across the value chain (from farm to fibre, to textiles and clothing, to recycling);
- Lack of multiple skilling, re-skilling and upskilling capabilities across the VET and higher education systems including micro credentials, apprenticeship programs and a variation in the areas beyond design and product development; and
- Lack of investment, and therefore failure to upskill and re-skill in new technologies, from primary material regeneration to robotics and circular design and from omni-channel retail and merchandise planning to recycling and waste management, to pattern making and repair skills – the industry is abundant with current and future jobs rife for the taking.

As the industry’s workforce is one of the largest employers of women in Australia<sup>7</sup> (representing around 6% of the total female workforce), there is a need, and a responsibility, to develop sustainable, long term career pathways that will support women’s economic security and drive gender equality.

As the Minister for Women, Katy Gallagher, said ahead of the 2022 Jobs and Skills Summit, “As a country we simply can’t afford to leave women’s talent on the shelf. If women’s workforce participation matched men, we would increase GDP by 8.7 per cent or \$353 billion by 2050. We should be looking at how we unlock the talent and potential of Australian women and remove barriers for all of them.”<sup>8</sup>

### Recommendations

The AFC recommends \$3 million funding to assist with delivering the following:

1. Develop a nationwide apprenticeship and traineeship program in collaboration with key industry partners such as the newly established Skills Insight JSC, AI Group’s Centre for Education and Training as well as universities and colleagues (\$1.5 million)

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<sup>7</sup> [Gender Workplace Statistics at a Glance](#), Workplace Gender Equality Agency, February 2020

<sup>8</sup> [‘Sam Mostyn to chair government’s Women’s Economic Equality Taskforce’](#), The Agenda, September 2022

2. Promote and better inform school leavers and women looking to re-enter the workforce as well as migrant and refugee workers about the opportunities and pathways for pursuing a career within the industry (\$1 million)
3. Fund to upskill and train/retrain the existing workforce (especially pattern makers, machinists and technicians) in new technologies. This could include specific training packages in new design technologies, new manufacturing processes as well as developing opportunities for ongoing education through alternative learning models, for example, micro credentials (\$500,000)

### **Priority 3: Promote the Australian Fashion trademark to grow domestic and global demand for design-led brands committed to responsible practice.**

In October 2022, as part of Melbourne Fashion Week, the AFC launched the [“Down Under – In Front”](#) campaign, to promote the Australian Fashion trademark and Australian Fashion certified brands.

The [Australian Fashion trademark](#) is a world-first initiative designed to define and identify Australian fashion, selling the Australian fashion industry’s unique vision and progressive values to customers at home and around the world. The certification process associated with the trademark means that brands will be able to carry the Australian Fashion trademark only when they have met the highest standards in original design, materials and make, elevated creativity, and are committed to transparent environmental and social impact strategies.

It is expected that the Australian Fashion trademark will drive industry growth and deliver revenue and jobs for the Australian economy through:

- Improved sales and demand for Australian fashion both locally and overseas
- Increased support for investment in local fashion design and manufacturing capabilities by Australian fashion businesses
- Enhanced international reputation for Australian fashion by leveraging positive attributes associated with Australian culture and design; and
- Increased recognition of Australian fashion products by consumers through providing a visual marker of quality.

The current EU-Australia FTA negotiations, highlights that a shared commitment to labour rights and environmental protection (including climate change) are now a prerequisite to continuing and growing bilateral trade<sup>9</sup>.

In addition, there is global demand for increased sustainability and traceability credentials over all products across the fashion and textile supply chains, from sourcing to manufacturing and recycling. This requires brands to ensure that their product and their business practices are environmentally and socially responsible. This is new territory for some brands and, as such, will require dedicated education and training.

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<sup>9</sup> [EU-Australian Trade Agreement](#)



Australian fashion currently holds a strong reputation for its quality in overseas markets, with exports totalling \$7.2 billion (more than double the exports of wine and beer). A well targeted promotional campaign could drive further growth in local and global fashion and give the industry the urgent boost it needs for its survival and revival. In turn we have the opportunity to make Australia an attractive tourist destination for its fashion culture.

The benefits of effective local and global promotion are clear – for example, every \$1 Wine Australia spent on marketing was associated with \$1.59 of economic benefits for Australian wine producers<sup>10</sup>. EY's 2022 industry modelling report expects a 5:1 return on investment of a well-designed international Australian Fashion campaign.<sup>11</sup>

## Recommendations

The AFC recommends \$2million funding to assist with delivering the following:

1. Domestic promotional campaign to create brand awareness via marketing, media and promotional activities as well as measurement and impact benchmarking (\$500,000)
2. Overseas promotional campaign in the UK market (identified through research as the key opportunity internationally for Australian fashion export opportunities) to generate brand awareness and stimulate and grow international demand for design-led, sustainable Australian fashion (\$1.5 million).

## Summary

The Australian fashion and textile industry is beautifully broad and diverse it is more than just champagne and runaways - it is a large employer across many sectors that contributes more than \$25 billion annually to the Australian economy, it has a strong industrial reputation in Australia and globally.

We look forward to continuing working with the Albanese Government in ensuring the Australian Fashion and Textile Industry delivers a strong contribution to the Australian economy, offers solutions for the current cost of living crisis as well as create pathways for meeting the government's current policy agenda. Investing in AFC will enable it to lay down the foundations for a women-empowered, world-leading industry that continues to set a standard in its transition to a socially, environmentally and economically thriving industry ready to meet the challenges of the future.



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<sup>10</sup> [Evaluation of Wine Australia's Marketing Activities: Cost Benefit Analysis](#)

<sup>11</sup> [EY Report commissioned by the AFC, Fashion Evolution: From Farm to Industry](#)