



## VCOSS Submission to Post-2005 Textile, Clothing and Footwear Assistance Arrangements

March 2003

*Everyone has the right to work . . . and to protection against unemployment.*

Article 23, United Nations Universal Declaration of Human Rights

The Victorian Council of Social Service (VCOSS) is the peak body of the social and community sector in Victoria. VCOSS raises awareness of the existence, causes and effects of poverty and inequality, and contributes to initiatives seeking to create a more just society.

Since 1946, VCOSS has been promoting the well-being of people in Victoria, especially those experiencing disadvantage. VCOSS is working to ensure that all Victorians have access to and a fair share of the community's resources and services.

Accessing employment is the primary means through which households are able to maintain a reasonable standard living. VCOSS is making a submission to this Productivity Commission review as a consequence of our concern that proposed tariff reductions will decrease employment opportunities in Victoria.

VCOSS is particularly concerned that the workers who would be most affected by these proposed tariff cuts are among the most marginalised workers within the Victorian workforce.

In 2002, women represented 59 per cent of the Textile, Clothing and Footwear (TCF) industry<sup>1</sup>; 41 per cent of TCF workers are from non-English speaking backgrounds<sup>2</sup>; and 74 per cent of the TCF workforce have no formal qualifications.<sup>3</sup>

These workers are vulnerable to becoming long term unemployed in the event of losing their current employment. Recent research demonstrated that retrenched TCF workers found gaining new employment difficult, and more than one third of retrenched TCF workers never worked again. Many workers who were able to gain new positions accepted work that was lower paid and less secure.<sup>4</sup>

Unemployment presents great costs to the unemployed beyond the obvious impact of living on a low income. Unemployed households are more likely to become homeless, to have chronic health problems, including mental illness and to become isolated from social networks.<sup>5</sup>

Unemployment also creates social and economic costs to the broader community and to Government - in social security benefits, increased pressure on health and social services, and an increased demand for public housing.

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<sup>1</sup> Australian Bureau of Statistics, 2002, Labour Force Survey Data

<sup>2</sup> Textile, Clothing and Footwear Union of Australia, 1999, *Victorian TCF Industry Training Plan 2000-02*

<sup>3</sup> Australian Bureau of Statistics, 1996, *Census of Population and Housing*

<sup>4</sup> M. Webber and S. Weller, 2001, *Refashioning the Rag Trade*, UNSW Press

<sup>5</sup> Brotherhood of St Laurence, 2002. *Precarious work, uncertain futures: the experience of 25 to 34 year-olds, Changing Pressures, No. 10*. Fitzroy: Brotherhood of St Laurence.

The argument that tariff reductions increase economic efficiency and consequently result in increased employment in other sectors of the economy must be questioned. Without concurrent tariffs reductions in Australian trading partner nations, decreases in tariffs in Australia result in a direct transfer of economic activity offshore.

Much of the money saved by Australians purchasing slightly cheaper clothes will be spent on other manufactured goods imported from overseas, and consequently there is little likelihood of any net gain to economic activity locally.

In the case of the low skilled industrial and manufacturing sector, the net loss will compound a decade of decline. In the State of Victoria, economic decline in the industrial and manufacturing sectors has created a structural glut of low skilled workers. This has translated into concentrations of job poor communities in regional areas and Metropolitan suburbs where previously healthy industries have declined.

As many TCF employers are located in already job poor communities, reductions in tariffs and consequent weakening of the TCF industry will add to job losses, further concentrate disadvantage and increase the associated social problems, including poverty and crime.

Concentrations of disadvantage also decrease the economic resilience of disadvantaged regions, as the collective skill set of the community declines when poverty increases and education and employment participation rates decrease.

VCOSS contends that the direct costs of tariff reductions in decreased employment opportunities for TCF workers, and decreased profits for TCF employers will result in far greater social and economic costs to the Victorian community, including increased poverty, burden of disease, social problems, pressure on health and social services, decreased economic resilience of disadvantaged regions and suburbs, and increased cost of social security. These costs will most affect workers who are already disadvantaged and marginal within the Victorian workforce. Consequently, VCOSS recommends that the Federal Government freeze tariffs at the current rate.

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VCOSS also contends that retrenched TCF workers should have access to special labour programs to assist them in gaining reemployment and minimise the disadvantage they experience. The former TCF Labour Adjustment Program demonstrably aided workers by providing targeted training, reskilling and employment assistance. VCOSS recommends that the Federal Government reintroduce these program and include 2 years of paid training and skills development in language, literacy and numeracy.

**VCOSS recommends that the Federal Government reintroduce the TCF Labour Adjustment Program and include 2 years of paid training and skills development in language, literacy and numeracy.**