

Post 2005 tariff and industry Assistance

Submission from the Brotherhood of St Laurence



Brotherhood
of St Laurence

Working for an Australia free of poverty

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Background

The Brotherhood of St Laurence is a Victorian based community organisation with a vision of an Australia free of poverty. The organisation is committed to ethical business practices and social responsibility, and will work with others to create:

- an inclusive society in which everyone is treated with dignity and respect;
- a compassionate and just society which challenges inequality;
- connected communities in which we share responsibility for each other; and
- a sustainable society for our generation and future generations.

(BSL Vision Statement 2001).

Since March 2002, the Brotherhood of St Laurence (BSL) has been one of only four accredited textile manufacturers in Australia, and the only accredited retailer through the two Hunter-Gatherer stores in St.Kilda and Fitzroy. This accreditation enables us to use the NoSweatShop label in all garments, an important and symbolic label which guarantees that all garments are made in Australia under conditions which support the provision of award wages, workcover, superannuation and other legal work entitlements for both factory and home based outworkers.

This submission is based on the BSL's involvement in the textile industry as both a manufacturer and retailer, and recognises home based outworkers as amongst some of the most marginalised, low income and vulnerable workers in Australia. In addition, the Federal Government's decision on post-2005 tariff and industry assistance measures is seen as crucial to the future of the industry in Australia.

Hunter-Gatherer—an accredited NoSweatShop label retailer

The establishment of Hunter-Gatherer by the Brotherhood of St Laurence as an accredited retailer demonstrates that it is possible to produce garments in Australia that can compete with imports to ensure both financial viability and social responsibility in what is a globally competitive sector. Government support is required to ensure this strategy is sustainable.

Any decision to further reduce tariffs beyond their current levels will result in further business closures and job losses in Australia. Tariff reductions over the past ten years have seen more than 36% of jobs lost as cheap imports have flooded the Australian Market (TCFUA, 2003).

Tariff reductions have created cost pressures that have contributed to an increase in home-based outworkers where workers do not receive award wages, often work in unsafe conditions, and are not receiving legal entitlements such as workcover and superannuation.

The NoSweatShop label accreditation system and the soon to be introduced Outworkers (Improved Protection) Bill in Victoria are vital in ensuring that Australia retains its small but significant TCF sector. Governments, manufacturers, retailers and consumers can demonstrate support by ensuring this label is promoted and more importantly, home based outworkers are protected.

Ethical business practices in the TCF sector—developing a competitive advantage

The establishment of Hunter-Gatherer as a NoSweatShop label retailer has contributed to improved sales for the store. There is considerable consumer interest in this issue, and a growing awareness of the conditions under which garments are made in Australia and offshore. There is an opportunity for the Australian TCF sector to reposition itself and to develop a competitive advantage based on ethical business principles and good labour practices. This can be supported by ensuring tariffs are not further reduced.

Interest in the NoSweatShop label has also come from some government departments in Victoria. Recently the Brotherhood of St Laurence and Parks Victoria commenced an innovative project that has resulted in the provision of 900 NoSweatShop label T.shirts for the Victorian fire crew. This has assisted Parks Victoria meet the government's commitment to the *Growing Victoria Together* strategy, has further promoted an understanding of the conditions facing most home-based outworkers, and has been met with considerable enthusiasm from the Victorian Fire Crew and Parks Victoria staff.

Corporate social responsibility and supply chain management—the OECD Guidelines for Multinational Enterprises

With the introduction of the *OECD Guidelines for Multinational Enterprises* (<http://www.ausncp.gov.au/>), Australian retailers in the TCF sector who are sourcing garments and apparel from abroad are at increased risk of investigation under these guidelines, if their activities offshore, including their supply chains, do not meet prescribed international standards. This is a further incentive for Australian firms and the government to support the TCF sector in Australia.

Conclusion

The Brotherhood of St Laurence has been able to demonstrate:

- That it is possible to produce garments in Australia in an ethical and socially responsible manner and remain commercially viable
- There is widespread consumer interest in the NoSweatShop label
- There is increased community and consumer understanding of the exploitative conditions under which many home-based outworkers in Australia are employed
- There is increased Victorian government interest in the TCF sector, with the Outworker (Improved Protection) Bill being an important first step in providing a legislative framework to protect these workers
- There is interest and scope to produce government uniforms in Australia with the No SweatShop label, as demonstrated by Parks Victoria.
- International mechanisms such as the OECD Guidelines for Multinational Enterprises will put pressure on Australian retailers to improve the supply chain practices abroad, and given the complexities of doing this, create scope to enhance and develop the TCF sector in Australia.

The Brotherhood of St Laurence believes the Productivity Commission should recommend to the Federal government that tariffs and other support should not be further reduced post 2005 arrangements.

The Brotherhood of St Laurence supports the recommendations put forward by the Textile Clothing and Footwear Union of Australia (TCFUA), as attached.

WHAT THE TCFUA BELIEVES THE PRODUCTIVITY COMMISSION SHOULD RECOMMEND TO THE FEDERAL GOVERNMENT REGARDING POST-2005 ASSISTANCE ARRANGEMENTS.

1. That tariff rates for the TCF sector remain at their current (2003) levels until such time as it is proven to be in the interest of Australian workers, their families and communities to reduce them further. That no further review of tariff levels be considered until at least 2012.
2. That a direct assistance program be continued until at least 2015 with the same yearly quantum as the current SIPS scheme. That this new scheme begin in 2005 after a review panel (with participants from all sectors of the industry) reviews the current scheme.
3. That any new direct assistance program ensure that there is a direct link between payment of government funds and employment of Australian workers.
4. That any new direct assistance program be made available to a wider cross-section of the industry than the current SIPS scheme.
5. That the current SIPS scheme be amended prior to the introduction of any new scheme. That such amendments include de-linking of Type 3 grants from Type 1 and 2 grants, amending the definition of new equipment to accommodate nearly-new equipment, and dropping the \$200,000 expenditure threshold to a lower level.
6. That the current SIPS scheme be immediately amended to ensure that companies on the brink of insolvency do not receive unconditional taxpayer funds.
7. That the TCF sector should be consulted about the detail of WTO and Free Trade Agreements trade negotiations prior to their finalisation.
8. That the Federal Government commission research that provides a realistic assessment of the real costs of reductions in the TCF workforce. That this research examines all of the costs associated with job displacement, especially in regional and rural areas.
9. That further promotion of the WELL program be carried out by relevant federal government departments with a particular emphasis on promoting integrated delivery of language, literacy and numeracy skills with vocational education and training.
10. That training with high generic skills content be encouraged through promotion of training at AQF levels 3-4, and professional development of workplace trainers and assessors in the TCF industries in order to enable them to deliver portable, generic skills as well as have up to date technical competencies.
11. That a special TCF industry information and communications technology program be investigated to overcome the barrier of lack of IT infrastructure in TCF enterprises on which to train.
12. That a range of strategies be developed to support the implementation of the Recognition of Current Competence (RCC). These strategies include the dissemination of information to employers and employees on the availability of RCC; that plain-English resources be developed for the use of workplace trainers and assessors and that a funding model which supports the implementation of RCC be developed.

14. That the Federal Government re-introduce the TCF Labour Adjustment Program with the following features:

the provision of up to 2 years training for workers who have been made redundant
the provision of integrated training for workers with language, literacy and numeracy needs
the provision of a wage during the training
access to training should not be means tested
a wage subsidy to employers who take on redundant TCF workers
discreet funding for LAP liaison officer positions who can facilitate the process

15. That the Federal Government introduce amendments to the Workplace Relations Act 1996 that mirror the provisions of the NSW Ethical Clothing Trades Act 2001 and Victorian Outwork (Improved Protection) Act 2003.

16. That the Federal Government support the work of the Homeworkers Code of Practice Committee to encourage ethical sourcing and the work of this committee.

17. That the Federal Government support an Ethical Trading Initiative whereby Australian companies sourcing offshore and onshore and other Trans National Corporations meet international ILO core labour standards and establish methods to monitor and make transparent national and international contract chains in conjunction with existing and potential Australian and international voluntary and legislative frameworks.

18. That the Federal Government introduce an Ethical Procurement Code that ensures that all departments and agencies source TCF products from suppliers that provide to workers their minimum wages and conditions, and in addition, assists the awarding of these contracts to Australian companies.

19. That Workplace English Language and Literacy programs that provide integrated language literacy numeracy and vocational skills be targeted and expanded for TCF outworkers in each state.

20. That the government introduce programs that facilitate Recognition of Current Competence Programs for workers, including outworkers, to access the training agenda and encourage skills recognition.

21. That the Federal Government introduce a multilingual inspectorate unit specific to Award compliance for TCF Awards that will focus on the subcontract chain Award compliance and outwork work conditions.

22. That the Federal Government establish a national Outwork committee that includes representatives of the TCFUA to facilitate national outwork policy and implementation of relevant legislation and policy.

23. That the Government consider a taxation and social security amnesty for outworkers and focus compliance towards money laundering and tax evasion by TCF corporations.

24. That the Government ratify the ILO Homeworkers Convention 177 and its recommendations.

25. That the government introduce programs to promote occupational health and safety for outworkers in TCF industry including promotional and education campaigns directed at employers and outworkers.

26. That the Federal Government enter into discussions with state governments to promote a common approach to dealing with outworker exploitation.

27. That the Government support an education and consumer awareness campaign with relevant community, consumer campaigns, industry groups and the Textile, Clothing and Footwear Union of Australia, the FairWear campaign and the Homeworkers. The government should provide funds and resources to such groups such as the Code of Practice Committee to deliver a comprehensive education and information strategy.

28. That the Federal Government establish a TCF Industry Development Organisation with representatives from both the TCFUA and employer bodies.

29. That in relation to the protection of entitlements the Federal Government must immediately enact a scheme which requires employers to ensure that 100% of all employee entitlements must be secured and protected.

30. That the Federal Government should immediately amend the Corporations Act 2001 to vary the order of priority of payment to creditors in the case of insolvency to place employees before secured creditors. Such priority to employees would apply to 100% of all employee entitlements owed, including superannuation.

Tariffs should be frozen

The TCFUA believes tariffs post-2005 should be frozen at their current (2003) levels until such time as it can be proven to be in the interests of Australian workers, their families and communities, to reduce them further.

The TCF industry, including the TCFUA, is committed to developing a world-class TCF sector with an emphasis on manufacturing high-value added products that can be exported to the global market. The TCFUA wants an industry characterised by new product development, investment in new technology and continuous innovation. Further reducing tariffs in 2005 will hinder the development of the industry.

Those with an ideological desire to reduce tariffs regardless of the consequences to Australian workers need to be reminded that TCF tariffs have fallen dramatically since the mid-1980s.

In 1986 the TCF clothing tariff was 130%¹. It is now 25%. This 80% drop in the tariff rate has come at a huge cost to TCF workers. From 1986 to 2001 TCF employment levels have halved from 116,000 workers to 58,500². It is hard to argue that falling tariff rates are not the major cause of this decline.

¹ IAC 1997 Report, Pg 394.

² ABS. TCFL Employment. ANZIC 4d by Financial Year.