

The Uniting Church in Australia
Synod of Victoria and Tasmania
Justice and International Mission Unit

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20 June 2003

Review of TCF Assistance
Productivity Commission
PO Box 80
Belconnen, ACT, 2616

Dear Commissioners,

I am writing on behalf of the Justice and International Mission Unit, Synod of Victoria and Tasmanian, in response to the "*Review of TCF Assistance Position Paper*".

We are appalled that the Productivity Commission position paper has failed to give any consideration to Australia's human rights obligations as outlined in UN treaties that Australia is a State Party to. This is especially true of the *International Covenant on Economic, Social and Cultural Rights* as spelt out in the Unit's original submission to the Productivity Commission. On the other hand the position paper is deeply concerned about Australia's obligations to the WTO and that action taken to assist Australia's TCF industry should seek to "Minimise the risk of complaints to the WTO." The Unit notes that the Productivity Commission's terms of reference for the inquiry included to:

"analyse the short and long term implications of policy options, including tariff options, consistent with the Government's international obligations, which would encourage the sector to adjust to a more viable and sustainable competitive position, giving particular attention to the impacts on regional areas with significant TCF activity."

Position of the Justice and International Mission Unit

The Unit responds out of its theological underpinnings of a Christian understanding that Jesus called on his followers to 'love their neighbours as themselves'. Internationally accepted human rights standards represent a minimum standard of what this 'love of neighbour' may entail. Trade should take place within a context of respect for the basic human rights and dignity of each person. Further, the Unit acts out of the commitment made by the Uniting Church in Australia in its Statement to the Nation at the Inaugural Assembly in June 1977:

"We acknowledge with gratitude that the Churches from which we have come have contributed in various ways to the life and development of this nation. A Christian responsibility to society has always been regarded as fundamental to the mission of the Church. In the Uniting Church our response to the Christian gospel will continue to involve us in social and national affairs."

We are conscious of our responsibilities within and beyond this country. We particularly acknowledge our responsibilities as one branch of the Christian church within the region of South-East Asia and the Pacific. In these contexts we make certain affirmations at the time of our inauguration.

We affirm our eagerness to uphold basic Christian values and principles, such as the importance of every human being, the need for integrity in public life, the proclamation of truth and justice, the rights for each citizen to participate in decision-making in the community, religious liberty and personal dignity, and a concern for the welfare of the whole human race.

We pledge ourselves to see the correction of injustices wherever they occur. We will work for the eradication of poverty and racism within our society and beyond. We affirm the rights of all people to equal educational opportunities, adequate health care, freedom of speech, employment or dignity in unemployment if work is not available. We will oppose all forms of discrimination which infringe basic rights and freedoms.

We will challenge values which emphasise acquisitiveness and greed in disregard of the need of others and which encourage a higher standard of living for the privileged in the face of the daily widening gap between rich and poor.”

Disregard of Human Rights Obligations in the Position Paper

The Productivity Commission position paper completely ignores any responsibility Australia might have to promote and encourage respect for basic human rights within the global TCF industry. The position paper takes the immoral position that Australian consumers should be allowed to financially benefit from human rights abuses that occur in TCF factories in places like China, Vietnam and Pakistan. Further, it is implicit that it is acceptable, possibly even desirable, for companies to use such abuses and exploitation to gain an advantage over competitors that may seek to uphold the basic human rights of the people that produce their goods. In the words of the Commission (p.XVII) “However, seeking to offset these competitive realities through high tariff barriers would be neither effective nor in Australia’s interests”. Also (p.29) “Labour cost differences are an inherent feature of the sector’s operating environment and not something which can or should be directly targeted to be offset through government policy intervention.” The Commission also welcomes the efforts of the WTO and other international trade organisations to move (p.79) “away from emotive sectoral notions of fair trade.” Further, (p.XXII) “Basing assistance policies on subjective notions of ‘fairness’ would not be sensible or appropriate. Some might regard it as ‘unfair’ that Australia’s consumers pay a high price to protect domestic TCF activity.... Furthermore, a concept of ‘fairness’ would be extremely difficult to apply in the formulation of assistance policy.” The Unit would point out to the Commission that basic internationally accepted human rights standards are not “subjective” or “emotive” notions, unlike the concept of ‘national interest’.

The Commission shows that it is not entirely ignorant of the human rights abuses that occur in the TCF industry overseas acknowledging that “more stringent labour laws designed to promote the fair treatment of TCF employees” in Australia have contributed to TCF firms in Australia facing increasing “competitive” pressures (p. 18).

The Productivity Commission speaks of the need for Australia to act “on an objective assessment of what is in Australia’s best interests.” However, this subjective concept of ‘national interest’ appears to be only defined in terms of selfish macro-financial interests. The concept appears to exclude the possibility that it may be in the ‘national interest’ to be seen globally as a country that takes basic human rights standards seriously and seeks to encourage redress to human rights abuses wherever they occur.

The Commission speaks of “efficient Chinese suppliers” and improving productivity in developing countries, but fails to give any acknowledgment that such efficiency and productivity is often built on human rights abuses.

The Unit agrees with the Commission that Australia should seek to ensure that employees in Australia are well-paid, but also that people producing goods for Australian markets are paid decent wages in line with UN human rights standards Australia has pledged to uphold.

Protecting Basic Human Rights

The Unit is not seeking to protect Australian jobs *per se*, but rather is seeking to ensure that competition in the TCF industry is not based on the greatest financial advantage going to companies and countries that use the greatest level of human rights abuses and exploitation. The Australian Government should take steps to ensure that companies and countries that engage in such abuses are not rewarded with greater market share, for example using its membership of the ILO, WTO and APEC to achieve this end. Further, the Government should be seeking to ensure that jobs in the global TCF industry do not shift from places where the basic human rights of employees are respected to places where they are abused. Tariff barriers are a blunt way of seeking to achieve this and more targeted disincentives to exploitation would be desirable. However, until such time as steps are put in place to prevent competition on the basis of human rights abuse and exploitation there should be no reduction in existing tariff barriers.

It is quite clear that countries such as China and Bangladesh would still have significant labour cost advantages over Australian companies if employees in the TCF industry in such countries were guaranteed their basic human rights, including a living wage and reasonable limitations to working hours.

Acting in the Interests of Australian Consumers

The position paper assumes that the interests of Australian consumers are limited to issues of price. It is quite clear that a significant number of Australian consumers are concerned about exploitation and human rights abuses linked to the clothes they buy. Companies exposed for being connected to such activities know that they face significant negative publicity. If consumers did not care about these issues, then the companies would not need to worry about being exposed as having connection to such human rights abuses. The Productivity Commission should be recommending that supply chains be monitored so that human rights abuses and exploitation can be made public and consumers can make choices based on knowledge about the conditions of the employees that produced the goods that they are buying. This would be catering to the interests of a majority of Australian consumers, being in their ‘national interest’.

Protecting Employee Entitlements in Australia

The Unit welcomes the Productivity Commission statement that “Further policy initiatives to address employees’ legitimate concerns (particularly given the history in this sector) about the security of their entitlements in the event of firm closures could be warranted.” We would support an independent review as a first step.

Outworkers

We reject the finding of the Productivity Commission that further regulatory protection for outworkers is not needed at this time due to the Commission being uncertain of the extent of

exploitation amongst Australian outworkers and that the voluntary *Homeworkers Code of Practice* should be given time to be assessed. The Commission has ignored the fact that the large number of retailers that signed on in late 2002 appear to have largely done so because of the NSW *Industrial Relations (Ethical Clothing Trades) Act 2001* and the likelihood of similar legislation being introduced in Victoria (which has subsequently happened). Without these legislative initiatives coming into place it is likely that many retailers would have still avoided adopting the voluntary Code. Companies had been avoiding full commitment to the *Homeworkers Code of Practice* for six years before the introduction of State legislation. The Unit is therefore highly supportive of legislative and regulatory initiatives that will back up the *Homeworkers Code of Practice*.

Summary

- The Unit believes that the Productivity Commission should give consideration to Australia's human rights obligations in considering TCF assistance.
- Internationally accepted human rights treaties are not "subjective" or "emotive" notions.
- The Australian Government should take steps to ensure that TCF goods imported into Australia are not produced through the abuse of the basic human rights of those that produced the goods.
- The Australian Government should take steps to ensure that companies and countries that engage in such abuses are not rewarded with greater market share, for example using its membership of the ILO, WTO and APEC to achieve this end.
- The Government should be seeking to ensure that jobs in the global TCF industry do not shift from places where the basic human rights of employees are respected to places where they are abused.
- Tariff barriers are a blunt way of seeking to achieve this and more targeted disincentives to human rights abuses would be desirable. However, until such time as steps are put in place to prevent competition on the basis of human rights abuse and exploitation there should be no reduction in existing tariff barriers.
- The Productivity Commission should be recommending that supply chains be monitored so that human rights abuses and exploitation can be made public and consumers can make choices based on knowledge about the conditions of the employees that produced the goods that they are buying.
- The Unit would support an independent review of employees' legitimate concerns about the security of their entitlements in the event of firm closures.
- There is a need for legislative and regulatory action to ensure that the voluntary *Homeworkers Code of Practice* has impact in ending exploitation of outworkers in the Australian TCF industry.

Yours sincerely,

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