

From: Phil Endersbee [<mailto:philip@wildernesswear.com.au>]
Sent: Monday, 4 March 2013 4:19 PM
To: Jo-Ann Kellock
Cc: Peter McDonald; Wilder Ruiz; Jane Endersbee; Ian Summerton
Subject: ACCC submission -please take this and submit.

Dr Richard Chadwick
General Manager
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

Re: Homeworker Code Committee Incorporated - Revocation & Substitution - A91252 -A91255

I make this submission in relation to the application lodged with the ACCC by the Homeworker Code Committee Incorporated (HCCI) for Ethical Clothing Australia (ECA) on 21 February 2013. I note the Code is currently under review and would also like this letter to be considered in regard to any subsequent amendments proposed or submitted to that application.

It is a sad commentary on our industry and also on those who have the legitimate authority to make changes that when those who wish to employ more and grow their business in Australia are constantly being presented with legislative changes that drive people and capital offshore.

In 1974 we had 350,000 workers in this industry whilst today we have 35,000. I think it is fair to say that those who are left are very passionate about providing a good work environment, with good conditions and fair wages. I accept there are exceptions as there are in every industry but this must be kept in perspective and addressed on an exceptional basis.

The success factors for those that remain in this industry is not one where we are making basic cotton socks and underwear but rather we are niche specialists producing niche products, that can be done with short lead times, where retailers can be topped up quickly in the middle of the season if the new fashion style proves to be very successful etc etc. It is these very elements that do mean when a business like us is using someone outside or for others who may outsource much of their production that this flexibility with labour and resources becomes crucial. In other words the elements of a supply chain with different independent operatives at each link in the chain is what will continue to be the most effective modus operandi and it is some of these participants is what are now suffering without just cause.

Let me give you some real examples to best describe how this current legislation does impact and how further restrictions, particular if unwarranted and not justifiable, can impact in an increasingly detrimental way to all concerned.

In our operation we use Polartec fleece for jackets. After our last winter run we had some fabric left over and we had a customer who wanted some track pants. So we went to get a pattern done and the grading for that pattern. Can we give the pattern to people where we are required to give 20 hours per week - NO, but the legislation implies we should???

We then speak to an outside maker. We show them the sort of pants we want & give them the pattern. We ask how much - they say \$20 plus gst. We think about it, as in with the fabric etc and then our overhead and ask

ourselves is there anything left over. We want to go ahead but there is a catch and this is where the system comes unstuck.

Why is this so :

1. We have not made these before.
2. The law says we have to cost the product ie how many minutes of labour to cut & sew; what is a fair direct & indirect expense component; what would a fair overhead & profit be. ?
3. Once done the onus is then on us to sum this up and see how it measures up with the quoted \$20 and to then prove to ourselves that within the direct labour element there was enough money for a trained operative to make the garment in the allocated time and be paid the proper award amount for such work.

In a real and practical sense this is not something that should be thrust upon an employer/owner. It assumes everyone has the time to do it let alone the skill set to perform the task. Is this really our responsibility?

To then further impinge on the business owner doing the outsourcing that any shortfall in any area to do with labour laws, OH&S, super, work cover etc is deemed also to be his responsibility is naive in the extreme and one could only conclude if this is for real then –

" why would you bother manufacturing in Australia".

In conclusion on this I would like to remark that it is now some 12 months since we introduced more changes. Changes that we were told that were absolutely necessary because we had up to 17 times our TCF labour force in Australia (600,000 workers – quote from an academic at Monash who presented to the Senate enquiry in 2012) who were working in illegitimate backyards and being paid \$2 per hour. It was because of this sort of argument & hysteria that changes were made. Well, I can only say the real litmus test is how many prosecutions have been brought on since the legislation was introduced ?? Not one & that says it all for me.

Let' s think about what we are doing , let' s think about the end result we all want to achieve, let's be realistic & understand that only a few like us will say the system is wrong and the rest will vote with their feet which is just a steady path to China.

I would also like to add that we are an ECA accredited business and we have walked through all the elements that needed to be complied with and in so doing have also worked with the Union to ensure that their access and sign off on what we do was not impeded. In some ways this can be confronting but as the head employer I am happy to cope with that but I do feel that it does mean that those who do some outside work on our behalf have been put through the ringer. This can be very difficult when you have decent size businesses running good companies who are put through the ringer without reason & have remarked "if it was not for a steady & many years long relationship would have told us to whistle dixie". This does say to me that for a dynamic fashion oriented business where change is par for the course they would not entertain or be entertained by those in the supply chain & would be forced offshore. Our migration of labour offshore must be of primary concern and the degree of employer interrogation needs to be kept in perspective given the rights many have under common law and more so with the Union behind them.

In concluding, may I quote the old Jewish business proverb "may you employ more !!!" and just go on to say that in whatever we do or decide please ensure that we have workable solutions for the industry rather than just adding to the list of reasons and excuses that can and are used as to why many just move resources elsewhere, which is usually offshore. There

must and needs to be a balance between all interest groups, whether that be the HWCC, ECA, TCFUA, TFIA, employers and most importantly employees.
Yours sincerely,
Philip

<image001.jpg>

Philip Endersbee | Managing Director

Wilderness Wear Australia Pty Ltd

T: +61 3 9416 7211 | M: +61 419 321 521 | F: +61 3 9416 7255

E: philip@wildernesswear.com.au | Web: www.wildernesswear.com.au

<image002.jpg>

<image003.jpg>