

Ethical Clothing Australia - response to submissions raised in relation to the application for interim authorisation – 5 & 6 March 2013

The compliance costs in relation to the Code, in particular the cost of compliance paperwork and the seeking of many statutory declarations for each order in the context of small order runs and short lead times.

This why we have Accreditation Advisors to assist people with their application and provide tools (e.g. Award Guide, Guidelines to Accreditation) to help them. Majority of paperwork is actually a legal requirement of the Award & Fairwork Australia (e.g. Board of Reference). If a company is meeting all Australian minimum labour standards then the Stat decs are simply done. ECA did seek legal advice about use of Stat decs which were confirmed as most effective method. Also some simplification being addressed in revised Code in terms of reducing the number of schedules required and making language clearer.

No cost associated with compliance paperwork. Wages records, super, work cover are required for a business regardless. Work Records and Work Arrangements templates are provided free by ECA. BOR registration is free and ECA provides paperwork for this.

Stat decs have been reduced from 6 to 4 in new Code. Also not all stat decs are required in each instance. i.e. 3A only if in-house, 5 only if outworkers used by principal, 4 only if outsource, 6 if outworkers used by contractors. Therefore the most a principal applicant would fill out might be 4 and 5, and the supplier 4 & 6. Therefore 2 stat decs!

Smaller runs and short lead times are precisely the instances whereby prices are tempted to be squeezed leading to lower, illegal pay rates for workers doing the work.

Suppliers must gain accreditation under the Code in order to be able to supply to accredited businesses. Accordingly suppliers have questioned whether this removes the voluntary aspect of the Code.

Accredited businesses seek accreditation for whole supply chain otherwise consumers could not have confidence of the standards being met in the manufacturing process of the products they are purchasing. Industry is made up of long and wide complex supply chains with outworkers at the bottom but work passing through all levels before it gets to them. However an important point is that those suppliers don't need to apply for accreditation and pay a fee, they simply need to show they are Award compliant – in short that they need to prove they are complying with the law. No supplier is required to continue to supply a company seeking accreditation. They can go supply for someone else.

That the Code is intended to prevent exploitation of homeworkers but that, as part of its accreditation audits for the purposes of assessing supplier's compliance with the Code, the Textiles Clothing and Footwear Union is assessing suppliers' compliance with Awards and legislation in relation to workers which are not homeworkers and refusing accreditation under the Code on this basis.

The Code has always required checking and compliance of the whole supply chain(see above). Independent studies, reports, senate enquiries have all stressed that in order to reach and ensure fair conditions for outworkers the whole supply chain must be transparent.

Cannot accredit a company that legally employs homeworkers properly yet may be paying low wages etc. to in-house workers. Compliance checking of in-house workers regularly shows underpayments, illegal hours, improper Super, leave, OHS issues. Govt (procurement) and consumers must have confidence in ECA certification.

Whether the Code leads to significant public benefit given industry changes which have substantially reduced the number of homeworkers and the existence of alternative methods to reduce homeworker exploitation such as the Fair Work Ombudsman, Fair Work Australia and the Textiles Clothing and Footwear Union's powers under legislation.

Public benefit well proven by numerous ECA reports on number of accreditations, compliance outcomes and outworker contacts and subsequent receiving of minimum entitlements. We are required as part of our funding agreement with DEEWR to collate statistics to demonstrate that we are meeting our objectives with respect to preventing the exploitation of homeworkers and promoting the Code. Evidence only just starting to show real improvements in outworkers conditions. It is a global trend in the industry to have a more transparent and ethical supply chain. Local industry and jobs will not survive through trying to compete against low wages and substandard conditions in third world countries but through domestic and global supply of high quality innovative and ethically made products.