



Australian Government

Department of Education, Employment and Workplace Relations

Deputy Secretary  
John Kovacic

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

Dear Mr Chadwick

I refer to your letter of 15 March 2013 regarding the application by The Homeworker Code Committee Incorporated (Committee), for reauthorisation of a revised version of the Homeworkers Code of Practice (the Code).

In your letter you invited the Department of Education, Employment and Workplace Relations (DEEWR) to make a submission on the likely public benefits or any public detriment and effect on competition from the arrangements proposed by the Committee.

The Australian Government remains strongly supportive of the Code. The ongoing authorisation of the Code is crucial for the continued delivery of a key Government initiative to protect vulnerable workers in the Textile, Clothing and Footwear (TCF) industry. The Government has supported the work of the Committee, including administration of the Code, by making available \$1 million in grant funding each financial year since April 2008 (facilitated through Ethical Clothing Australia (ECA)). The funding for ECA continues until 30 June 2015.

The Code serves as a mechanism that indicates that a TCF employer is compliant with all relevant Australian law and that their employees are receiving appropriate entitlements. The Australian Government Procurement Statement requires that all TCF industry participants contracting for Government work must be accredited under the Code.

The Government also supports and promotes the Code through the Fair Work Principles, which set out the Government's commitment to ensuring an appropriate safety net for homeworkers in the Textile, Clothing and Footwear (TCF) industry (Section 5.5 of the Fair Work Principles User Guide refers).

The Government has provided this support in recognition that homeworkers in the TCF industry are susceptible to exploitation, for example being underpaid, working excessive hours and not receiving entitlements like superannuation and leave. Homeworker exploitation can also be compounded by complex supply chains in garment production which make it difficult for homeworkers to identify their actual employer.

The Government's amendments to the *Fair Work Act 2009* in 2012 again reaffirmed its commitment to the vulnerable workers in the TCF industry.

A recent post implementation review of the textile, clothing and footwear provisions of the Australian Government Procurement Statement (to be published shortly) cites numerous studies, inquiries and reports confirming the susceptibility to, and past evidence of, the exploitation of homeworkers in the TCF industry. The review concludes that Code and the Fair Work Principles in combination are having an impact on workers in the supply chain "with 68 companies accredited by the Code, ensuring that they comply with all relevant pay and conditions requirements that are monitored, confirmed and protected to a standard not previously seen". There are several case studies where the Code has assisted homeworkers who were not receiving award entitlements and to rectify poor working conditions.

In terms of public benefit, the accreditation program, as underpinned by the Code, is effective at determining whether suppliers are meeting their workplace obligations, while also providing incentives for compliance (eg accreditation under the Code permits manufacturers to use the Ethical Clothing label on their products). The accreditation process penetrates the complex supply chains common in the TCF industry and encourages transparency in employment arrangements, particularly for homeworkers. We note that since the commencement of Government funding in 2008, ECA reports that it has assisted nearly 6000 homeworkers of which approximately 3000 are in accredited supply chains.

DEEWR has not received any complaints regarding the Code that would indicate it has impacted negatively on competition or has caused any public detriment. In terms of the impact on businesses seeking accreditation, the fees range from a minimum of \$300 to a maximum of \$6,000, although there are significant discounts for re-accreditation. The post implementation review finds that the administrative burden (and associated cost) is minimal. It concludes that the "introduction of the requirement for accreditation under the Code [to be able to contract for Australian Government work] has had a negligible impact on those manufacturers (and businesses in their supply chains)".

If you require any clarification in relation to this matter, please contact Alan Edwards, Branch Manager, Building Industry and Programs Branch, Workplace Relations Implementation and Safety Group on 02 6240 8197.

Yours sincerely

  
John Kovacic  
10 April 2013