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SUBMISSION TO: **Senate Education, Employment and Workplace Relations Committee** re
TCF Legislation.

Dear Senate Committee,

These days, I wonder if I am actually Australian and living in Australia. I had always been brought up to believe you can do and be anything and have raised my adult children to believe in the same. Never had I believed that I would find myself singled out having archaic restraints placed on our businesses making it impossible to sustain our business and employees.

I have worked in the corporate world for many of Australia's top design and manufacturing companies, whereby we would design in Australia and Manufacture in China. I have seen it all; the ends one would go to for a \$4.99 T-shirt in Kmart.

I loved travelling to China but found it very confronting dealing with the conditions we were asking the people in China to work under. And these were Ethically Approved.

I have always been passionate about local manufacture and Australian Fashion. 12 months ago I made the brave move to move out of the corporate world and decided to buy Rayona Frock Manufacturing. (Now Melbourne Made) .RFM has been a staple in the manufacture of high-end woman's wear since 1959. I am the third owner. The previous owner had the business for 25 years. One of the positives was that RFM was ECA (Ethical Clothing Australia) approved. This was a huge incentive for me as I care deeply for the welfare of others. It was important that my business showed this in its support of its people. The previous owner had been fined \$10,000 for incorrect paperwork. This was after running her business in the same manner for 20 years. A manner, which complies with all Australian Tax Laws. The union scared her- in her words. "I was raised in a communist regime, this is communism all over again!"

I now believe that ECA is a front for the TCFUA.

From day 1 of taking over this business I have found many flaws with the TCFUA practices with regards to these practices being applied to business.

As mentioned, Rayona was ECA. Rayona had in-house workers and a full time contractor that was approved by the TCFUA as a Contractor. The paper work the TCFUA had sited and approved were invoices from the Contractor to Rayona with GST.

The TCFUA then changed their mind saying that my once approved Contractor was an Outworker. Never mind that they approved her invoices to Rayona with GST. They now expected me to tax a contractor that is a Partnership that charges GST. They have no understanding of business, as they did not know that you could not have both. Either they are a Contractor that charges GST OR they are an employee that is taxed.

It took a minimum of 4 months of conversations with the TCFUA, my contractor and my contractor's

accountant for the TCFUA to re confirm she was a Contractor and not an employee. The TCFUA would not and have not to date confirmed or explained why they approved her as a Contractor.

What prevailed next was many in the sector asking the same question. What is the difference between an Outworker and Contractor? The TCFUA would not confirm this, as they didn't want any more contractors.

Many discussions were had with other Manufacturers, Designers within our Sector to gain a better understanding of Schedule F and how it applied to business. Constantly the same question arose.

"What is the difference between a Contractor and Outworker" and how did I have her approved as a Contractor. The TCFUA would not answer this.

Next the TCFUA threatened me that because I was having "conversations discussing the legislation".... my accreditation would be taken away. So here I am, in Australia, where freedom of speech is ingrained in us and I have been told I am not allowed to discuss the legislation or that I have an approved Contractor. So the TCFUA do what they do best. They couldn't answer why she was a Contractor so they again said she was no longer a Contractor and is now an Employee.

Tell me how the TCFUA has the right to tell someone they are not allowed to run their own business from home. We are the ONLY sector in Australia that has these constraints placed on our business and it's people. What about their choice to work from home and run their own business. The global trend is to work from home and get a greater work/life balance. These people have run successful businesses from home, raised their children, bought houses but somehow the TCFUA believe it is their right to take this privilege away from these people. They have had business, either PTY or Partnerships that they have built and raised their families through. They quote and earn at a higher rate than the Award. The businesses are run as legitament enterprises, affording them tax incentives and the TFCUA expects these people to go back to an Award rate and be taxed on top of this and lose the equity in the businesses they have set up and run for over 20 years!

The TCFUA say they are looking after the Outworker who is payed \$3.00 per hr. I am yet to meet a Machinist on the \$3.00 an hr. All I have met are above the Award Rate to compensate for entitlements. The voice of the Outworkers earning such low wages needs to be heard BUT the legislation does not allow for the voice of all our workers. Many choose to work from home as Contractors so they can balance their family life.

We all know small Business is very difficult to run and manage cash flow. The Fashion Industry is highly seasonal with true peak seasons and low times.

Having Contractors promotes flexibility within the workforce and enables us to all benefit from these peak times to balance against the slow times.

The TCFUA is stuck on piece price where as a business model this does not work. Each job should be taken and quoted on its merit like all businesses do. The Contractors total business income for the year is taken into account.

If we did an audit of all people in Small Business and calculated the hours we put into our business against the wages we pay ourselves- I am sure we would find that we are all under the Award. But to fully appreciate this, one needs to understand Business. The TCFUA does not seem to have any business acumen and understand you cannot compare the wage of an Employee to that of a Self Employed Person.

These Contractors have the ability to take on as much business as they want in the busy times- as I do - which compensates for the quiet times.

The TCFUA wants to take away the equity in their business's, pull them back to a base AWARD rate, tax them and take-way any tax incentives they are entitled to from their business's.

Tell me what do they say to their bank manager when their overall yearly income is decreased and they can no longer pay their mortgages.

This situation is a Human Rights Issue and a Restriction of Trade.

I fully support Fair Wages but I also support Human Rights and people should be able to be a Contractor and have their own business, if they so choose.

Senator Shorten, I ask you to take the time to listen to all Contractors within our sector and afford each of us the choice and flexibility that is afforded to all other sectors in Australia.

There are great opportunities that we would all like to take advantage of, but our businesses do require the flexibility of Contractors for the business opportunities to be viable for all stakeholders. The alternative is a fear we live with daily. We have seen the closure of many great Australian companies and the loss of skilled people when such companies close.

The flexibility would allow Local Australian Manufacture to be a sustainable option for our Designers, enabling us to continue to employ sub – contractors skilled in our sector and not lose them all together.

As it stands there is no incentive for young Australian Graduate Designers to set up their own business as the legislation is completely unworkable in a real world.

I do hope you take the time to consider the voice of our Industry and its future in Australia. I also ask that you make an informed decision to support Australian Manufacture. Information that is current, true and considers everyone in our sector.

To make a blanket decision that doesn't afford flexibility and choice of its entire people is not a Fair Option for Australians.

I look forward to your response.
Kind Regards,

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