

**Senate Standing Committee on Economics**  
ANSWERS TO QUESTIONS ON NOTICE  
Innovation, Industry, Science and Research Portfolio  
Supplementary Budget Estimates Hearing 2011-12  
19 October 2011

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**AGENCY/DEPARTMENT:** DEPARTMENT OF INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

**TOPIC:** ETHICAL EMPLOYMENT PRACTICES

**REFERENCE:** Question on Notice (Hansard, 19 October, Page 48)

**QUESTION No.:** SI-33

**Senator COLBECK:** It appears that there might be more, including some board members of the industry association. What role does Fair Work Australia play in this? You have a body that is set up—

**Senator Carr:** We will have a look at all of that. The policy intent was to find an industry regulatory model that ensured that people were—

**Senator COLBECK:** But you've got an employment workplace agency that is well and truly resourced to deal with those sorts of things. Why can't its satisfaction with employment terms and conditions be something that satisfies the department's part of this process?

**Mr Lawson:** The decision was made that they had to use Ethical Clothing Australia, which is a voluntary industry agreed organisation.

**Senator COLBECK:** It is voluntary unless you want to associate with the government.

**Mr Lawson:** There is an independent board, there is no government control of the—

**Senator COLBECK:** No, but the government stipulates that, if you want to obtain funding from the government's investment programs, you will go through this process. Minister Carr talks of innovation, R&D, all the time. There is a fairly successful textile company in my home town. Their innovation and investment, particularly through the Strategic Investment Program, has kept them in the game. It is that investment through these government programs that has put it at the leading edge. It is the last surviving towel Manufacturingurer in the country. I don't know whether this is the company that is involved with this process; I use it as an example because I know it well. It has invested heavily through the SIP program to keep its business at the leading edge. It is a bloody good business and it is doing really good stuff. But here we are saying that, if you want to continue to innovate, if you want to continue to access the funds that we're providing to keep this business and industry alive, you've got to subscribe to this process—you have no choice.

**Mr Lawson:** The SIP program and its replacement, the Building Innovative Capability program, are entitlement based programs: if you do certain activities you get that money. This requirement doesn't apply to those legislated programs; this requirement applies to the relatively small \$35 million Strategic Capability Program, which is a competitive grants program.

**Senator COLBECK:** So the big guys, who are the ones who usually use the SIP stuff, are fine, but the little guys—

**Mr Lawson:** There is a range of sizes in both programs.

**Senator Carr:** Until the factory's inspected, I'm not aware if it runs sweatshops.

**Senator COLBECK:** I know they don't. I know people who work there. It's a successful business in the community. I'm not trying to decry the desire to ensure proper wages and conditions, please be assured of that. I am questioning the process of having—

**Senator Carr:** I understand. We are in agreement that there ought not to be sweatshops.

**Senator COLBECK:** Yes.

**Senator Carr:** We are in agreement.

**Senator COLBECK:** Absolutely.

**Senator Carr:** We are in agreement that there ought to be ethical employment practices. The only question is whether or not this is the appropriate administrative scheme to certify that.

**Senator COLBECK:** Whether or not you create a government funded monopoly—

**Senator Carr:** We will have a look. We will come back to you on further detail.

## **ANSWER**

Ethical Clothing Australia (ECA) plays a role in accrediting Australian companies that are adhering to the Homeworkers Code of Practice. The Textile, Clothing and Footwear Strategic Capability Program (TCF SCP) guidelines currently require clothing industry applicants to be accredited or be seeking accreditation through ECA. The Department is now investigating whether additional accreditation options, such as Social Accountability 8000 (SA 8000), should also be considered in future TCF SCP funding rounds. If additional accreditation options are added, program guidelines will be amended to reflect such changes.