

13th July, 2004

The Secretary
Senate Economics Legislation Committee
Room SG.64
Parliament House
CANBERRA ACT 2600

Submission to the Senate Committee Inquiry into the provisions of the Textile, Clothing and Footwear Strategic Investment Program Amendment (Post-2005 scheme) Bill 2004 and the Customs Tariff Amendment (Textile, Clothing and Footwear Post-2005 Arrangements) Bill 2004

The *Mercy Foundation* has a number of concerns about the tariff reduction bill and SIP bill for the Textile Clothing and Footwear industries currently before Parliament. As a long term member of the Fair Wear Campaign, and greatly concerned about the ongoing exploitation of outworkers in the clothing industry in Australia, we have been monitoring developments in this industry. Our key concerns are as follows:-

1. There is no justification for further reductions in tariffs in the clothing industry. The clothing industry is already heavily exposed to overseas competition through high relative mobility industry (you can put a sewing machine anywhere – even in your home!), the high value of the Australian dollar and already low tariffs.

2. Outworkers in the clothing industry in Australia are reporting considerable hardship due to reduction of work, loss of work, and employers threats of “take this price or we’ll send the work overseas”. Family responsibilities and low levels of English leave many outworkers with no other viable options for employment without considerable assistance to access retraining.
3. Outworkers comprise 90% of clothing production in Australia. This fact is not reflected in the proposed assistance package, which leaves out outworkers all together. The package therefore cannot address the realities faced by manufacturers, subcontractors and outworkers alike. This in turn significantly affects the method of assistance delivered to industry through funded business strategies and labour adjustment programs which must recognise the special needs of the mostly migrant, NESB, homebased female workforce in order to be effective.
4. Industry assistance is clearly needed to assist outworkers, factory workers and companies respond to the many consequences of increased overseas competition they already face.
Outworkers
5. The only purpose for the government to insist on the two bills being passed together or not at all appears to be forcing the industry to accept tariff reductions in order to gain access to the much needed assistance package.

We therefore ask for the Senate to -

1. Sever the connection between the two bills.
2. Vote down the tariff amendment bill.
3. Pass the SIP Bill with the following amendments -
 - Access to SIP funding should be tied to companies first becoming accredited to the Homeworkers Code of Practice, as per the recommendation of the Review of the Senate Economics Committee Inquiry into Outwork in the Clothing Industry (1997).
 - Smaller businesses must have access to SIP funding in order to facilitate a restructuring of intermediary (subcontractor) levels of the industry towards greater efficiency and Award Compliance.
 - Funding should be allocated to assist outworkers in establishing Co-operative Businesses in conjunction with Fashion Houses which will guarantee outworkers award wages and conditions. This should be coupled with the provision of financial incentives to fashion houses and manufacturers to support outworker cooperative businesses.

- All those amendments proposed by the Textile Clothing and Footwear Union regarding the SIP legislation.
4. Enact a TCF-LAP bill to create a Labour Adjustment Program which includes the following:
- 12 months of vocational retraining;
 - an additional 12 months of English language and literacy training for workers who are disadvantaged by their non-English speaking background and/or their poor literacy;
 - a non-means tested TCF Special Allowance for the duration of retraining
 - a wage subsidy paid to employers who hire eligible workers for vacant jobs;
 - a relocation allowance;
 - Specifically includes outworkers in the guidelines for those who can access the LAP program (as was the case in the previous 1991-96 LAP), and consider the model developed by the NSW Office for Industrial Relations Behind the Label strategy for delivery of training programs to outworkers.
 - Union based liaison officers to help implement the LAP
 - Half of the funding can be provided from the proposed \$50M Structural Adjustment Fund and the other half to be new funding.

We urge the Senate to act to protect outworkers and others who will be disadvantaged by these bills in their current form.

Yours sincerely,



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