



The Uniting Church in Australia
Synod of Victoria and Tasmania
Justice and International Mission Unit

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The Secretary
Senate Economics Legislation Committee
Room SG.64
Parliament House
Canberra, ACT, 2616

Dear Secretary,

Submission on the Textile, Clothing and Footwear Strategic Investment Program Amendment (Post-2005 Scheme) Bill 2004 and the Custom Tariff Amendment (Textile, Clothing and Footwear Post-2005 Arrangements) Bill 2004

I am writing on behalf of the Justice and International Mission Unit to lodge the following submission to the inquiry into the *Textile, Clothing and Footwear Strategic Investment Program Amendment (Post-2005 Scheme) Bill 2004* and the *Custom Tariff Amendment (Textile, Clothing and Footwear Post-2005 Arrangements) Bill 2004*.

We note that the *Custom Tariff Amendment (Textile, Clothing and Footwear Post-2005 Arrangements) Bill 2004* reduces tariffs in the clothing industry from 17.5% to 10% by 2010 and down to 5% in 2015.

The Unit is not seeking to protect Australian jobs *per se*, but rather is seeking to ensure that competition in the TCF industry is not based on the greatest financial advantage going to companies and countries that use the greatest level of human rights abuses and exploitation to produce TCF goods.

The Justice and International Mission Unit, Synod of Victoria and Tasmania, opposes any reductions in textile, clothing and footwear tariffs at this time. The Unit is deeply concerned that, to a significant extent, competition in many parts of the global textile, clothing and footwear industry is based on basic human rights violations and exploitation. In key countries that provide textile, clothing and footwear to the Australian market, such as the People's Republic of China, there is evidence that violation of basic human rights are endemic to the industry in such countries. Such abuses include violations to the right to just and favourable pay, the right to form and join trade unions, the right to reasonable limitation of working hours and the right to a healthy working environment. The Unit notes that approximately 60% of Australia's clothing imports come from the People's Republic of China.

In the 1977 "*Statement to the Nation*" the inaugural Assembly of Uniting Church in Australia delegates pledged the Church "to seek the correction of injustices wherever they occur" and to "work for the eradication of poverty". Further the delegates stated:

"We will challenge values which emphasise acquisitiveness and greed in disregard of the need of others and which encourage a higher standard of living for the privileged in the face of the daily widening gap between rich and poor."

The logic of tariff reduction, as was highlighted in the Productivity Commission “*Review of TCF Assistance*” 31 July 2003, is that it allows cheaper imports into the Australian market for the potential benefit of consumers, at the cost of the wages and working conditions of people employed in the industry both in Australia and overseas.

The Synod of Victoria and Tasmania has supported the Fairwear campaign to end exploitation in the clothing industry since the formation of the campaign in 1996. The Synod Justice and International Mission Unit believes that the Christian understanding of God-given human dignity means that we have an obligation to oppose all forms exploitation. We are deeply concerned at evidence that exploitation is common in the textile, clothing and footwear industry in most parts of the world, including amongst home-based workers in Australia.

Labour Rights are Human Rights

The right to just pay, to form and join trade unions and to reasonable limitations in working hours are enshrined in the *UN Universal Declaration of Human Rights*:

“Article 23(3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

(4) Everyone has the right to form and join trade unions for the protection of his interests.

Article 24. Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.”

The *International Covenant on Economic, Social and Cultural Rights*, to which Australia is a state party, requires that Australia take action to achieve the full realisation of the rights contained within the Convention:

“Article 2 (1) Each State Party to the present Convention undertakes to take steps individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realization of the rights recognised in the present Covenant by all appropriate means, including particularly the adoption of legislative measures.”

Article 7 of the Covenant guarantees:

“The States Parties to the present Covenant recognise the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:

(a) Remuneration which provides all workers, as a minimum, with:

(i) Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work;

(ii) A decent living for themselves and their families in accordance with the provisions of the present Covenant;

(b) Safe and healthy working conditions;

(c) Equal opportunity for everyone to be promoted in his employment to an appropriate higher level, subject to no considerations other than those of seniority and competence;

(d) Rest, leisure and reasonable limitation of working hours and periodic holidays with pay, as well as remuneration for public holidays.”

Article 8 of the Covenant guarantees all people the right to form and join trade unions of their choice.

Further basic labour rights standards are spelled out in various ILO Conventions, such as:

- Convention 87 Concerning Freedom of Association and Protection of the Right to Organise;

- Convention 98 Concerning the Application of the Principles of the Right to Organise and to Bargain Collectively;

Failure by the Australian Government to protect Human Rights in the Textile, Clothing and Footwear Industries

The Unit is concerned that the Federal Government has opposed the inclusion of basic human rights and labour rights provisions in multilateral and bilateral trade agreements. This has implications that unethical companies that produce goods through exploitation in countries that fail to uphold basic human rights gain a financial advantage over companies that attempt to provide just and fair wages and conditions for their employees.

Examples of Labour Rights Concerns

An indication of the lower labour standards that some companies are willing to accept in the textile, clothing and footwear industry reveal the lower labour standards acceptable to these companies compared to the situation in Australia. A review of the Codes of Conduct of Puma, NIKE, Disney and The Gap all allow for a regular working week of 60 hours, some of which include a provision for overtime, in textile, clothing and footwear factories producing for their labels.

However, even the limited labour rights and human rights standards in corporate Codes of Conduct are often routinely violated. While most corporate Codes of Code allow for the right of employees to join trade unions, in key countries where clothing imports to Australia come from this right is suppressed.

The ILO preliminary survey *“Freedom of Association and Collective Bargaining: A Study of Indonesian Experience 1998 – 2003”* has shown that Indonesian workers still have to endure harsh treatment when seeking to exercise their basic human and labour rights, although things have improved significantly from the time of Soeharto’s regime. The survey showed that there have been actions taken by employers to curtail the implementation of the right to establish trade unions. The tactics used by employers are reported to include dismissal of unionists, demotion, moving unionists to other work places and calling in the military.

Research commissioned by Oxfam – Community Aid Abroad, Global Exchange, Oxfam Canada, the Clean Clothes Campaign and Oxfam Canada between July 2001 and January 2002¹, found that working conditions of employees in sport shoe factories producing for NIKE and Adidas “fall well short of ensuring the employees are able to live with dignity.” The research found:

- Wages as low as US\$2 a day that cause workers to live in extreme poverty. Those employees with children must either send them to distant villages to be looked after by relatives or else go into debt to meet their basic needs.
- Fear amongst employees that union activity could lead to imprisonment or being physically assaulted.
- Employees continue to be shouted at and humiliated at work.
- Employees continue to work in dangerous conditions. One example of this is that it was found that employees continue to lose fingers in cutting machines.
- A regular working week of between 45 and 60 hours.

Research by Alice Kwan from the Hong Kong Christian Industrial Committee², reported that employees in factories in mainland China producing textile, clothing and footwear products for export are:

¹ Connor, T., “We Are Not Machines: Indonesian Nike and Adidas Workers”, March 2002.

² Kwan, A., “Report from China: Producing for Adidas and Nike”, 25 April 2000.

- typically young women from peasant families;
- forced to work 14 hours a day, seven days a week;
- paid wages that are often not enough to support their own livelihood;
- in some cases, owed up to six months in back wages; and
- working in dangerous conditions

Some employees only get one day off per month. It was found that corporate Codes of Conduct were routinely violated and the right to form and join trade unions is suppressed. Factories investigated were producing goods for adidas, Reebok, Kickers, Nike, Fila, Tei, Agron, Puma and Jansport.

Alice Kwan investigated the Keng Tau Handbag Factory that produced bags and backpacks for export to places, including Australia, for adidas, Jansport and NIKE. It was found that in violation of Chinese labour law employees were not paid any overtime bonus and they were forced to pay a deposit of RMB 60 when they entered the factory. In a further violation of Chinese labour law, one month's pay was withheld by management in order to reduce the turnover rate of staff. A standard working day was at least 11.5 hours and up to 16.5 hours in the peak season, again in violation of Chinese labour laws that limit standard working hours to 40 a week and no more than three hours of overtime a day and no more than 36 hours of overtime a month. The employees claimed that they only had one day off per month. Employees living in the factory dormitory were 16 to a room. Employees were told by factory management not to punch their attendance cards in the evening or on Sunday in order to convince the companies they were producing bags for that no overtime was worked.

Oxfam International recently released a report "*Trading Away our Rights: Women Working in Global Supply Chains*". The report confirms that the global-supply chain, in which production is sub-contracted to multiple sites, is eroding workers' rights standards and locking workers into a cycle of exploitation and poverty. Most of these workers, live their entire lives in debt. Non, a 26 year old sewing underwear for Victoria's Secret in Thailand comments on her conditions "*We have to do overtime until midnight to earn a decent income. I am afraid of having children because I wouldn't be able to feed them.*"³

The report released by Oxfam International, the Clean Clothes Campaign and Global Unions "*Play Fair at the Olympics*" earlier this year found that workers in the Thai TCF industry are being required to work up to 16-hours a day, six days a week, especially during peak seasons. Quoting Phan, a 22-year-old migrant workers, sewing sportswear for the Puma label at a garment factory in Thailand:

Every day we work from 8 am until noon, then break for lunch. After lunch we work again from 1 pm to 5 pm. We have to do overtime every day, starting from 5:30 pm. We work until 2 am or 3 am during the peak session. We always have to work a double shift. Although we are very exhausted, we have no choice. We cannot refuse overtime work, because our standard wages are so low. Sometimes we want to rest, but our employer forces us to work.

I earn around US\$50 per month, but I pay US\$3 for electricity, water, and dormitory. I also pay US\$5 for rice. The employer also asks us to pay US\$7 per month for the workers' registration fee. So, I only have US\$35 left for all my other living expenses. In some months during the low season when I earn less, I only have 30 or 40 cents left that month.

The report found that labour rights abuses are endemic to the global sportswear industry:

Market power enables global companies to demand that their suppliers cut prices, shorten delivery times, and adjust rapidly to fluctuating orders. Inevitably, the resulting pressures

³ Trading Away our Rights Women working in global supply chains Oxfam International; Oxford, 2004 p.4

are transmitted down the supply-chain to workers, leading to lower wages, bad conditions, and the violation of worker's rights.

Reducing Employment in Australia

The Unit notes that employment in the textile, clothing and footwear industries in the decade to 1999/2000 decreased by 37%, with approximately an 18% decrease since 1996. While some of this will be due to innovation and automation, a significant proportion will also have been to factories and outworkers who are exploited overseas. Further tariff reductions will also increase pressure on textile, clothing and footwear companies to make use of outworkers in Australia that do not receive award wages and conditions.

Further tariff reductions will undoubtedly result in job losses from the textile, clothing and footwear industries in Australia. This will add these people to the pool of unemployed people. It is ironic that the Federal Government is taking such action at the same time as it has been reviewing social security payments to encourage unemployed people to be more "self-reliant". In the words of Minister Vanstone and Minister Abbott⁴:

"We are committed to developing a system that helps people who can work to get jobs and be more self-reliant."

and:

"For most Australians, paid work provides money not only to live on and raise children, but also self-esteem and a connection to their community. When people are out of work for long periods they can lose their skills, self-confidence and even their sense of belonging to a community. If this problem is widespread, it creates difficulties for families, neighbourhoods and society generally."

We note that the *Textile, Clothing and Footwear Strategic Investment Program Amendment (Post-2005 scheme) Bill 2004* does not provide any assistance to outworkers based in Australia.

Protecting Basic Human Rights

The Australian Government should take steps to ensure that companies and countries that engage in human rights abuses to produce TCF goods are not rewarded with greater market share, for example using its membership of the ILO, WTO and APEC to achieve this end. Further, the Government should be seeking to ensure that jobs in the global TCF industry do not shift from places where the basic human rights of employees are respected to places where they are abused. Tariff barriers are a blunt way of seeking to achieve this and more targeted disincentives to exploitation would be desirable. However, until such time as steps are put in place to prevent competition on the basis of human rights abuse and exploitation there should be no reduction in existing tariff barriers.

It is quite clear that countries such as China and Bangladesh would still have significant labour cost advantages over Australian companies if employees in the TCF industry in such countries were guaranteed their basic human rights, including a living wage and reasonable limitations to working hours.

Recommendations

The Unit believes that:

- Human rights standards and labour rights standards should be linked to tariff levels to ensure that competition in the textile, clothing and footwear industry is not based on exploitation. Higher tariff levels should apply to products where it cannot be demonstrated that the goods have not been produced by employees subjected to human rights and labour rights violations.

⁴ "Building a simpler system to help jobless families and individuals", Commonwealth of Australia, 2002, p. i.

There should be no reduction in tariff levels until human rights standards and labour rights standards can be guaranteed for all textile, clothing and footwear goods entering Australia.

- The Government should ensure that all employees in the textile, clothing and footwear industry in Australia are paid award wages and work in safe and suitable conditions.
- The Senate Economics Legislation Committee should recommend that the *Custom Tariff Amendment (Textile, Clothing and Footwear Post-2005 Arrangements) Bill 2004* be abandoned.
- Any assistance provided to Australian companies should be dependent on them becoming accredited to the *Homeworkers Code of Practice*.
- The Federal Government should support a re-training program, similar to the Labour Adjustment Program, that is specific to the textile, clothing and footwear sector and pays people displaced from the industry for the period of re-training. The Unit notes that research has found that while the Labour Adjustment Program had many faults it assisted people in finding new work. The re-training program should include the following:
 - 12 months of vocational retraining;
 - an additional 12 months of English literacy training for workers who are disadvantaged by lack of English language skills;
 - a TCF Special Allowance for the duration of the retraining;
 - a relocation allowance;
 - Specifically include outworkers in the guidelines of those that can access the program and consider the model developed by the NSW Office for Industrial Relations *Behind the Label* strategy for delivery of training programs to outworkers.

Yours sincerely,

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