

Pre-Budget Submission in a Snapshot

Who we are: Ethical Clothing Australia (ECA) is an accreditation body. We work collaboratively with local textile, clothing and footwear (TCF) businesses to protect and uphold the rights of Australian garment workers.

What we do: To be ECA accredited, a business's manufacturing operations are audited from design to dispatch to ensure that local TCF workers, including any outworkers, are being paid appropriately, receiving all their legal entitlements and working in safe conditions. Once accredited, a manufacturer can access use of ECA's certification trademark and the accreditation and labelling system provides consumers and buyers with a simple way to identify and support ethically made Australian TCF products.

How we do it: Our accreditation program maps a business's Australian supply chain from design to dispatch including initial design, pattern making, cut, make, trim and all value adding services. This crucial work is done via annual compliance audits conducted by Compliance and Outreach Officers through an agreement with the TCF Union.

Why we do it: We were created 20 years ago in response to rising concerns about the exploitation of Australian garment workers, particularly of outworkers (otherwise known as homeworkers) in local supply chains. The accreditation program was established under the leadership and collaborative efforts of the local union and businesses and employer groups from the local industry.

Why funding support is needed: Funding our organisation would assist in growing the local TCF industry and job creation. Modest budget support (\$2 million in the first year) would form the basis of an industry led plan across four broad areas: the delivery of ECA's accreditation program; Industry education and employee outreach; promotions and marketing of ECA's certification trademark, and research. Without Commonwealth funding soon the sustainability of the program is at risk and in turn the value of the accreditation program to the local manufacturing industry is also at risk.

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Introduction

This submission comes from the Homeworkers Code Committee which is made up of employer, business and union representatives from the Textile Clothing and Footwear Sector and trades as Ethical Clothing Australia (ECA) – a not for profit with ABN registration 88997259919.

Membership of the Homeworkers Code Committee includes the Australian Industry Group (Ai Group), the NSW Business Chamber, (ECA) accredited businesses Cue Clothing Co, Nobody Denim and ADA (Australian Defence Apparel) and union representatives from the TCF Union which is part of the Textile, Clothing and Footwear Sector of the Manufacturing Division of the CFMEU.

The Committee is calling for the reinstatement and expansion of Commonwealth Government Budgetary measures in support of Ethical Clothing Australia as a key pillar of a growth strategy for the industry.

ECA remit

ECA independently accredits businesses that manufacture TCF products in Australia. The ECA accreditation scheme's intent is to ensure that businesses can demonstrate to the market, procurers and consumers, that workers are being paid appropriately, receiving all of the legal minimum conditions and working in safe workplaces throughout the business' supply chain (including but not limited to the design, entire cut, make and trim processes and all value adding processes and dispatch).

ECA operates on a voluntary opt-in scheme which means there are companies manufacturing TCF products in Australia who are not ECA-accredited where sham contracting (homeworkers/outworkers receiving below award and legislated wages and conditions) is used and TCF sweat shops continue in Australia. Sham contracting, although unlawful, means that homeworkers/outworkers are not treated as employees by those who engage them and therefore do not receive employee benefits such as minimum award wages, paid leave and superannuation.

Ongoing monitoring, compliance, and education activities are key to ensuring that gains made in improving the position of homeworkers/outworkers are not lost. The role of ECA and its Code of Practice remains critical for this function and funding is sought to aid the industry and to continue to bolster the work undertaken by ECA.

The ability to demonstrate ethical products as a key market differentiation point is a growth opportunity for manufacturers in the industry to capitalise upon. Increasing consumer awareness at home and abroad, around ethical purchasing and quality, means that ethically accredited, Australian Made TCF products are a premium choice for procurers, purchasers and consumers.

The importance of ethical supply chains was demonstrated with the recent introduction of the Modern Slavery Act by your government. It is no longer enough to be recognised as locally made as consumers and major procurers are increasingly seeking to purchase from businesses that can demonstrate ethical supply chains.

Funding Request

Modest budget support for ECA would assist Australian manufacturers which have transparent and ethical supply chains to capitalise on a comparative advantage and strengthen the vehicle for other firms to become accredited. This would deliver positive social and economic outcomes for workers, business and the country at large. We look forward to discussions with Government about these opportunities, and the support required for the initiatives outlined below.

Funding recommendation is for the following outlays:

2021-2022	2022-2023	2023-2024
\$2m	\$2.25m	\$2.5m

Industry Conditions

The impact of COVID-19 on TCF manufacturing and supply chains

The local TCF manufacturing industry has been extremely negatively impacted by COVID-19. The impact on the local industry was immediate due to a collapse in demand for retail sales - driven by store closures and record low consumer confidence. The impact was further exacerbated by the cancellation of orders for local manufacturers and then restrictions placed on manufacturers and retail at different times in different States and Territories.

After the pandemic hit, ECA witnessed how our local industry responded with speed and capability in being able to adapt, to design and produce new goods such as Personal Protective Equipment (PPE) including gowns, face masks and scrubs. Businesses that were previously focussing on fashion rapidly changed their in-house production to focus on PPE and they demonstrated their capabilities to work with different fabrics and materials, to create new patterns and designs and to change the products being produced in their local supply chain. These businesses have responded and have sought to assist with PPE needs but to ECA's knowledge many arrangements to supply PPE have been made with the Victorian Government and the private sector around the country.

COVID-19 Survey of Manufacturers

In October 2020, ECA surveyed its accredited manufacturers to learn about how COVID-19 had impacted their businesses. Respondents included a cross section of ECA accredited businesses including brands, manufacturers and value-adders. Information collated identified that about 67% of the respondents have been negatively impacted by COVID-19. The negative impacts were across areas such as a loss of sales and profit, factory and store closures, a loss of customers and having to reduce staff hours or to stand staff down. The survey also revealed some positive results such as the creation of new customers and an increase in online sales. While the positive impacts are welcomed, it is important to note that the positive results do not negate the negative impacts as the scale of the positive impacts is much lower than the negative impacts.

One of the key responses that businesses are seeking from government, to support the industry to survive and grow post COVID-19, is the funding of Ethical Clothing Australia and support buy local, buy ethical campaigns, as well as increasing procurement opportunities. In the survey businesses called out the need to fund ECA and to support awareness of ECA's certification trademark. Funding our organisation and national marketing campaigns to grow awareness would assist in growing the industry and job creation. This funding would support local manufacturers by increasing awareness about where to buy and how to find and support these manufacturers.

COVID-19 Impacts on women workers

Female workers have been identified as most at risk in terms of unemployment due to COVID-19. The local TCF industry relies heavily on female outworkers for local production. The manufacturers that participate in our accreditation program want to not only survive the impacts of COVID-19, but to thrive with a renewed appreciation for the skills and expertise in our local industry. If this does not occur, it will be the female workforce most at risk in terms of job losses; reduced hours and most vulnerable to exploitation as this is an industry that is well known for non-compliance.

Further Background – Pre COVID-19

Although the local industry has faced a significant transition period due to numerous challenges presented by globalisation and increased international competition benefiting from falling barriers to access to domestic markets, many manufacturers have remained committed to maintaining Australian manufacturing operations and have taken advantage of the opportunity to adapt and innovate. There are new and emerging markets that value locally made, ethically accredited products, as well as sustainably made, high quality products and unique design innovations.

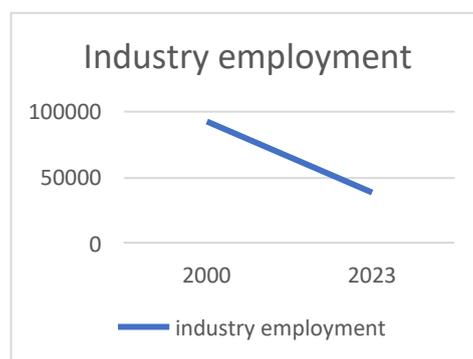
Employment

The TCF industry remains an important provider of jobs across many Australian cities and regional communities. In particular, the industry provides employment for thousands of women, many who face language barriers and cultural challenges which may impede them from obtaining alternative employment, yet who have unique and specific skills of great value to the industry.

As a manufacturing industry, the industry provides and will continue to provide, important flow on jobs. The Industry Capability Network estimated back in 2012 that for every \$1 million that is invested in new or retained manufacturing business for Australia, the following effects flow through the economy:

- \$713,400 worth of gross value added (GVA) generated
- 6 full-time equivalent jobs created
- \$64,900 worth of welfare expenditure saved
- \$225,300 worth of tax revenue generated.¹

Employment in the Textiles, Leather, Clothing and Footwear manufacturing sector has been trending downwards over time; however the Committee believes an investment in ECA is an important investment in the future of the industry. Official employment numbers have dropped from around 92,600 in 2000 to around 41,300 in 2018. By 2023 employment in the industry is predicted to have approximately 39,200, however we believe there is an opportunity to turn the tide, if there is support for a local, ethical industry.² The committee does not see the predicted loss of jobs predicted between now and 2023 as an inevitable fait accompli if opportunities outlined in this submission are grasped and capitalised on.



Source: Australian Industries and Skills Committee

¹ Industry Capability Network, 'Economic impacts of the manufacturing and services sectors 2012' available online @ https://icn.org.au/sites/default/files/AEC_Report_2012%20summary%20flyer.pdf

² Australian Industry and Skills Committee, 'Textiles Clothing and Footwear- Overview', available online @ <https://nationalindustryinsights.aisc.net.au/industries/manufacturing-and-related-services/textiles-clothing-and-footwear>

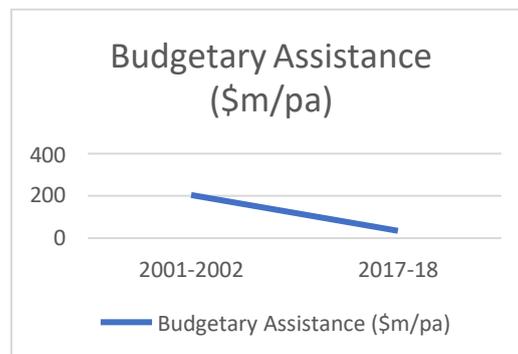
Official figures around employment in, and economic contribution of, the industry is deflated by the fact that there remain problems with an unregulated homeworker/outworker sector. Increasing take up of ECA accreditation by businesses and their supply chains will ensure increased visibility and formalisation of this currently informal sector. This will improve the lives of workers across supply chains, strengthen the reputation and quality of the Australian industry and enhance the economic contribution of the industry by ensuring that this sector is properly constituted and functioning in accordance with the relevant Australian workplace laws.

In addition, there are further potential savings for Government with the industry self-regulating through such voluntary accreditation schemes taking pressure off Government regulators and freeing up scarce resources to allow Government to focus on unaccredited parts of industries which do not have robust voluntary compliance mechanisms.

Government Support

In this period where jobs in the industry have contracted, Government support for the industry has reduced dramatically both in terms of tariff assistance and direct assistance.

Budgetary Assistance

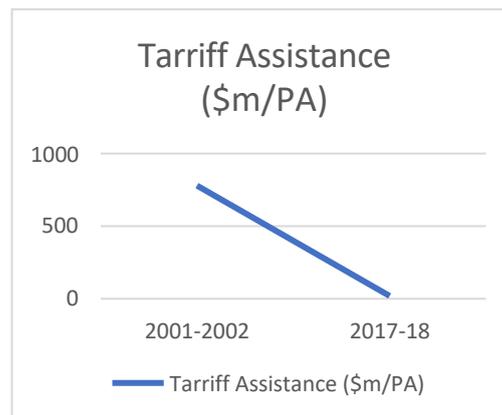


Source: The Productivity Commission³

⁴ Ibid.

⁵ Fair Work Ombudsman, 'Designed to Fit; Insights and outcomes from the Fair Work Ombudsman's education phase of the National Textile, Clothing and Footwear Campaign 2015', p 3, available online @ <https://www.fairwork.gov.au/ArticleDocuments/557/TCF-campaign-report.docx.aspx>

Tariff Assistance



Source: The Productivity Commission⁴

The last remnants of the Australian TCF industry's tariff protection from our major international competitors in domestic markets will cease in 2020 when the full force of the Australia/ New Zealand/ ASEAN Free Trade Agreement (FTA) come into effect. Tariff reductions have contributed to low-cost imports entering the domestic market. Limited disposable income growth and volatile consumer sentiment have contributed to the industry's challenges in the face of this low-cost competition. Other challenges to the Australian TCF manufacturing industry have included the tumultuous time for the manufacturing industry across Australia, brought about by the Global Financial Crisis (GFC), the high Australian dollar and high energy costs.

As observed by the Fair Work Ombudsman (FWO), there has been a significant shift within the Australian TCF industry in the past few decades. The industry has reduced in size and production volume. The effect of globalization and access to overseas competition has changed the landscape for local producers. There is pressure on the price of local production which has rendered those at the lower levels of the varied and fragmented supply chains particularly vulnerable.⁵

This funding proposal is not for a reinstatement of the sort of quantum of support which has been provided by Government to the industry in the past, which has seen hundreds of millions of dollars per annum in the form of tariff support and direct Budgetary assistance. It is a proposal for a modest outlay which will help the Australian industry to grow, compete internationally and continue to adapt and innovate by capitalising on the opportunities presented by globalisation, as outlined below.

⁴ Ibid.

⁵ Fair Work Ombudsman, 'Designed to Fit; Insights and outcomes from the Fair Work Ombudsman's education phase of the National Textile, Clothing and Footwear Campaign 2015', p 3, available online @ <https://www.fairwork.gov.au/ArticleDocuments/557/TCF-campaign-report.docx.aspx>

Exploitation

Globally, the industry is notorious for the exploitation of the predominately female workforce. By way of example, poor labour standards, health and safety standards and environmental standards in the large global TCF producers, are well documented and are of serious concern. It is the low cost of labour and exploitative conditions, which underpins the inequity in the cost of production between Australia and many competitors. The rise of garment manufacturing in countries in developing economies have seen commensurate rises in exploitation, unfair labour practices and serious health and safety breaches resulting in injuries and death of many thousands of workers.⁶ By way of just one example a 2014 report on the garment industry in Eastern Europe found endemic exploitation of workers, dangerous working conditions and wages far short of a subsistence (let alone living) minimum. Australia based TCF workers has not been immune from exploitation and there are some distinctive features of the industry which makes exploitation more likely compared to others industry and sectors. These factors include often complex labour supply chains, including engagement of homeworkers/outworkers, as most businesses in the sector are small to medium sized, with many “microbusinesses”, legal non-compliance can often go more unnoticed than in larger enterprises, and due to wages constituting between 15-32% of annual operating costs (consistently higher as a proportion of business costs than for manufacturing as a whole), Award non-compliance is common. Other factors identified by the FWO, which make Australian TCF workers especially vulnerable to exploitation, include:

- a high proportion are mature-aged migrant women, who face cultural and linguistic barriers to understanding and inquiring about their workplace entitlements
- difficulty in identifying homeworkers/outworkers in manufacturing supply chains
- a lack of familiarity of the homeworker/outworker-related provisions of the *Textile, Clothing, Footwear and Associated Industries Award 2010* (the TCF Award).⁶
- an unverified number of workers are homeworkers/outworkers, who work away from business premises (often at home) at the end of long and complex production supply chains, and therefore, are difficult to identify, and
- limited record keeping, compounding the risk of worker exploitation.

The FWO said the interactions undertaken as part of their campaign ‘revealed limited understanding or observation among business operators of their obligations under workplace laws, including minimum pay rates that apply to workers involved in the manufacturing process. Further, in another worrying finding the FWO said that ‘the interactions also revealed confusion about how compliance and regulation interacts with different levels of the supply chain’.

All of these factors determine that a compliance system based on the ECA model for this sector of the economy is necessary. While FWO’s intervention is welcomed, it is unlikely to bring long term change in isolation and as such regular and ongoing monitoring is required. It is a testament to the integrity of the ECA accreditation program that it is not a ‘set and forget’ style program but it requires a demonstration of ongoing compliance through annual renewals.

⁶ The provisions are discussed in detail on page 13 of this report. The TCF Award can be accessed on the FWO website at: <http://awardviewer.fwo.gov.au/award/show/MA000017>

Examples of non compliance in the local industry

The auditing and compliance work undertaken in our accreditation program continues to uncover breaches daily.

By way of example, in November 2020 audits undertaken by Compliance Officers identified:

- 33 businesses were non-compliant with breaches across health and safety
- 20 businesses were non-compliant with breaches across superannuation
- 26 businesses were non-compliant with breaches in the areas of work records and
- The underpayment of more than 90 casual employees at one business. This resulted in a back payment totalling \$73,860.60 and rectification so that these employees are now being paid the correct award amount.

Our Compliance and Outreach Officers work with businesses and their supply chain participants to ensure compliance and all of the breaches identified must be rectified for a business to become or remain compliant with ECA's accreditation program. Supporting an ethical industry post COVID-19, one that protects and upholds Australian workplace laws, should be part of the growth plan for the local industry.

Opportunities

Many in the industry believe that COVID-19 will ultimately see a resurgence in local manufacturing due to the benefits of local manufacturing and the fact that it minimises the risks that are associated with global supply chains. This is where government support for ECA and the local industry is critical. Businesses not only need to survive this pandemic, but there needs to be a growth plan for the industry which includes the promotion and awareness of ECA-accredited manufacturers.

COVID-19 has presented an opportunity to recognise the role that our local TCF manufacturers and their local supply chains can perform. It will not just provide a powerful economic recovery for local manufacturers, but funding support for ECA will improve the quality of Australian supply chains.

The businesses that are accredited with ECA are committed to local, ethical manufacturing despite moves by many of their competitors to move 100% of their production offshore. Through this local production, these businesses are providing quality, local jobs and providing work to other businesses associated with the industry. It is our belief that the industry and its capabilities has been under-valued as became evident in the initial days and weeks of the pandemic.

ECA presently operates with no support from the Commonwealth Government, despite operating a national program. This lack of support severely inhibits the growth and remit of the organisation. The fact that Ethical Clothing Australia has experienced an unprecedented period of growth in the past 12 months demonstrates the desire of local manufacturers to be recognised as ethical suppliers. Funding support is required to ensure the successful continuation of the national program and that the required support is being provided for local, ethical manufacturers.

We understand that COVID-19 has impacted on the Commonwealth Government's budget significantly and we would be willing to work with the government to discuss funding limits and opportunities that may be available to support the growth and expansion of our accreditation work, for workers and businesses in the local industry.

Drivers of change to the TCF industry and TCF markets in Australia have seen increasing adaptation and the entrance of specialised and niche product manufacturing with design and quality becoming a key area of competitive advantage. Several local businesses have effectively pursued niche and specialty markets locally and abroad, trading on the strong branding and reputation of Australian-made products.⁷

Coinciding with these changes has been an increasing trend toward ethical consumerism, particularly for products manufactured in high-risk industries like TCF. Alongside this increase in awareness is a growing sensitivity of companies which may be motivated to engage in "greenwashing" (claiming that their product is sustainably and ethically produced but not having a robust system in place demonstrating that this is the case when these claims are scrutinised).

Once accredited, manufacturers are able to sign a licence agreement to use the ECA trademark on these local products. The existence of ECA, and its associated trademark, gives Australian manufacturers which use it a comparative advantage because of its maturity and robustness. Dr Shelley Marshall, the Vice Chancellor's Senior Research Fellow at RMIT University and the co-coordinator of the Corporate Accountability Research project outlines that "the ECA trademark is the most credible of its type"⁸.

⁷ Ibis World, Footwear Manufacturing in Australia - Market Research Report, available online @ <https://www.ibisworld.com.au/industry-trends/market-research-reports/manufacturing/textile-leather-clothing-footwear/footwear-manufacturing.html>

⁸ Dr Shelley Marshall, "Submission", Homeworker Code Committee Incorporated application to the ACCC for reauthorisation, available online @ <https://www.accc.gov.au/system/files/public-registers/documents/AA1000418%20%E2%80%93%20Homeworker%20Code%20Committee%20%E2%80%93%20Application%20for%20re-authorisation%20of%20Homeworkers%20Code%20of%20Conduct%20-%20Submission%20by%20RMIT%20-%202021.05.18%20-%20PR.pdf>

The distinctive and distinguishing feature of ECA which gives it its robustness and credibility in the market is the fact that it is a collaborative, joint business and union initiative. ECA will celebrate 20 years since the accreditation program accepted its first application, in 2020. The fact that this organisation remains in operation after 20 years and that it has gone on to gain a reputation as an important and credible program for the local industry is testament to the fact that it has been a strong, industry and union collaboration.

The independent third-party compliance is undertaken by Compliance Officers from the TCF Sector of the Manufacturing Division of the CFMEU through a Service Level Agreement. An expert of understanding of the Textile, Clothing, Footwear and Associated Industries Award 2010 (TCF Award), as well as relevant Workplace Health and Safety legislation, the National Employment Standards (NES) and the Fair Work Act (FW Act) is crucial for the success of the accreditation scheme.

Communicating directly with the workers is also an important part of the accreditation process for several reasons. For example, it may be necessary to ascertain the number and type of workers at the workplace, including employment status; to clarify shift structures (relevant to the payment of shift loadings and overtime); to confirm which tasks and skills are being used (relevant to determination of skill level classifications and wage rates); to confirm that annual, personal and carer's leave is being accrued and paid correctly; to rectify health and safety non-compliances.

Unfortunately, it is not uncommon for incomplete or incorrect employee records to be provided during the compliance process and direct verbal communication with workers is a key tool to confirm whether correct wages and conditions are being provided as required by the TCF Award, the NES and FW Act. ECA has been an essential element in many success stories across the industry. The work of ECA is governed by a Code of Practice which has authorisation from the Australian Competition and Consumer Commission (ACCC). In 2018, the Code of Practice was re-authorised by the ACCC for another 10 years. As observed by the ACCC in their reauthorisation decision:

“A number of accredited businesses advise that they value the Ethical CTM (Certification Trademark) series as a means of conveying to customers that their products are ethically produced or Australian made...The use of the Ethical CTM series by businesses allows these businesses to differentiate their products from those of competitors, who may not observe the same standards, and communicates this information to consumers.”⁹

The ACCC acknowledged that business identified that they used the Ethical CTM series in social media, on swing tags, websites, and promotional materials and knew that the accreditation was important to their customers, and that significant use of these trademarks has been observed.¹⁰



ECA registered trademarks

⁹ ACCC. Determination: Application for revocation of A91354-A91357 and the substitution of authorisation AA1000418 lodged by Homeworker Code Committee Incorporated in respect of the Homeworkers Code of Practice (to be renamed 'Ethical Clothing Australia's Code of Practice incorporating Homeworkers') Date: 30 August 2018, available online @ https://www.accc.gov.au/system/files/public_registers/documents/AA1000418%20-%20Homeworkers%20Code%20Committee%20Incorporated%20-%20Final%20Determination%20-%2030.08.18%20-%20PR.pdf

¹⁰ Ibid

One company observed:

“Too many businesses in this industry make claims without any evidence or validation as pure marketing ploy. Despite being in a busy space where the term ‘Ethical’ is used along with many others, it’s good to have a certified trademark that differentiates our businesses that have actually taken real steps to be audited and accredited.”¹¹

ECA accreditation can assist accredited brands in mature, new and emerging markets. In March 2017, inclusions to the Commonwealth Procurement Rules were implemented including new requirements around legal and ethical procurement. Departmental and agency Government procurement officials are now required to comply with the following clause when making all TCF purchases:

“10.19 Officials must make reasonable enquiries that the procurement is carried out considering relevant regulations and / or regulatory frameworks, including but not limited to tenderer’ practices regarding:

- a) labour regulations, including ethical employment practices;
- b) occupational, health and safety; and
- c) environmental impacts.”¹²

Officials responsible for procurement can be satisfied that labour regulations (including ethical employment practices and occupational, health and safety) are complied with by tenderers which demonstrate ECA accreditation and in addition, that their supply chain participants also conduct their workplace relations in a lawful manner. This is because ECA certifies compliance, not just of the tenderer regarding their direct employment relationships, but throughout their entire supply chain (whether that includes work in factories and/or homeworkers/outworkers).

Further evidence of the value of the program in the Australian market

The value of the accreditation program has been explored in recent research from the The University of Melbourne. In 2019 academics from the Department of Management and Marketing, Faculty of Business and Economics at The University of Melbourne conducted a nationwide study on: 1) the relevance of ethical sourcing practices in the Australian Textile, Clothing and Footwear (TCF) industry, and 2) procurement managers’ perceptions of the value of Ethical Clothing Australia (ECA) accreditation. Informants were randomly selected from a procurement database. Interviews were conducted with 32 procurement managers based in Sydney, Melbourne, Brisbane, Perth and Canberra. The sample included five government procurement managers, six fashion brands, seven boutique/emerging designers; four retail stores and ten institutional buyers in schools, hospitals, hospitality and banking industry. In addition, we also networked with managers during fashion events and conferences throughout the data collection process.

¹¹ thinksideways, “Submission”, Homeworker Code Committee Incorporated application to the ACCC for reauthorisation, available online @ https://www.accc.gov.au/system/files/public_registers/documents/AA1000418%20-%20Homeworker%20Code%20Committee%20-%20Submission%20by%20Thinksideways%20-%202016.05.18%20-%20PR.pdf

¹² Commonwealth Procurement Rules, Commonwealth Procurement Rules 20 April 2019 Achieving value for money, p 25, available online @ https://www.finance.gov.au/sites/default/files/2019-11/CPRs-20-April-2019_1.pdf

The key findings related to answering the question, “What is the value of Ethical Clothing Australia accreditation to your organisation and to Australian Textile Clothing and Footwear industry?”.

The research found that:

- **ECA provides a voice to emerging ethical designers:** The fashion brand and retail informants in the study unanimously agreed that ECA accreditation and ECA labels on their garments gave them “credibility” in the market and “extra layer of assurance” to customers that their garments were ethically made. The emerging designers in the study further added that it is difficult for them to create awareness of their brand and remain memorable to customers and to the fashion community. ECA supports them by promoting their brand on their digital platforms and introducing them to other industry partners via ECA’s customer data base. The ECA platform helps them communicate their purpose and strengthen their identity in the market.
- **ECA accreditation support government procurement managers:** The research noted that ECA accreditation is currently a prerequisite for TCF suppliers tendering for Victorian government contracts. The government informants in the study highly recommended ECA accreditation to their suppliers. They commented that through ECA accreditation they could closely scrutinise suppliers bidding for their contracts. These informants also felt that ECA focuses not just on worker exploitation, but they also evaluate if the suppliers’ business is ethical.
- **ECA facilitates continuous improvement in the TCF industry:** Informants in the research commented that ECA has all the tools and knowledge to assess that their “value chain is treating its workforce fairly”. ECA hosts events showcasing expertise and innovation to facilitate member learning. It also provides a platform where members and other TCF stakeholders can interact to agree on industry standards and set visionary agendas. Informants with ECA accreditation further elaborated that ECA’s audit methodology helped their businesses identify opportunities for improvement and work with their suppliers to make relevant changes.

Evidence of the value of the accreditation program to local manufacturers

ECA presently has about 130 accredited manufacturers (the organisation has grown by more than 60% in the past year –with 42 new accreditations in 2020 compared to 26 new accreditations in 2019), with about 500 supply chain participants. Accredited businesses produce a wide range of products with the major categories being: Basics and Underwear, Branded Apparel, Corporate Wear, Fashion, Footwear and Hats, Manufacturers, Menswear, Outdoor and Activewear, Schoolwear, Sleepwear, Swimwear, Weddings and Formal Wear, Workwear, Personal Protective Equipment and Uniforms.

The accredited manufacturers range from major, well-known household names, leading Australian designer labels, leaders in emergency services uniform production, to new and emerging businesses that are developing their business on ethical and sustainable foundations, as well as small, owner-operated businesses and social enterprises.

In a survey undertaken in October 2020, manufacturers outlined that being able to demonstrate that their products are made ethically; being able to demonstrate good behaviour to their customers and being able to demonstrate that their products are made in Australia/locally as the top reasons for seeking and retaining their ECA accreditation. Further, the accreditation program is highly valued by local manufacturers. Further to this, the survey results revealed that businesses value the accreditation program. In the survey nearly 96% of businesses either strongly agreed or agreed that they valued their ECA accreditation. This is a 2% increase on the response when the original survey was undertaken in 2018.

Comments from businesses in survey included:

“I sought accreditation to be able to demonstrate that all my workers are well treated and paid appropriately.”

“I like having the accreditation as it assures my customers the products they are purchasing are ethical.”

“We do value the accreditation & the assistance it has provided in helping us remain legally compliant.”

“It assures customers our products are ethically made and it not just green washing.:

“We are extremely happy we have ECA accreditation, it certainly has been a great step giving great confidence to our customers when purchasing our Aust made products”.

Without Commonwealth funding in the near future the sustainability of the program is at risk and in turn the value of the accreditation program to the local industry is also at risk. In addition without Commonwealth funding there is limited opportunity expand coverage. Despite the broad coverage of the Code to include the entire industry, auditing under the Code is voluntary and only applies to accredited manufacturers and their outsourced supply chains. There is a large opportunity for more parts of the industry to be accredited and capitalise on the advantages that accreditation brings. This outcome would improve the lives of workers in the TCF industry and enhance the business opportunities for Australian manufacturers and their contracting supply chain who do the right thing by their workers.

Funding request details

Background

ECA was originally known as the 'No Sweat Shop Label' and was re-branded to Ethical Clothing Australia in 2010. ECA is an example of how industry, employers and unions can work together to create and deliver a robust program that supports an ethical local industry. The accreditation program's history shows that it has been a trail blazer in developing a response protecting and advocating for the rights of garment workers – there is no equivalent accreditation program that applies the same level of rigour and utilises the trade union as part of the process nationally or internationally. The need for accreditation program and auditing remains as strong as the day it was created as non-compliance, exploitation and unsafe work practices continue in the local industry. The program continues to provide a platform to profile and showcase businesses that are doing the right thing by the workers in their local supply chains. Further information on ECA's history can be found [here](#).

Commonwealth Funding commenced in 2008 and was administered by the Department of Education, Employment and Workplace Relations (DEEWR) prior to funding ceasing in 2014. The Budget papers stated that amongst the reasons for the termination was that the savings from the decision would be redirected by the Government to repair the Budget and fund policy priorities.

ECA's main funding source since 2014 has been from the Victorian Government. However, ECA is a national program with companies and their supply chains spread across Australia. ECA requires national, as well as State, Government support. It should be noted that TCF manufacturing supply chains cross state borders and a national approach is needed to support the industry's further expansion.

The funding that ECA require which would form the basis of an industry led plan would support four broad areas: (1) the delivery of ECA's accreditation program (2) Industry education and employee outreach (3) promotions and marketing of ECA's certification trade mark and (4) research.

Funding will support the delivery of ECA's accreditation program

ECA is an accreditation program that maps a company's Australian supply chain throughout the whole supply chain, including, but not limited to, the entire design, cut, make and trim process, including all value adding processes and dispatch.

The accreditation program is designed to ensure that workers, especially homeworkers/outworkers, are not exploited in relation to the Award wages and conditions they are entitled to receive. The program also ensures that workplaces meet the relevant occupational, health and safety standards. As described above, the independent third-party compliance is undertaken by Compliance and Outreach Officers from the TCF Sector of the Manufacturing Division of the CFMEU and the administration and promotional and education activities are undertaken by ECA employees.

As observed by Dr Marshall:

"The work conducted by Compliance Officers is highly labour intensive. Compliance Officers methodically organise data collected about middle people and homeworkers that are lodged by companies. They then contact homeworkers, using the registered information, to check their conditions of work and inform them of their rights. Because workers are in their homes, this contact must be made individually, instead of collectively (as it can be in a factory). The work is slow and costly. It is the backbone of the mechanism and it provides the strongest signal to consumers that the ECA trademark is credible."¹³

Funding will support industry education and employee outreach

Industry education and employee outreach are focussed on aiding businesses to comply with ECA's Code of Practice which covers the relevant Australian workplace laws. ECA has a range of resources available to support businesses in understanding their legal obligations and some information translated into different languages for workers but is currently restricted by funding constraints in its ability to provide education nationally to assist businesses in understating the relevant laws and in its capacity to assist workers in the industry, particularly homeworkers through outreach activities and information. Education and training about the areas covered by the Code of Practice will increase the level of compliance in the local industry and it will ensure that homeworkers are aware of their legal rights.

Funding will support promotions and marketing of ECA's certification trademark

Commonwealth Government funding would aid increased promotional and marketing activities that educate and encourage major purchasers, procurers and consumers to buy TCF products which have been produced by local manufacturers and carry ECA's certification trademark. ECA needs funding support to build awareness of the certification trademark and to develop a national marketing campaign in supply of buying ethically and locally.

In a survey undertaken in October 2020 of accredited manufacturers many businesses reported an increase in customers are asking more questions about labour rights and/or the people who make your clothing. More than 74% strongly agreed or agreed that more customers were asking about the people who make their clothing. An increase in activity in this area will ensure that more Australians are aware of Ethical Clothing Australian and the manufacturers and brands that are accredited as interest in ethical procurement and ethical fashion continues to grow.

With funding from the Commonwealth ECA would increase work across events, social media channels and its website and expand to include new marketing activities such as advertising to increase awareness about the certification trademark. In 2020, ECA launched the inaugural Ethical Clothing Australia Week – a week-long event focused on locally-made, ethically-manufactured clothing, textiles and footwear. The launch of the first-ever Ethical Clothing Australia Week represented an exciting moment in the fashion industry as the first and only week focused on ethically accredited Australian manufacturers and locally made textiles, clothing and footwear. It was a chance to help educate consumers to make informed ethical choices, educate the wider Australian community and celebrate and promote local businesses, designers, and importantly the skilled workers behind the garments made in Australia. It is the future of these types of activities that are at stake when it comes to the future funding for ECA. To date much of the promotional work and activity undertaken by ECA has been restricted and again there is an opportunity to increase work in this area, which will ultimately benefit local manufacturers, suppliers and workers through increased sales and job creation. A summary of media articles from 2020 featuring ECA or mentioning ECA are included with this submission to demonstrate the breadth of the organisation's public work {Appendix A}.

Funding will support research

Funding would support industry research on compliance issues in the industry; information on skills and capabilities in the local industry to support growth and how the Australian accreditation program and supply chain mapping program compares to global programs and TCF industry trends to ensure that Australia's industry remains competitive. ECA advocates on behalf of the local industry. A survey of accredited manufacturers in October 2020 found that 100% of business are committed to local manufacturing and retaining local jobs post COVID-19 (noting that it is difficult to know when the pandemic will end), which is an extremely high result. The results were that 85% strongly agree and 15% agreed that they are committed. Confidence that they will continue local manufacturing post COVID-19 (noting it is uncertain when the pandemic will end), is lower however. About 70% strongly agreed that they are confident, 25% agreed they are confident and about 5% were neutral. ECA is acutely aware of the various issues impacting on the industry and the potential for further research to support growth and innovation in the local industry.

Funding Outcomes

The outcomes of funding will include:

- Increased support for the local TCF industry, which includes many Small to Medium Sized Enterprises (SMEs) leading to industry growth;
- Job creation and retention associated with the above-mentioned industry growth;
- Increased numbers of businesses accredited with ECA leading to opportunities to capitalise on emerging markets which value robust and ethical accreditation and certification a
- Increased numbers of businesses accredited resulting in more jobs that are compliant with the relevant Australian workplace laws;
- Increased industry awareness, understanding and compliance with the TCF Award and other legal obligations;
- Improved working conditions for people working in the local TCF industry, particularly for homeworkers/outworkers; and
- Increased consumer and general awareness of the ECA's certification trademark, leading to the purchase of products that have been locally and ethically manufactured which in turn supports business and jobs in the industry.
- Increased procurement of TCF products that carry ECA's certification trademark, leading to the purchase of products that have been locally and ethically manufactured which in turn supports business and jobs in the industry.

ECA has a proven record in executing contracts with governments and achieving agreed Key Performance Indicators.

Funding will help secure and expand ECA's work with Australian TCF makers, supporting the industry to adapt and grow. As outlined above this will support local manufacturing in a highly competitive environment and boost local manufacturers who want to compete globally in a world where local and ethical production is increasingly important to the customers.

Appendix A

ECA Media Mentions 2020		
JANUARY		
Your wardrobe is not a museum: lunch with Lyn McPherson	Brisbane Times	https://www.brisbanetimes.com.au/lifestyle/fashion/your-wardrobe-is-not-a-museum-lunch-with-lyn-mcpherson-20191211-p53j11.html
FEBRUARY		
How Arnsdorf became a pillar of Australian sustainability	Fashion Journal	https://fashionjournal.com.au/fashion/how-arnsdorf-became-a-pillar-of-australian-sustainability/
Nobody Denim is opening its factory to the public to talk ethics and sustainability	Fashion Journal	https://fashionjournal.com.au/fashion/nobody-denim-opening-factory-public/
MARCH		
Buying Australian-made clothing? It might not be as ethical as you think	ABC Online	https://www.abc.net.au/news/2020-03-14/buying-ethical-clothing-in-australia-can-be-complicated/12046304
APRIL		
#WEARTOGETHER: Our Local Fashion Industry Shares Challenges and Emotional Toll of Navigating the Covid-19 Crisis	Harpers Bazaar	https://www.harpersbazaar.com.au/fashion/australian-fashion-industry-coronavirus-interviews-20142
This Years Fashion Revolution Week Will Bring Us All Together	The Australian	https://www.theaustralian.com.au/life/style/thi-s-years-fashion-revolution-week-will-bring-us-together-even-in-isolation-to-ask-the-big-questions-of-the-fashion-industry/news-story/6d65b3b19d18f8eccd0601dbbfb34316
David Jones, The Iconic set to stage events this week	Ragtrader	https://www.ragtrader.com.au/news/david-jones-the-iconic-set-to-stage-events-this-week
A Roundup Of 8 Ethical Knitwear Labels To Keep You Cosy This Winter	Fashion Journal	https://fashionjournal.com.au/fashion/a-roundup-of-8-ethical-knitwear-labels-to-keep-you-cosy-this-winter/
The Best Sustainable Fashion Labels Of 2020, According To Our Editors	Fashion Journal	https://fashionjournal.com.au/fashion/the-best-sustainable-fashion-labels-of-2020-according-to-our-editors/
JUNE		
Woolerina encouraging consumers to buy sustainably	North Queensland Register	https://www.northqueenslandregister.com.au/story/6770482/woolerina-encouraging-consumers-to-buy-sustainably/?cs=4747
JULY		
AUSTRALIAN MANUFACTURING RESPONSE TO COVID IN THE SPOTLIGHT ON THURSDAY	AU Manufacturing	https://www.aumanufacturing.com.au/australian-manufacturing-response-to-covid-in-the-spotlight-on-thursday
Push for protective gear made in Australia	Tenterfield Star	https://www.tenterfieldstar.com.au/story/6825490/push-for-protective-gear-made-in-australia/

AUGUST		
From fashion to face masks, how COVID-19 is creating rag trade jobs	The Age	https://www.theage.com.au/national/victoria/from-fashion-to-face-masks-how-covid-19-is-creating-rag-trade-jobs-20200729-p55gks.html
Aussie clothing labels buck the trend to thrive during coronavirus	The New Daily	https://thenewdaily.com.au/news/national/2020/08/02/face-masks-coronavirus-production/
We've actually been busier than ever': Face mask demand keeps ethical clothing businesses afloat	Probono Australia	https://probonoaustralia.com.au/news/2020/08/weve-actually-been-busier-than-ever-face-mask-demand-keeps-ethical-clothing-businesses-afloat/
Face mask fashion cranks up as coronavirus creates new norms	ABC	https://www.abc.net.au/radionational/programs/breakfast/face-mask-fashion-cranks-up-as-coronavirus-creates-new-norms/12521198
Grace Forrest on the unseen impact of Covid-19 on the fashion industry - and what to do about it	Vogue Australia	https://www.vogue.com.au/fashion/news/grace-forrest-on-the-unseen-impact-of-covid19-on-the-fashion-industry-and-what-to-do-about-it/news-story/41edf3bbfe14b225917eb07731019b4a
The ECA has created a shopping guide for ethical and Aussie-made face masks	Fashion Journal	https://fashionjournal.com.au/fashion/the-eca-has-created-a-shopping-guide-for-ethical-and-aussie-made-face-masks/
Our Favourite Place To Shop Sustainably in Melbourne	Fashion Journal	https://fashionjournal.com.au/fashion/our-7-favourite-places-to-shop-sustainably-in-melbourne/
10 Ethical Brands That Support Indigenous Artisans and Communities	Eco Warrior Princess	https://ecowarriorprincess.net/2020/08/ethical-brands-supporting-indigenous-artisans-communities/
SEPTEMBER		
What Makes Leggings by PE Nation Irresistible and Unique?	Be Global Fashion Network	https://beauty.bgfashion.net/article/17187/35/What-Makes-Leggings-by-PE-Nation-Irresistible-and-Unique
OCTOBER		
10 Ethical Fashion Brands for Women's Organic White T-Shirts	Eco Warrior Princess	https://ecowarriorprincess.net/2020/10/ethical-fashion-brands-women-organic-white-t-shirts/
Statement by Ethical Clothing Australia re: 1.2 million face mask order by Vic Gov	Mirage	https://www.miragenews.com/statement-by-ethical-clothing-australia-re-12-million-face-mask-order-by-vic-gov/
Extra Face Masks From Local Suppliers To Beat Coronavirus	Mirage	https://www.miragenews.com/extra-face-masks-from-local-suppliers-to-beat-coronavirus/
Ethical Brands: Who can your really trust?	Know Your Neighbour	https://knowyourneighbour.com.au/2020/10/18/ethical-brands/
Bianca Spender Sydney Studio Sale	Fashion Journal	https://fashionjournal.com.au/sales/bianca-spender-sydney-studio-sale/
Strong commitment to local manufacturing and retaining jobs as industry marks first Ethical Clothing Australia Week	Mirage	https://www.miragenews.com/strong-commitment-to-local-manufacturing-and-retaining-jobs-as-industry-marks-first-ethical-clothing-australia-week/

A week to champion Aussie garment makers	The Times	https://www.victorharbortimes.com.au/story/6973176/a-week-to-champion-aussie-garment-makers/
Australia's Ethical Clothing Week Highlights True Cost of Clothing	The Epoch Times	https://www.theepochtimes.com/australias-ethical-clothing-week-highlights-true-cost-of-clothing_3542869.html
Australian fashion to keep local manufacturing and jobs post-COVID	RagTrader	https://www.ragtrader.com.au/news/australian-fashion-to-keep-local-manufacturing-and-jobs-post-covid
Where to Shop the Most Beautiful Ethical Frocks and Sustainable Party Dresses	Eco Warrior Princess	https://ecowarriorprincess.net/2020/10/where-to-shop-beautiful-ethical-frocks-sustainable-party-dresses/
From the mayor's desk: Ninja Park, Australia Day plans on the council agenda	Forbes Advocate	https://www.forbesadvocate.com.au/story/6979101/from-the-mayors-desk-ninja-park-australia-day-plans-on-the-council-agenda/
How 2020 will likely change fashion forever	The Daily Telegraph	https://www.dailytelegraph.com.au/lifestyle/fashion/how-2020-will-likely-change-fashion-forever/news-story/b127d0c8daa162d6172c36f6db028159
NOVEMBER		
Working from home during COVID-19 is changing what we're wearing in the office — and going back is like 'casual Friday every day'	ABC News	https://www.abc.net.au/news/2020-11-09/how-workplace-fashions-will-change-as-covid-19-restrictions-ease/12830138
SBS Outworker Story	SBS	https://www.sbs.com.au/language/mandarin/zh-hans/audio/homeworkers-in-australia-garment-industry-are-experiencing-exploitation
Hidden' garment workers in Australia are vulnerable to exploitation while sewing from home	ABC News	https://www.abc.net.au/news/2020-11-25/garment-homeworkers-urged-to-speak-up-about-their-working-rights/12900942
M/FW: Rewiring the Fashion System Digital Talk	Fashion Journal	https://fashionjournal.com.au/events/m-fw-rewiring-the-fashion-system-digital-talk/

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Ends