

OUTWORKERS SPEAK OUT

The proposed introduction of Fair Employment Bill by the Victorian Government has caused a lot of confusion and fear among local Victorian clothing ‘manufacturers’ and ‘outworkers’.

Having been approached by these people we are requested to voice their concern.

This is their story; the story that has not yet been heard!

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Local Industry Organization

Most outworkers in Victoria obtain work from small clothing manufacturers. Manufacturing is concentrated in Springvale, Dandenong, Clayton and Noble Park in south eastern Melbourne and in Brunswick and surrounding areas in inner northern Melbourne

Clothing Manufacturers

Clothing manufacturers are people who operate factories and obtain their work from fashion houses or owners of clothing labels. A typical manufacturer is a factory operated by a family with various family members participating in the activity. The operation is often too big to run from home. There are a number of sewing machines, both plain and overlock, and some specialist machines such as binding and buttoning machines. There is also a cutting table. A delivery van is used by a person who heads the operation, usually a husband. He would act as a sales person and a delivery driver. His wife would act as planner, quality controller and head-machinist. She would be able speak at least three languages. Usually they have 15-20 people working in the factory and engage 30 outworkers. After obtaining fabric and order instructions from the fashion houses, manufacturers would cut fabric, sort and later allocate the sorted cut material together with trimmings to appropriate local outworkers.

Outworkers

Outworkers are people who sew the garments from their homes. These people are independent contractors whom are engaged on a need basis by manufacturers. Usually they obtain their work from various local manufacturers to ensure that they would have enough work. They sometimes further subcontract their work to other outworkers for various reasons: to ensure that work is performed on time, or if tasks cannot be performed at their place. Their typical set-up is usually in a double garage or inside a large room in their home. These people are experts in their own right. They would have 2-4 sewing machines for their operations. They would decide what type of garment that they would make to ensure that they are maximising their skills and expertise. Some outworkers construct garments that are for the high end of the garment market where the degree of difficulty is high. All tasks performed must be perfect. Some outworkers would just like to make up garments in the lower end of the market. They can churn out a high volume of garments without the worry of strict quality control.

A typical outworker operation is headed by 'mum'. While her husband is at work and the children are at school, she would perform her tasks. Usually, the tasks are done at a leisurely pace. A normal daily routine would be making breakfast, getting the children ready for school and dropping them off there. She would also have to perform other household duties such as shopping, cleaning and cooking etc. She would start work around 10.30AM and would make lunch at noon for herself or her children who are too young to go to school. Then she would resume work until it was time to pick up her children from school. Then, the family dinner needs to be prepared. After dinner, she would resume her work and her husband may help her until late at night. While she is sewing she would probably be playing a video of a soap opera in her language to make her work less tedious.

Clothing Manufacturing Industry Overview

The clothing manufacturing industry in Australia used to be a large industry that employed a large number of workers. As Australia became more open in its trade policy, the industry has reduced dramatically as cheap imports became a substitute for the locally made product. Since the early 80's there is an increased number of Asian migrants participating in the industry. Some people work in factories and when they get home they work additional hours at home. Since then there has been an increased number of people working from homes and a lot more becoming manufacturers. This has been the trend into the mid 90's. In the early 90's it was estimated that at least 50% of Indochinese households participate in the industry.

Asian migrants can perform garment construction very efficiently due to the nature of their physique in conjunction with their determination for success. Local manufacturers adapted to this realisation and became dependent on outworkers. Some fashion companies such as Westco now employs a production manger that can speak a number of Asian languages to easily communicate with manufacturers and outworkers. There is no doubt that the clothing industry depends on outworkers for its survival.

Asian migrants faced many difficulties in settling in Australia. Not many people could speak English fluently. Secondly, they face the difference of culture – that is the Australian workplace culture. The new environment made it hard to participate fully in mainstream society. The clothing industry has given them opportunity to truly become independent business owners. As a result most people became successful and reliant on the industry as their way of life.

Currently in the City of Greater Dandenong, according to council source there are 41 manufacturers known to council. On average, each manufacturer employs 25 workers directly and has 25 outworkers performing work outside the factory. We can estimate that there are approximately 2050 people participating in the industry. It is believed that there are more people participating but they are unknown to the council.

Tasks

Manufacturers would give outworkers material with specific instructions and a sample. A return date is set. The acquired skills for garment construction are simple: the ability to sew and understand garment construction. For an outworker there is no need to have English skills and good presentation. Working hours are flexible.

Piece rate is paid to outworkers. Market forces determine the price for each task. If you are proven to be an unreliable worker then manufacturers will decline to give you the next job.

If a manufacturer is proven to be unreliable, then this particular manufacturer will find that no outworkers will want to work with them. He or she would be immediately blacklisted and would find it difficult to continue to do business.

The clothing industry, like any other industry, has its share of untrustworthy people. As the industry became tougher, more unscrupulous people took advantage of other people. The problem is everywhere in our society. Outworkers and manufacturers are more suspicious of each other now before entering an agreement.

The Issues

Benefits of being an Outworker

Certainly, being independent contractors has its perks. Outworkers are outworkers by choice. Some would move to become manufacturers as their operations become bigger and can no longer operate from home. They would hire immediate family members first while the business is in its fragile initial state. This is a big step for them as their expense has increased, and so too are the problems associated with running the business.

Not many outworkers are ambitious enough to take the next step. Some outworkers are humble about their operations and want to remain the same. They fully understand the competitiveness of the industry and in manufacturing we are losing to cheap imports. They believe that being an outworker has many benefits that outweigh those of being a factory worker:

- **Flexibility of hours**

Work can be performed anytime. There is no clockcard. Usually, work is second priority for 'mum', as other duties need first attention. Taking care of children to ensure that they have a good education is their first and foremost priority. Work is usually done after cooking, taking children to and from school and shopping. It is not unusual that outworkers would work late into the night.

- **Own boss**

Outworkers are their own boss. They choose their hours of work. They choose whom to work with and what type of garments they want to make. They are well aware of the industry and the importance of building a good relationship with manufacturers. They have independent freedom in performing their tasks.

- **Own business**

Outworkers must register an operating name and fulfil other legal statutory requirements – correct Tax File Number, ABN number, GST registered, a chequebook and a good recording system in place. As contractors they have their own equipment; sewing machines, vehicles and other related machinery that belong to their business. They can claim depreciation as a business expense.

- **Own workplace set-up**

Being your own boss, you can set-up the business the way you like. It is not surprising to see outworkers' places of work having a television, video, radio and a phone. It is possible for them to mix leisure with work.

- **Financial freedom**

The piece rate system provides a fair market system. The lower the rates, the harder it is for manufacturers to find outworkers. The market dictates the system. The more effort outworkers put into the business, the more financial reward that they can reap. Outworkers would plan their next purchase and work to reach that goal. A smart outworker can do well out of the system.

- **Financial Equation**

Most outworkers are happy with the piece rate that they are getting. They are well aware of the economic cost or benefit for not working in the factory. A person with a full time job doing packing and cleaning would clear around \$400 for 38 hours week. Assuming this person is a family person with two children. The cost of childcare and after school hour activity is approximately \$200. The net-left over is \$200. Assuming that an average outworker can earn \$12 per hour and the total weekly input by husband and wife is 50 hours then they gross \$600. There is no childcare cost. Travelling to and from factory is not tax deductible, while travelling that is business related is fully tax deductible.

- **Taking good care of children**

It is claimed by outworkers that they can look after their children better when they are working from home. They know at all times where their children are and have the ability to tend their child's need. They have control of their children's future and can have more input into their children's lives. Outworkers believed that by spending more time with the children they would become more disciplined children.

- **Way of life**

For most outworkers, working from home is the only work they can do. They are used to working from home. Some work as a husband and wife team, but the bulk of outworkers are a 'mum' operation to subsidise the family's income. They do not have other skills besides sewing. They know that now to work in factories one has to have other skills beside the ability to work and must comply with the factory culture.

- **Children participation**

Bad publicity on children participating has dented the image of the clothing industry. Most outworkers argued that some involvement by children is good because they can learn the discipline of hard work and learn to appreciate money. One parent said that during work experience week his son only get 10 dollars for working in an accounting office as a receptionist. Furthermore, the parents can bond better with their children and reduce the generation and culture gap. Children are often asked to help with simple tasks such as folding and cleaning the made garments.

Outworker Case Studies

Profile of 'manufacturers'

Most manufacturers were once outworkers. It is a good learning ground in clothing industry. They gained knowledge of various labels and fashion houses through working from home. Then they gained enough confidence to take the next step, which is to gather enough resources to move their operations to the factory.

- **E.A Clothing Company.**

This company is solely owned by a husband and wife team. They arrived as refugees in Australia late 1982 from a Thai refugee camp. Like all other refugees they arrived empty handed. They first stayed in a hostel and later moved to a rented house in Springvale. Their initial job was working on farms picking fruit and vegetables. They later moved on to working in factories. The wife worked in the textile industry – a dye company, while the husband worked in a car company. In 1986, they purchased one plain machine and one overlock machine. The wife stayed at home to look after the two children. At that time the eldest son was four years old and the wife just gave birth to a second child. They initially thought that it was a good idea for a mother to work from home and to look after the children. In 1988, they decided to open a company. They know many outworkers and they were confident that they would get work from various labels. They hired a factory in Libbet Avenue in Springvale. In 1989, as their business continued to prosper they bought a modest house in Clayton. More than ten years later, they decided to upgrade their workplace and they bought a new factory in Springvale in 1991. The factory has a dust extractor and air-conditioning and many modern machines. Later on they bought a computer to store their records. The company has two delivery vans, a forklift, and the owner has a four-wheel drive.

This clothing company has weathered many economic storms since its opening in 1988. During the good times, the company employed more than 25 people inside the factory and approximately 30 outworkers. The owners speak many languages and they are able to have many outworkers from different countries. Now there is a decline and there are only 10 employees. The owners are optimistic that they will be busy again.

The owners are quite happy with what they have accomplished in a short period of time. They have contributed immensely to the Australian economy. Now their children have almost all grown up. The eldest son has completed high school and their daughter is still attending a local private school. They are now paying the community back by participating actively in non-profit organisations.

- **B Fashion**

Mr M migrated from Cambodia in 1981 through a camp in Thailand. Being a refugee he did not have any valuable possessions when he first arrived in Australia. He had two young children and a wife. His great asset was that he had many relatives. His first job was working on the farm picking strawberries in the Lilydale area. Later on he moved to a food company in Port Melbourne. He remained there for three years.

His wife worked in a clothing company as a machinist in Richmond. In 1985, they bought sewing machines and joined forces to operate from home in Oakleigh.

Mr M is lucky. He has a retired mother. She looked after the children and was able to relieve him of some household chores. Both husband and wife worked hard and bought a house in Oakleigh.

In 1986, Mr M joined his brother in-law in opening a factory in Oakleigh. They became very successful. Business grew dramatically. In 1990, they purchased a building in Springvale. As time went by, they modernised their operations by getting state of the art machines. They have accumulated assets such as good cars and a delivery van. They are generous to their workers and outworkers. They believe in an honest working ethic to maintain good relationship with both workers and clients. They have about 30 workers inside the factory and 30 outworkers.

Mr M would act as the public face of the company. He is a good salesman and at the same time steered the company in the right direction. In 1998 he decided to capture a niche market in producing jeans. He acquired new assets for this operation. As a result, now he is the main manufacturer of jeans in Australia. His brother in-law acts as a head cutter and his wife speaks five languages and is able to talk to both workers and outworkers in their mother tongue.

Business was not always rosy for Mr M. During the recession in the late 80's the company faced closure, as it could not meet its debt repayment. The business is now functioning well due to its jeans operation. However, during this time Mr M has lost five clients as the contracts went to Fiji. Cheap labour in other countries has posed a real threat to his company.

In 1997, Mr M and his brother in-law built two large houses in the middle class suburb of Rowville. These houses became their home and their symbol of success and hard work. Their children are growing up fast. Mr M and his brother in-law managed to send their children to private schools and they hope that this would give their children a good headstart in life. Mr M's children are all at universities doing business degrees. None of the children would like to take up the business and to continue the tradition that their father has started.

- **KM Clothing**

KM is a symbol of hard working person. He is respected by his family members and well recognised by his peers. He arrived in Australia in 1986. Since arriving in Australia he had various jobs, from working in farms to factories. His wife has been sewing at home as an outworker. In 1993 KM started a clothing company in Osborne Avenue in Springvale. In 1996, they built their double storey house in Springvale South. Later in 1998 KM purchased a factory nearby. KM's operation is involved in simple clothing construction requiring a lot of overlocking. He relied on his grown up children to take up active roles the business. The company operates at the low end of the market. So far he could only just make ends meet. At best he employed 10 people and had about 15 outworkers. Since purchasing the new factory his business has declined dramatically as his work went to overseas competitors. Now he is closing his company.

Reflecting back KM realised he should have got out of the business earlier. He managed to hang on because his children helped him. KM never had the luxury of driving good cars or being able to send his children to private school. He only managed to make enough profit to meet daily expenses and hoped to build a good business for his children to carry on. KM feels that the future for the clothing industry is bleak, as there are more cheap imports squeezing out local manufacturers.

Profile of 'outworkers'

Mrs C lives in a large house in Clayton. Her house is on double block of land. Every one that visits her is astounded by the large block of land and recognised the potential value of future development. Mrs C and her husband own another house that is earning rent income for them.

Her husband was at work when we visited her. He is building warships in Williamstown. He is a foreman there. Her husband is a hard working person. Since arriving in Australia in 1983, he has worked on farms then moved to factory jobs. He worked in insulation and was also a tram conductor. His skills and versatility has meant that he never was out of a job. Both of them are ambitious about building a secure future.

They have three children. Two children were born in the camps in Thailand and one is born in Australia. She admitted that they are growing up very fast. The eldest two are going to universities and the youngest is entering high school this year.

Mrs C's life has revolved around her children. Having escaped a communist regime in Cambodia she always wanted the best for her children. They went to private schools during their secondary schooling. The parents would attend to the children's educational needs. They have latest model computers, accessories, games and books. Her eldest children have their own cars. They both work part-time.

Mrs C showed us her work place where she has a television and video set up in front of the sewing machine. On the wall, there was a phone and a certificate of her business registration. She has 5 machines set up in a large room. She sometimes uses her Honda Legend to deliver or pick up accessories. She said that this is a typical set-up. She mentioned that all her relatives are in the clothing industry. Some are manufacturers and most are working from home like her. They all live in the Clayton area, she added, and there are ten families.

Mrs C's daily routine consists of her getting up at around 8 o'clock. She used to get up earlier when her children were young. Now she has only one child that she has to look after. She drops off her youngest child at school and gets back home at around 9.30 am if there was not shopping to be done. She would do some household chores for one hour. Her work starts between 10.30 to 11.00. She would have a quick lunch at noon. While working, the television set is turned on. Most of the time the video is playing otherwise she is content with midday soaps. At 3.30 she would be at school to pick up her youngest son again. Like her older children, if he had after school activities she would attend to that. Then she comes home to prepare dinner for the family. About 7.30 to 8.00 p.m. she commences her work again. This time her husband helps her. They would work up to 11.00 or midnight. Her children hardly help her. She mentioned that she would appreciate very much if they could just clean up their own mess and study hard.

Being at home, Mrs C can look after her children. She said that she is financially better off than working in the factory. She does not have to pay childcare. She is the mother of her children and there is no one else who could take better care of her children than her. She is a successful outworker. She has high skills of garment construction and she has never run out of work for a long period of time.

Having only worked from home she is somehow isolated from the outside world. Her English is limited and she has never worked in factories before. She only knows how to sew.

Mr and Mrs Duch live in Osborne Ave in Springvale. They are a husband and wife team working from a garage. They sew jeans most of the time. They live in a modest house that they bought and have three children. Two girls and one boy – Andrew. They mentioned that their children are being brought up here and they do not like working or helping out their parents. It is hard to get help from the children, Mrs Duch mentioned.

In their garage, they have five sewing machines. They also have video and television set-up in front of their sewing machines. They have been in the business for 18 years sewing from home. Working from home has been very good for them. They have a good relationship with their manufacturer. Mr Duch added that the relationship is sincere and based on trust. They wish that the price for the performed task could be higher, but they understand that the local manufacturing industry is competitive and can not complain much.

All of their children go to private schools. Their eldest daughter is doing a hospitality course in the city. Mrs Duch complained about the cost of the education and showed us the receipt of the college fee that she had just recently paid. Their second daughter is in year 11 at a private catholic girls' school. The youngest son Andrew is still in primary school.

Their typical routine is that they get up at 8.00. Mr Duch would drop off their children at school at around 9.00. Mr Duch would drop off their eldest daughter to the station when required. By 9 o'clock Mrs Duch would be well and truly into her sewing machine after her house cleaning. Mr Duch joins her later on after he has dropped off the children. They have a quick lunch at noon. Mrs Duch does not drive. They have a 1998 Holden Commodore which acts as a people mover and also a delivery vehicle. By 3.00 PM Mr Duch would be on the road again picking up their two children.

Since arriving in Australia, they have no other work except working on the farms and sewing from home. They are very skilful at constructing jeans and can churn them out a high volume. Their effort is varied according to deadlines. When there is more work they would work late into the night.

They fear for their uncertain future. They do not know what else to do besides sewing. Mr and Mrs Duch are in their late 40's and lack English skills. They only had 8 weeks of English class when they first arrived. Back in their country, they did not have formal education. Mr Duch said that because of his age, and having no factory background, he would find it hard for people to hire him. He fears that his job may go to overseas soon.

Lee Pressing is also a husband and wife team, working in their modest home in Springvale. Mr Lee is protective of his business and does not let information out.

Mr Lee is a presser working in a garage from home. His set up cost is more than that of sewers. He has three pressers and had a professional to install them, as they are a complicated machine using steam. He uses his van as a delivery vehicle while his wife drives a modest sedan. His set-up does not include television and videos but he has a stereo system in place and a phone nearby.

Mr Lee is a young, mobile person. He can speak very good English. His wife can speak better English than him he insisted. They are a young couple in their 30's. They have two boys – the eldest is 9 years old. His wife did some schooling here. He came to Australia in 1986 from Vietnam. Initially, he worked at various factories doing odd jobs. Then he was employed by Nissan as a machine operator. While working in factory Mr Lee was not happy being an employee. He said it is hard to be a breadwinner in his family. Both of them must work.

When their first child arrived, his wife stopped working and had to look after the child. Mr Lee realised his opportunity and skills and pooled his resources together to open his pressing business in 1993.

Mr Lee is quite content with what he does. He enjoys the freedom of being one's own boss. He fully understands the market place. If any client does not treat him right he will cease to do work for that person. His philosophy is simple. There are a lot of benefits in this game, that is why he is still in the business. He works when he wants to and does not have a routine.

He is very doubtful about his future. He likes what he is doing and can see that he is financially better off than in the factory. He is well aware of the cost of childcare

The Pans Mrs Pan lives in an average house in Noble Park. She has two children. Since arriving in Australia she had never have a full-time job. When her children were young (two and six years old) she invested in a plain machine and an overlock machine back in 1984. In 1990 she bought a house which she is currently living with her family.

Mr Pan had various jobs. The longest job that he had was with Toyota plant in Dandenong as an inspector. When Toyota moved its operation to Altona, he did not want to relocate. Now he works as a machine operator in Springvale. He admits that sometimes he helped his wife sewing at home after work and on weekends. The home operation has been a good side-business that provide extra income.

The work is simple. They sew for the low end of the market. Sometimes, they get paid \$0.50 a piece. This type of work is ideal for them because they can churn out large amount of garments. Her children has all grown up now. The daughter is at Monash University undertaking a bachelor of science degree while her son is completing his last year at high school.

Fear of the Bill

Fear of Fair Employment Bill

Prior to the reading of the Bill in parliament, there was a lot of bad publicity regarding the abuse of manufacturers and especially outworkers in the media.

Both outworkers and manufacturers wanted to know more about the Bill and how it would affect them after its implementation. Up to now, there has only been bad publicity in the media regarding abused outworkers. They wanted their stories told because sewing is the way of life for most. Just like other people they have mortgages, debts and family commitments. They are very concerned whether the bill would help or hinder their life.

First and foremost, outworkers welcome any law that protects them and the industry. However, they are very sceptical that the implementation of the Bill would benefit them.

- **Standard Rate**

How can a standard rate be set up effectively? There is difficulty in determining the rates due to the fact that most people are working at their own homes, own pace and with no supervision. A market force would be best to determine the rate.

- **Policing Body and privacy**

The outworkers fear the policing body. They find that this is a gross intrusion into their homes and lives if they are being audited. The implementation of the Bill means that detailed documents will have to be kept. This creates more work for them. Due to this difficulty some would surrender and fold their operations.

- **Tribunal**

Some manufacturers believe that they may spend more time in the tribunal rather than running their businesses. Some people would abuse the system.

- **Loss of jobs**

A lot of people fear that because of the stringent law jobs would go overseas.

- **Tariff**

Most people in the industry believe that the government should look at protecting the industry against cheap imports.

- **Outworker is an 'employee'**

This issue is a sticking point. The Bill seeks to redefine that people working from home are employees of a manufacturer. What if an outworker is engaging their service to three or more manufacturers? This is usually the norm so that an outworker can have the 'choice' of selecting work. Outworkers run their own business. They don't want to be forced to be an employee.

- **Outworkers rights**

How can the system ensure that outworkers rights are protected from any unscrupulous manufacturers or fashion houses? Most outworkers feel that complicated rules would put them out of business. Furthermore, outworkers feel that they will be intimidated by union and authorised body because they have to open their house to strangers.

Community reactions

According to the City of Greater Dandenong Council there are 41 factories registered as clothing manufacturers. We believe that there are more factories that are unknown to the council.

A letter is being circulated to organisations in the local area of City of Greater Dandenong to obtain opinion.

- **Springvale Asian Business Association** – Mr Ong, president of this organisation expressed grave concern that manufacturers may be put under a lot of pressure. He believes that the industry should be protected and fashion houses should be more accountable for their costing.
- **Khmer Community of Victoria Inc.** Mr Kim On Neun expressed the need of workers' right to be protected. He made his position clear that he is against the abuse of workers. He knows that the majority members of his community at some stage are involved in the clothing industry. He stressed that there is a need of protecting workers and industry. He has some grave doubt that the implementation of the Bill would achieve its goals.
- **Vietnamese Community in Australia /Victoria Chapter. (VCA –VIC)**
The Vietnamese community has a largest number of members participating in the clothing industry. They took an active role in discussion this issue. Mr Phong Nguyen president of the Vietnamese Community in Australia /Victoria Chapter held a forum organised by the Industrial Relations Taskforce. The forum took place in the cities of Greater Dandenong, Marribyrnong and Hume. There were more than 180 outworkers and manufacturers attended. There were also politicians from the government and the opposition and union representatives.

The VCA-VIC produced a report.

They said

“The main aims of these discussion were to ensure that...outworkers interests including on-going supply of work is realistically protected, the employers' viability to maintain their businesses on shore in Australia is not seriously reduced, honest and decent contractors are supported...”

“Concerns were raised about the right of union, the Workcover authority and other trade representatives to inspect the worker's workplace. In the outworkers case it is their private home and privacy one is talking about here. What sort of rights do they have to protect their privacy and home from unwarranted intrusion?”

“This Bill may in fact formalise the existing exploitation of outworkers.”

“What are the rights of individual workers, if they do not wish to be covered by what the trade representative organisation got in dealing with the Tribunal?”

- ❖ *“It is important to realise that without a partnership approach from both the outworkers and the suppliers on the issue of wages and conditions, the law itself would not necessary bring real improvement for the workers as well as the viability of the TCF industry as a whole. We do not believe blaming and demonise language use so far by some of the stakeholders on the contractors or suppliers in this debate is helpful or constructive towards forming the above mentioned partnership approach.”*

Outworkers are happy and welcome any law that prevent exploitation and low paid workers. This is the position of the VCA – VIC but there is a concern of the Bill and jobs loss.

Conclusion

Most outworkers fear that the introduction of new law may affect their lives. Sewing has been their only job for most of them. Their family has benefit from this industry and give them the opportunity to get ahead. The industry has given them homes, good cars and provide good education for their children. Outworkers are little businesses and they have large loans. Currently they are confused about the proposed law and the uncertainty of their future. The government has not talked to outworkers. They must do this.

Outworkers believe;

- ◆ They have rights and should not be forced to be employees. It should be their choice.
- ◆ They need protections from unions and bad businesses.
- ◆ They have rights to privacy in their home.