

ethical  
clothing  
AUSTRALIA

# Accreditation Guidelines for Manufacturers

For further information & assistance contact

**Ethical Clothing Australia**

Postal address: PO Box 2087, Fitzroy VIC 3065

Phone: 03 9419 0222 / Fax: 03 8415 0818

Email: [info@ethicalclothingaustralia.org.au](mailto:info@ethicalclothingaustralia.org.au)

**[www.ethicalclothingaustralia.org.au](http://www.ethicalclothingaustralia.org.au)**

## Who is Ethical Clothing Australia?

- Ethical Clothing Australia (ECA®) is an accreditation body that was established to administer Ethical Clothing Australia's Code of Practice, incorporating Homeworkers (The Code).
- ECA's Accreditation Advisors assist textile, clothing and footwear businesses throughout Australia to achieve Textile, Clothing and Footwear Associated Industries Award (TCF Award) compliance and accreditation and they work closely with the Compliance Officers from the Textile, Clothing and Footwear Sector of the Manufacturing Division of the CFMEU (the Union) who undertake the auditing work.
- ECA is committed to strengthening and promoting the local textile, clothing and footwear industry. Outside of accredited businesses, ECA works with government as well as like-minded industry groups, conscious customers, and community organisations and industry stakeholders. When you become accredited, you become part of the ECA community and can access a range of benefits from the accreditation.

## What is Ethical Clothing Australia's Code of Practice, incorporating Homeworkers?

- The Code is a voluntary mechanism designed to assist textile, clothing and footwear (TCF) industry businesses.
- Its aim is to make sure textile, clothing and footwear businesses and their Australian supply chains (if any) are compliant and to ensure that workers, including homeworkers (referred to as outworkers in the TCF Award) receive their legal award wages and entitlements and are working in safe conditions.
- The Code is authorised by the Australian Competition and Consumer Commission (ACCC) and contains two parts: Part 1 is for Manufacturers and Part 2 is for Retailers; there are different obligations and processes applying to each.
- When you sign up to become accredited with ECA you are agreeing to comply with The Code.

**Please note:** These **Accreditation Guidelines** outline the process involved for businesses who are seeking accreditation as manufacturers under Part 1 of The Code (i.e. textile, clothing and footwear businesses who are *not* solely retailers). These guidelines are intended

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## Is my business eligible to become accredited?

- Any business which manufactures or arranges for the manufacture of textile, clothing and footwear products in Australia (including value adding on to Australian-made product) is eligible to apply for accreditation under The Code.
- Where a business manufactures products both in Australia and overseas, only the Australian manufactured (cut, make and trim and value adding) production is eligible for accreditation.

**Value-adding** activities on **Australian-made** garments *are* eligible for accreditation, while value-adding activities on **imported** garments are not, on their own, eligible for accreditation.

## My business does all of its manufacturing on our own premises. Am I eligible for accreditation?

- Yes. For businesses that perform work exclusively in-house, the accreditation process is very straightforward, and a low accreditation fee for sole traders is available.

## How long does accreditation take?

- The time frame will vary depending on the specific nature of the applicant's manufacturing circumstances and the size of any supply chain. The length of time will also be **dependent on the cooperation of the applicant** and the supply chain participants. In practice most smaller applications will be completed well within three to six months. For larger businesses with complex supply chains the compliance work may take up to 12 months.

## How much does accreditation cost?

- The fees vary and range from \$315 for sole traders and new businesses up to \$6,300 for larger businesses. A 10% discount is provided for businesses using the ECA certification trade mark on labels (in the past 12 months).
- There are two main fee categories, which distinguish between applicant businesses that perform work exclusively in-house at their own premises and those that give work out to a supply chain. For those performing work in-house, the rate will depend on how many TCF production employees (Full Time Equivalent) the business has. For those outsourcing production to a supply chain, the rate will depend on the annual value of work given out.

- Fees, which are non-refundable, are paid annually and must be paid before the accreditation work can commence. Each year the fees will reflect the accredited business' current manufacturing circumstances and will vary if circumstances have changed.
- For further information refer to the **Fee and Manufacturing Form** which is available on the ECA website.

## How does the accreditation process work?

- After you have submitted the required paperwork (your signed copy of The Code and the completed Fee and Manufacturing Form) and paid your fee, ECA will arrange for a Compliance Officer from the Union to undertake a compliance audit of your businesses supply chain.

## What are the steps to becoming accredited?

Get in touch with ECA

- Sign the Code and understand your obligations
- Complete and sign the Fee and Manufacturing Form

Submit and pay the application fee

The Compliance Audit process will commence

- A union Compliance Officer will be in touch
- Let your supply chain know (if applicable)

Compliance Audit completed

- Your application is forwarded to the Accreditation Sub-Committee

Application approved

- Sign the Licencing Agreement
- Your annual accreditation commences

## What happens during a compliance audit?

- The Compliance Officer will supply you with a compliance audit overview (a copy of this is included in this document) which will be mapped to your manufacturing circumstances.
- These guidelines also include a list of the documentation that you will need to provide as part of the compliance audit. For example, if you outsource to other suppliers or outworkers, the Compliance Officer will check if you are registered with the Fair Work Commission's Board of Reference and check your list of suppliers and the Work Records and Written Agreements that you have with each. Homeworkers' wages, entitlements, superannuation and WorkCover will be checked, the same will occur with in-house employees, whom the Compliance Officer will also meet.
- The Compliance Officer will also conduct a comprehensive Occupational Health and Safety (OH&S) audit of your business and arrange to meet with your employees at a convenient time.
- The same compliance audit will be undertaken with each of your suppliers, if applicable. Depending on you and your suppliers' particular situation, there may be other information required based on your business' operation.

If there are any breaches of the Award or relevant legislation, the Compliance Officer will explain what these are and how they can be rectified. You will then be asked to remedy these within a suitable timeframe, and supply evidence to the Compliance Officer. The accreditation compliance audit process is about assisting businesses if any legal obligations are outstanding and giving you time and advice on how to do this.

## What are my responsibilities as the principal applicant business?

- Once you sign up for accreditation, it is **your responsibility to cooperate with the compliance process** and to demonstrate that you are legally compliant. ECA is able to provide you with information to help you understand your legal obligations. ECA's Guide to the TCF Award, includes Work Record and Written Agreement templates, latest wage rates, and the Fair Work Commission Board of Reference forms.

- **Applicant businesses are legally responsible for their suppliers**, therefore it is your responsibility to ensure your suppliers' cooperation and legal compliance. This includes second, third and subsequent tier's suppliers (i.e. those suppliers who make for your direct suppliers). It is advisable that your direct suppliers are aware of the need to make sure their suppliers co-operate.
- **An example of a Supply Chain map is included in this guideline.**

### What if my suppliers are not interested in participating?

- Suppliers should be informed that the accreditation process does not require them to do anything above and beyond what their legal requirements already compel them to do. In addition the accreditation will benefit them as they will be added to ECA's TCF Award-compliant manufacturers database for potential referral to labels looking for relevant suppliers.
- **ECA** can work with businesses in your supply chain to address concerns, and assist them to understand their obligations and requirements under the TCF Award and the accreditation process. We can supply you with a letter for your suppliers that outlines the ECA accreditation process, and the benefits of being legally compliant. **Union Compliance Officers** will work closely with the parties to assist in the progress to accreditation and address any issues that are impeding an application or where reluctance to cooperate is due to a significant issue with a supplier's production chain.
- Where a supplier fails to meet the requirements of the process or refuses to participate the application cannot proceed; this is a matter for the applicant business to consider. In this instance you need to make a decision regarding whether to cease using the noncompliant supplier and use an alternative TCF Award-compliant cooperative supplier.
- An application will not succeed unless all supply chain participants are compliant.

## What happens if my business or suppliers do not achieve legal compliance?

- The Compliance Officer will inform your business and supply chain participants of any instance of non-compliance. Any breaches must be remedied within a reasonable timeframe for the accreditation process to proceed. If any obligations, as required under law and The Code, are not met by your business or supply chain, your accreditation application or renewal will be closed.

## I employ people working from home. What are my responsibilities?

- Under the TCF Award, if a worker is working from home or at other premises that would not conventionally be regarded as business premises, whether they are engaged as an employee or contract outworker, they must be treated as an employee. Even where that individual has an ABN or a business name, they still must be provided with TCF Award wages, entitlements and conditions, the same as an employee in a factory.
- ECA has industry resources that specifically detail your responsibilities in this area. These resources are available on the ECA website or from an Accreditation Advisor.

## What are my ongoing responsibilities as an accredited business?

The Code outlines all of your obligations. Your responsibilities as an accredited business include:

- Advising ECA within seven days of any changes to your manufacturing circumstances, for example; dropping or adding new suppliers or homeworkers, taking manufacturing offshore, moving location or changing contact details.
- Cooperating with the Compliance Officer regarding ongoing legal compliance and auditing. This includes responding to requests in a timely manner and facilitating the cooperation of your suppliers.
- Providing ECA with requested accreditation documentation and the payment of fees within the requested timeframe.

## When can I use the ECA certification trade mark?

- You can use the ECA certification trade mark once your accreditation is approved and you have signed the Licence Agreement. The trade mark can be used on care and swing tags attached to your Australian-made garments, and on certain promotional materials such as stationery, websites and advertisements. The Licence Agreement details the conditions and limitations regarding use of the certification trade mark, and it demonstrates how the trade mark can be displayed on appropriate products and materials.

## Is my accreditation ongoing?

- No, your accreditation is not ongoing. It is valid for 12 months only. Before the anniversary of your accreditation, ECA will contact you to begin the re-accreditation process, which will mirror the original accreditation process. Annual compliance audits are important to ensure continual compliance.

## Under what circumstances can my business be de-accredited?

- A business can be de-accredited if it fails to comply with the requirements of The Code and/or if the business:
  - is no longer manufacturing in Australia
  - is only value adding to imported garments
  - goes into administration, liquidation, receivership or is no longer trading
  - doesn't pay its accreditation fee within a specified timeframe
- Businesses can also choose to be de-accredited by writing to ECA with a formal request.
- Businesses will be requested to remove within seven days all references to their accreditation, ECA's name and certification trade mark, in line with the Licence Agreement.

# ECA Compliance Audit Overview

**The following areas will be audited to ensure you are compliant with the legal minimum conditions under the TCF Award and other relevant workplace laws. Your compliance audit will depend on your manufacturing circumstances.**

## In-house manufacturing

- Copy of the Certificate of Currency for WorkCover insurance.
- OH&S inspection - amenities (e.g. toilet, kitchen); housekeeping and storage etc.
- Fire extinguisher service date.
- Electrical check service date.
- Checking employee wages and entitlements as per the TCF Award 2010.
  - Evidence of accruals - annual leave and personal carer's leave; long service leave where applicable.
  - Evidence annual leave loading has been paid on each and every occasion the leave has been taken.
  - Copy of a payslip.
  - Details of superannuation compliance including evidence of the previous 12 months payment made to the superannuation funds (Quick Super Transaction).
- Meeting with the workers.

## Outsourcing to external manufacturers

- Registration with Fair Work Commission's Board of Reference and list of suppliers submitted.
- Award-compliant Written Agreement signed with each supplier.
- Award-compliant garment specification sheet (Work Record) with each supplier.

## If homeworkers are being used

- Checking Homeworker wages and entitlements as per the TCF Award 2010.
  - Evidence of accruals – annual leave and personal carer’s leave; long service leave where applicable.
  - Evidence annual leave loading has been paid on each and every occasion the leave has been taken.
  - Details of superannuation compliance including evidence of the previous 12 months payment made to the superannuation funds (Quick Super Transaction).
  - Copy of a payslip.
- WorkCover evidence.
- Award-compliant Written Agreement signed with each homeworker.
- Award-compliant garment specification sheet (Work Record) signed with each homeworker.

## Further information

- If you outsource, the compliance audit overview above is also conducted with each of your suppliers.
- If any of the areas listed are not yet compliant with the TCF Award, the Compliance Officer will advise on what needs to be done and how to go about it. Once you have remedied any outstanding matters, you will need to forward evidence of this to the Compliance Officer.
- The Compliance Officer will advise ECA when your manufacturing situation is legally compliant. The Union will also supply any supporting homeworker documentation to ECA for submission to the Management Committee with your application for accreditation.

The accreditation compliance audit process is about assisting businesses if any legal obligations are outstanding, and giving you time and advice on how to do this.

# Detailed list of compliance audit documents

**In line with the TCF Award and other workplace laws, a number of business records are required for inspection during the audit process. This section details what records you should retain and provide to the Compliance Officer as part of the compliance audit process.**

## Time and Wages records

The following is the minimum requirements in relation to employee time and wages records (including homeworkers) required to be made and retained for seven years:

- Employer's name and ABN
- Employee's name
- Date employee started work
- Whether employee is full time or part time
- Employment status (e.g. permanent)
- Employee's pay rate including gross and net amounts, any deductions from gross amount (e.g. taxation), loadings, allowances, penalty rates or other paid entitlements
- Hours of work worked at ordinary rate
- Number of hours of overtime worked (start and finish)
- Number of hours worked if an averaging arrangement
- Date of payment
- Pay period
- Job title and skill level
- Superannuation details (fund name, amount paid, pay period, date(s) paid)
- Leave accruals and leave taken

## Pay Slips

The following are the minimum requirements of details to be included on pay slips to be provided to employees (including homeworkers).

- Employer's name and ABN
- Employee's name
- Date of payment and pay period
- Gross pay and net pay
- Loadings, allowances, bonuses, penalty rates and other paid entitlements
- Employee's ordinary hourly rate and number of hours worked at that rate
- Number of hours of overtime worked (start and finish)
- Any deductions from the employee's pay including amount and details of each deduction
- Superannuation details (name and number of fund, amount of contributions paid during the pay period or the amount of contributions that need to be made).

## Work Records

The following are the minimum requirements to be included on Work Records supplied to contractors or homeworkers. Source: TCF Award 2010

- The principal's name, address, ABN/ACN and/or registered business number
- The principal's Board of Reference number
- The name and address of the person to whom the arrangement applies to
- The address(es) where the work is to be performed
- The time and date for commencement and completion of the work

- A description of the nature of the work required and the garments, articles or material to be worked on (including diagrams where available and details of the type of garment or article, seam type, fabric, manner of construction and finishing)
- The number of garments, articles or materials of each type
- The time (including sewing time) required for the work required on each garment, article or material

## Work Records with a homemaker

Where the arrangement is with a **homemaker**, additional information must be included in the Work Record as follows:

- The time and date for the garments, articles or materials to be provided to and picked up from the worker (commencement and completion of the work)
- The time standard applied to determine the appropriate time (including sewing time)
- The number of working hours that will be necessary to complete the work (calculated by multiplying the number of garments by the time - including sewing time - per garment, article or material)
- The number of hours and days within the ordinary working week necessary to complete the work in order to determine the appropriate time and date of commencement and completion of the work
- The total amount to be paid to the worker for the hours and days necessary to complete the work, applying the appropriate rates of pay

## Arrangements/Work Agreements

The following are the minimum requirements to be included as part of an arrangement between a principal (applicant business or contractor) and another contractor to have work carried out for the principal.

- Contractor's business details including ABN, Board of Reference number (if applicable) and address where the work is to be performed
- Contractor's signature
- Principal business' details including ABN, Board of Reference number and address
- Principal business' signature
- The arrangement contains a term requiring the other business to:
  - Have a written agreement with any other person who performs any work which is the subject of the arrangement;
  - Make sure that the written agreement contains all of the matters set out in the relevant Work Records; and
  - Make sure the written agreement provides for wages and conditions no less favourable than those provided to workers under the Award.

## Work Agreements with a homeworker

Where the arrangement is made between the principal (applicant business or contractor) and a homeworker, there are additional requirements to those above. The principal must make a signed written agreement with the worker which includes:

- Homeworker's name and signature
- Principal's name and signature
- Address where the work is to be performed
- Number of hours per week to be provided to the homeworker, either full time (38 hours per week) or permanent part-time (minimum 15 hours per week as agreed between the principal and the homeworker; or 10 hours per week as agreed between the principal and the homeworker, with the consent of the Union).

**Note:** If a homeworker is employed on a permanent part time basis, the minimum hours may be averaged over a period not exceeding 4 consecutive weeks

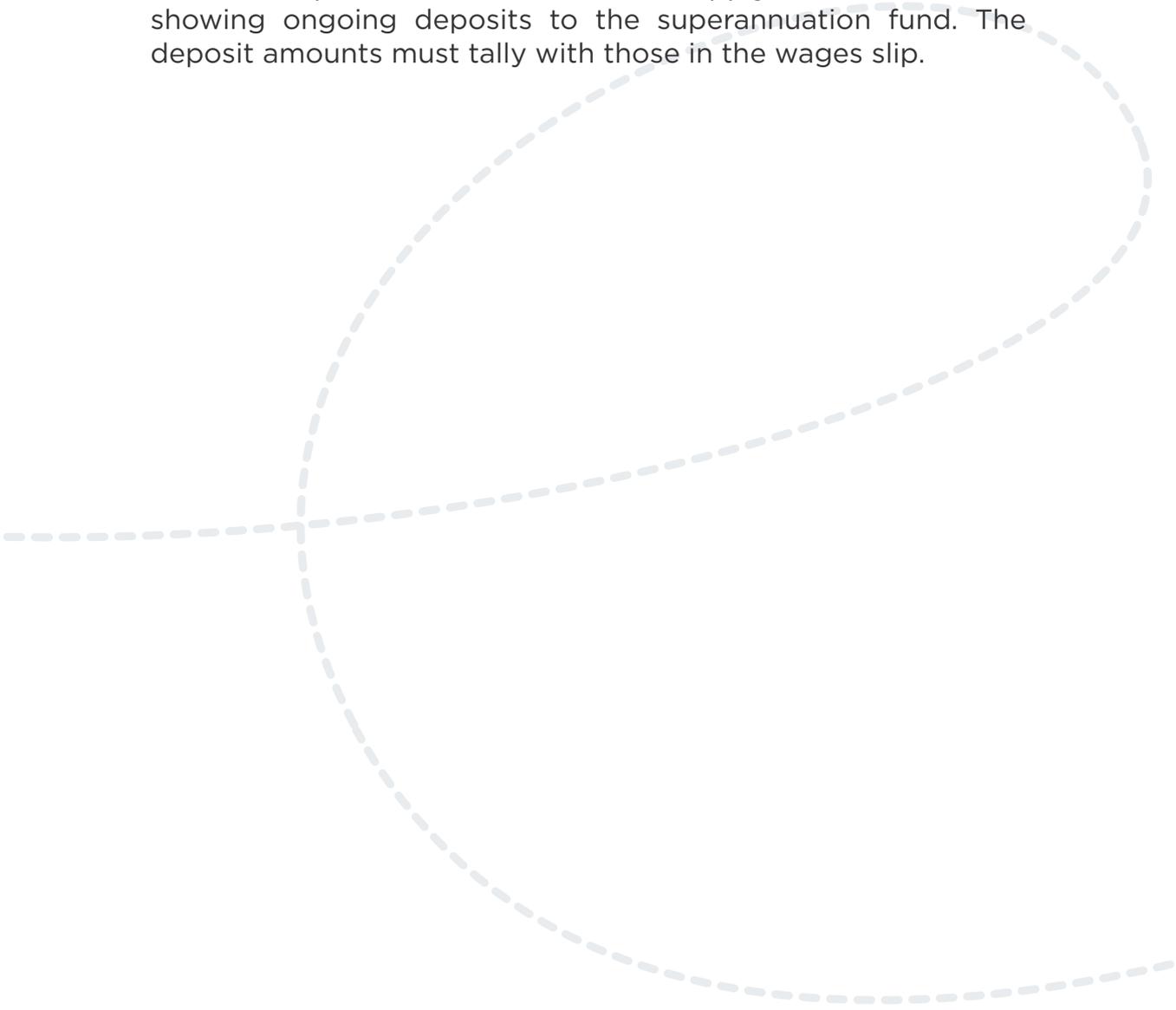
### **WorkCover Evidence**

Evidence of a principal (applicant business or contractor) business' WorkCover Insurance must be provided in the form of a Certificate of Currency (or similar).

### **Superannuation Evidence**

Evidence of superannuation payments must be provided in the form of a statement from the superannuation fund outlining payments paid by the employer on behalf of the homeworker.

Very occasionally a superannuation business provides no ongoing statements. In this instance, you must either request one from the superannuation business or supply a bank statement showing ongoing deposits to the superannuation fund. The deposit amounts must tally with those in the wages slip.



# Supply Chain Mapping Example

