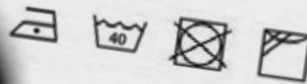




MADE IN POVERTY

The true price of fashion

Summary of research findings



**WHAT SHE
MAKES**



OXFAM
Australia

FOREWORD

Chameli¹, her husband and their three daughters live in a stuffy and cramped single room measuring less than nine square metres. Two of the girls must sleep on the floor.

Chameli works in a factory in Bangladesh that supplies clothing to the Australian household name department store, Big W. Despite working in the industry for six years, Chameli takes home as little as \$128 a month. Even when she works overtime — as late as 3:00am at least once a week — the most she earns is \$165 a month. Her average rate of pay is about 51cents an hour.^{2,3}

The family is saddled with debt, forced to borrow money after Chameli's four-year-old son tragically drowned and her husband had a heart attack.

Battling to repay their spiraling debts, the family cannot afford for any of their daughters — aged 7, 10 and 14 — to attend school.

Recently, Chameli and her husband were forced to make a painful decision to ensure the family could better meet their needs. They sent their teenage daughter to follow the path of her mother and work in a garment factory.

This Oxfam report reveals a harsh and heartbreaking reality — Chameli is not alone.

Based on hundreds of interviews with workers in Bangladesh and Vietnam, this research lays bare the fact that the widespread payment of pittance wages in the garment sector is trapping workers and their families in a cycle of poverty.

The first in-depth investigation of its kind into the supply chains of big Australian brands, this report exposes the hardships of everyday life for the workers, mainly women, who are an essential part of a lucrative industry — and yet who struggle every day to put enough food on the table.

The report also examines the pressures placed on factory operators and owners by Australian-based

brands to keep costs low — and in turn, keep wages at levels that deny workers and their families' decent lives.

Australian brands are an integral part of the system that keeps these women trapped in poverty. They have the power and must take steps that will enable these workers to lift themselves out of poverty. This can be done through ensuring the payment of living wages that allow workers to buy enough nutritious food, live in decent housing, send their children to school and get healthcare when they are sick.

The first step is for iconic Australian brands to commit to a clear strategy and timeline that will help guarantee the payment of living wages to the workers making their clothes.

Women like Chameli have a right to be able to afford food, beds and education for their children. She cannot afford to wait any longer.

Dr Helen Szoke, Chief Executive, Oxfam Australia



Photo: Abir Abdullah/OxfamAUS

1. None of the workers in the report are identified by their real name for their wellbeing and the protection of their employment.

2. All monetary figures are expressed in Australian dollars unless otherwise stated throughout this report. The exchange rate used is 1 BDT = \$0.016 AUD in August 2018.

3. Calculated by taking average earnings as reported by Chameli and 286 working hours a month. Take home wage varies depending on hours of overtime worked. Wage adjusted to reflect the new minimum wage in Bangladesh. Hourly rate described here is less than the minimum wage in Bangladesh due to deductions that are made from her wages for mistakes and not being able to meet targets.

1. EXECUTIVE SUMMARY

The Australian fashion industry was worth almost \$23.5 billion in 2018 — a staggering amount. But a system of entrenched exploitation and the widespread payment of poverty wages is denying the workers making our clothes the opportunity for decent lives.^{4,5}

Groundbreaking research conducted by Oxfam has exposed the undeniable truth behind the clothes being sold in shops across Australia: workers are trapped in a cycle of poverty, no matter how hard they work.

This research — the first in-depth investigation of its kind into the lives of the workers in the supply chains of Australian brands — has revealed not only harrowing personal stories of individuals, but a systemic failure to ensure payment of wages that are enough for people to afford even the basics of a decent life.

Oxfam Australia, together with the Bangladesh Institute for Labour Studies and the Institute for Workers and Trade Unions in Vietnam, has interviewed more than 470 workers across Bangladesh and Vietnam for this study. All of them were part of Australian clothing supply chains at the time of interview, employed in garment factories that supply at least one iconic Australian clothing brand.⁶

The investigation also included more than 130 interviews with factory owners, managers, union leaders and focus groups to present a clear picture of the way the fashion industry works in Australian garment supply chains.⁷

The result is the first full picture of the lives of the people who work to bring fashion to Australian shelves, from two key sourcing countries: Bangladesh and Vietnam. And the evidence is disturbing.

Not only are almost all the workers we interviewed earning well below a living wage; they are also struggling to feed themselves and their families, sometimes going hungry. They fall into spiraling debt, live in poor conditions and cannot afford the healthcare or education they and their families need. Workers in Bangladesh told stories of having to leave school early or pulling their children out of school in order to send them to work in the garment sector to bring in more money — just to cover the necessities. In Vietnam, the comparatively higher wages mean that the situation is relatively less extreme.

This investigation reveals that the problems created by poverty wages in the garment industry are not isolated incidents. They cannot be fixed by action in just one factory or by addressing the hardships of just one worker. Only a strong, system-wide commitment from Australian brands with the power to change their practices will turn this around.

Among the many disturbing results, the research has revealed:

- Nine out of ten workers interviewed in Bangladesh cannot afford enough food for themselves and their families, forcing them to regularly skip meals and eat inadequately, or go into debt.
- 72% of workers in Bangladesh factories supplying to major brands in Australia, and 53% in Vietnam, cannot afford medical treatment when they get sick or injured.
- 76% of workers in Bangladesh factories supplying to major brands in Australia have no running water inside their home, and more than 40% in Vietnam reported worrying about having to use well or rain water.
- In Bangladesh, one in three workers interviewed are separated from their children, with nearly 80% of those cases due to a lack of adequate income.
- Workers in both countries reported significant levels of verbal abuse, with workers in Bangladesh also reporting high levels of physical and sexual abuse.

Behind each of these shocking statistics, there are countless individual stories. These are the women who make our clothes.

Tania, who told us her story in Bangladesh, works up to 12 hours a day in a factory supplying clothes to Kmart. At most, she takes home \$169 a month; on average earning about 55 cents an hour.⁸

The 21-year-old single mother's only option to make ends meet was to take a job at a garment factory in Dhaka. She was still breastfeeding when she moved from her village for the job and tried in vain to make it work, but Tania was eventually forced to send her baby home to be cared for by her parents.



Dhaka, Bangladesh: Garment workers seen on their way to work on the streets of Dhaka. Photo: Febeha Monir/ OxfamAUS.

She now sees her daughter just twice a year and told us she often sits alone in her 1.8metre by 1.5metre rented room and cries in desperation.

Tania is among the one in three workers interviewed in Bangladesh who reported being separated from their children due to inadequate income and a lack of available care.

At the same time, while women like Tania face unjust and intolerable struggles, the Australian fashion industry is getting bigger. Since 2015, returns to the shareholders of the major clothing companies in Australia have increased by 35.5% per year on an average. The industry is expected to grow at an annual rate of 1.9% over the next five years. Brands like Kmart and Cotton On have increased their annual revenue intake by more than \$1 billion each since 2014. These companies have the power and the resources to help change this unfair system.

Our research also reveals the strategies and practices used by Australian companies that drive wages down. Interviews with factory owners and managers showed that, despite clear commitments on important fundamental rights at work in their Codes of Conduct, Australian companies place pressure on garment factories in many ways. They undertake fierce price negotiation, often jump between contracts instead of working with factories over the long term, squeeze

lead times for orders and operate with a separation between their ethical and standards staff and their buying teams, who negotiate directly with factories. One factory owner even reported the extensive measures a company had taken to keep their clothing safe in case of a fire, but a lack of interest from the very same company in fire safety measures for the workspaces where people sew their clothes.

It is time for Australian brands to face up to this reality, and turn their practices around and pay a living wage to the women who make our clothes. In late 2017, Oxfam released a report showing that the cost of the average piece of clothing sold in Australia would increase by just 1% to ensure that workers in Australian garment supply chains earned a living wage.⁹ This new investigation now comprehensively details the reality of poverty wages for the women who make clothes bound for Australia — and the ways in which Australian brands both profit from this poverty and actively operate in ways that keep wages low.

Oxfam is calling for companies to take real action to implement living wages in their supply chains, thus allowing the workers making our clothes a chance at decent lives.

This starts with a credible commitment to living wages, and a timeframe for implementing key milestones along the way.

4. IBISWorld, "Clothing retailing in Australia: industry report", IBISWorld, Melbourne, August 2018, viewed September 2018, <https://www.ibisworld.com.au/industry/clothing-retailing.html>; IBISWorld, "Clothing wholesaling in Australia: industry report", IBISWorld, Melbourne, August 2018, viewed September 2018, <https://www.ibisworld.com.au/industry-trends/market-research-reports/wholesale-trade/other-goods-wholesaling/clothing-wholesaling.html> and IBISWorld, "Fast Fashion in Australia: industry report", IBISWorld, Melbourne, April 2018, viewed August 2018, <https://www.ibisworld.com.au/industry-trends/specialised-market-research-reports/consumer-goods-services/fast-fashion.html>.

5. Our 2017 report noted that the industry was worth \$27 billion. The industry has grown in size since 2017, rather than shrunk – but the data source has changed reflecting a change in the given number. The revenue number changes in the latest IBIS World report are due to the change of source used within the Australian Bureau of Statistics (ABS) by the analysts of IBISWorld to provide more up-to-date data.

6. Garment companies can regularly change their factory suppliers. We interviewed workers who were all part of Australian supply chains up to mid-2018. In particular, some of the women interviewed worked for factories that supplied Specialty Fashion Group up to mid-2018. However, this company sold a number brands to Noni B Group in mid-2018. These factories may still be supplying Australian brand Noni B Group, however some may also have changed.

7. A detailed methodology for this research can be found in the annex at the end of this report.

8. Calculated by taking average earning and 286 working hours a month. Take home wage varies depending on hours of overtime worked. Wage adjusted to reflect the new minimum wage in Bangladesh. Hourly rate described here is less than the minimum wage in Bangladesh due to deductions that are made from her wages for mistakes and not being able to meet targets.

9. Emran & Kyriacou, 2017, "What She Makes: Power and Poverty in the Fashion Industry", Oxfam Australia, available at http://whatshemakes.oxfam.org.au/wp-content/uploads/2017/10/Living-Wage-Media-Report_WEB.pdf.

A LIVING WAGE

FOR A WORKER AND THEIR FAMILY
SHOULD PROVIDE:



FOOD



UTILITIES



HOUSING



HEALTHCARE



EDUCATION



CLOTHING



TRANSPORTATION



SAVINGS

EARNED IN NO MORE THAN
48HRS/WEEK.



MIND THE GAP: WORKER'S WAGES AND DEBT LEVELS

BANGLADESH

100%

of the workers earn below living wage compared against Asia Floor Wage, and Global Living Wage Coalition.



9 OUT OF 10

felt that their income is not sufficient or partially sufficient to meet their needs.

87% of workers take loans and 56% purchase on credit from the local shop to fill in the income expenditure gap.



85%

reported that they regularly run out of money at the end of each month.

VIETNAM

99%

of workers earn below living wage compared against Asia Floor Wage¹⁰, and



74%

earn below living wage compared against Global Living Wage Coalition.¹⁰



7 OUT OF 10

felt that their income is not sufficient or partially sufficient to meet their needs.

27% experienced no change in wage and 5% experienced that their wage reduced in the past year.



37%

workers have to borrow from friends, relatives or neighbours to fill in the income expenditure gap.



28%

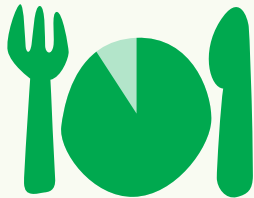
reported that their wage is not sufficient to sustain their family for the whole month.

10. Survey results compared against the average Global Living Wage Coalition benchmark for region 1 (Ho Chi Minh City) and region 4 (Soc Trang and Thai Binh provinces) Vietnam.



FOOD AND NUTRITION

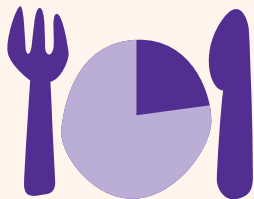
BANGLADESH



91%

of garment workers cannot afford enough food for themselves and their family.

VIETNAM



Over
20%

of garment workers cannot afford enough food for themselves and their family.



Dhaka, Bangladesh: Garment worker, Chameli* and her daughters Bipasha* (L), Lucky* (R), Rupa* (C) eat lunch at their home in Dhaka. Photo: Fabeha Monir/ OxfamAUS.



HEALTH AND IMPACTS OF OVERTIME

BANGLADESH



OVERTIME

99%

of garment workers regularly work overtime.



55%

work more than 3 hours of overtime regularly.



84%

feel that they cannot say no to overtime or night duty.



HEALTH

72%

of garment workers cannot afford proper treatment when they get sick.



77%

do not take sick leave as needed.



66%

reported that pregnant women are subject to discrimination, with cases of extra hours having to be worked to offset maternity leave, as well as extra pressure.

VIETNAM



OVERTIME

65%

of garment workers regularly work overtime.



52%

are not aware of the laws about overtime hours and payments



HEALTH

53%

of garment workers cannot afford proper treatment when they get sick.



94%

do not take sick leave as needed.



HOUSING AND LIVING CONDITIONS

BANGLADESH



OVERCROWDING

Average number of workers living in one room:



(3)

Average room size:

2.6M X 3.2M

Average home size in Australia¹¹:

189.8M²



76%

have no running water inside their home

Average number of people who share one water source (tap or tube well):



(16)



LIVING CONDITIONS



96%

of people live in rented housing

While 96% of workers reported an increase in rent the past year, only 64% reported any increase in wages during the same time.



58%

of housing leaks when it rains

VIETNAM



23%

of workers live in semi-permanent or temporary housing



44%

reported that they are not sure if the water they are using is safe¹²



67%

of workers own their own home

11. <https://www.businessinsider.com.au/the-apartment-boom-has-driven-average-australian-home-sizes-to-a-20-year-low-2017-11>

12. They use mostly well water and are unsure if it is safe.



EDUCATION AND FAMILY

BANGLADESH



GARMENT WORKERS EDUCATION

85%

of garment workers reported leaving school early, as their family could not afford it.



40%

reported that they started working in the garment industry before 18 years of age.



44%

reported they could not get a promotion because of lack of education and skills.



60%

expressed interest to learn new skills but of these almost all (95%) reported that they cannot afford it.

ZERO

respondents reported they wanted their children to work in the garment industry.



EDUCATION FOR WORKERS' CHILDREN

89%

of garment workers reported their wages are not enough to cover education costs for their children.



17%

reported their children have had to stop school early due to low wages.

33%

do not live with their children, with the vast majority (93%) of these living in the home village of the parents.

REASONS



78%

because of a lack of sufficient income.



20%

because there is no one to look after their children while working.



GARMENT WORKERS EDUCATION



90%

of garment workers have completed secondary school education.



43%

reported they could not get a promotion because of lack of education and skills.



EDUCATION FOR WORKERS' CHILDREN



20%

of garment workers reported that their wages are not enough to cover education costs for their children.

42%

do not want their children to work in the garment industry.




Northern Vietnam: Garment worker Minh* and her son Tuan Anh* pictured at their home in Northern Vietnam. Photo: Do Manh Cuong/OxfamAUS.




WAGE THEFT

BANGLADESH

 **56%** of workers reported that they experience wage cuts regularly.

 **43%** reported inaccurate calculation of working hours.

VIETNAM

 **14%** of workers are unsure whether overtime is always paid when they work after hours.



JOB INSECURITY

BANGLADESH



More than
8/10 workers reported that they constantly fear losing their job.

VIETNAM



More than
1/4 workers reported that they constantly fear losing their job.



Dhaka, Bangladesh: Garment workers seen on their way to work on the streets of Dhaka. Photo: Fabeha Monir/ OxfamAUS.



VERBAL, PHYSICAL AND SEXUAL ABUSE

BANGLADESH



88% of workers reported regular verbal abuse.



35% of workers have experienced physical abuse such as being hit or pushed.



28% of workers reported experiencing sexual abuse, including requests for sexual favours.

VIETNAM



23% of workers reported regular verbal abuse.



ABILITY TO ORGANISE

BANGLADESH



53% of workers said their factory has a Participatory Committee for workers, but of these more than



90% felt the Committee was not effective or partially effective; and



45% said the Committee was compromised by management .

VIETNAM



Almost **75%** of the workers we surveyed do not know about or understand whether they have collective bargaining agreements.

5. RECOMMENDATIONS FOR BRANDS

BRANDS SHOULD:

1. Get the basics right on human rights.

- Be transparent — publicly disclose their factory list and update it regularly.
- Fairly deal with human rights abuses — support factories to establish effective grievance mechanisms.
- Allow workers to organise — adopt a positive and proactive freedom of association policy.
- Consult with unions and workers' representatives — ensure that workers are able to have a representative say in their working conditions in all factories and are a meaningful part of all wage negotiations.
- Empower women workers — adopt a positive and proactive gender policy and gender-sensitive targets.

2. Make a credible commitment to living wages.

Publicly commit to respecting the right to a living wage and work towards the implementation of living wages in the company supply chain. This must include a timeframe by which the brand will achieve key milestones, such as publishing a living wage roadmap or undertaking a living wage pilot program.

3. Develop and publish a living wage roadmap.

- Adopt an existing living wage benchmark or calculate a living wage using established methodology. Brands should ensure — and, if necessary, facilitate — meaningful and transparent discussion and negotiation between workers, unions and management to determine steps to living wages and agree on plans to achieve them.

- Recognise that purchasing practices and pricing policies have an impact on wages (and working conditions) and commit time and resources to calculate the labour costs of merchandise to ensure that prices facilitate payment of a living wage at the very least. This means that the Freight on Board (FOB) price should cover a living wage labour cost.¹⁷

4. Implement and monitor living wages in the supply chain.

- Conduct living wage pilots as appropriate to the supply chain and adjust the living wage roadmap based on lessons learned. Pilots should be done in collaboration with other brands wherever possible and support systemic change to adopt living wages through collaboration, coordination and dialogue among brands, factories, employers' organisations, unions and governments.
- Clearly indicate the commitment to stay in a sourcing country when wages increase and actively engage, advocate and support governments, industry associations and civil society to increase minimum wages to match living wages.
- Supply regular public reports on the living wage programs, roadmap to a living wage, and the progress being made (or lack thereof).

17. Clean Clothes Campaign, "Road map to a living wage", Amsterdam, 2 July 2013, viewed 31 October 2018, <https://cleanclothes.org/livingwage/road-map-to-a-living-wage>.

WHAT SHE MAKES

IS KEEPING HER IN POVERTY



OXFAM

Australia

whatshecreates.org