

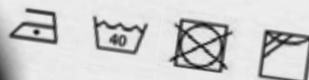


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# MADE IN POVERTY

The true price of fashion

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**WHAT SHE  
MAKES**



**OXFAM**  
Australia

[www.oxfam.org.au](http://www.oxfam.org.au)

**Cover image:** Dhaka, Bangladesh: Garment worker Shima photographed on her home sewing machine in Dhaka. Photo: Fabeha Monir/ OxfamAUS.

**Back cover image:** Dhaka, Bangladesh: Garment worker, Chameli and her daughter Lucky pictured at their home in Dhaka. Photo: Fabeha Monir/ OxfamAUS.

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## OXFAM RESEARCH REPORTS

Oxfam research reports are written to share research results, contribute to public debate and invite feedback on development and humanitarian policy and practice. This is the third report in a recent series on living wages in the garment industry, following the handbook 'A Sewing Kit for Living Wages' (2017) and report 'What She Makes: Power and Poverty in the Fashion Industry' (2017).

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## ABOUT OXFAM

At Oxfam, we believe all lives are equal and no-one should live in poverty. We join forces with people who share this belief, to empower communities to build better lives for themselves. That's why we are there on the ground, not only to save lives in times of crisis, but also to develop lasting solutions. Our work spans wide because there are many causes of poverty. That's why we're also in front of decision-makers, governments and corporations, and speak out on the big issues.

## ABOUT THE INSTITUTE FOR WORKERS AND TRADE UNIONS

The Institute for Workers and Trade Unions (IWTU) was established in 1995 by the Vietnam General Confederation of Labour (VGCL). The main function of the IWTU is to do research on workers and trade unionism and conduct capacity-building activities for enhancement and promotion of workers' rights and trade union rights through mass media, public campaigns on law and policy-making, law enforcement and in order to advise the VGCL to claim workers' rights to the level of international labour standards. As a research institute, the IWTU does research on different areas related to human rights for awareness campaigns so as to protect, promote and enforce human rights in the country.

## ABOUT THE BANGLADESH INSTITUTE OF LABOUR STUDIES

Established in 1995, Bangladesh Institute of Labour Studies (BILS) is the only labour institute in Bangladesh. As an apex organisation, BILS endeavours to uphold the causes of working people and trade unions of Bangladesh. There are 12 major National Trade Union Federations associated with BILS. With the view of building up a just and democratic society and enabling the workers' organisations to play their appropriate role as a major force, BILS emphasises the capacity building of the trade unions through training, research and information sharing. Protecting workers rights is the main objective of BILS and it strives to promote just and worker-friendly policies and laws in Bangladesh. It also plays a catalyst role in bridging trade unions, civil society and the government on labour market issues.

# CONTENTS

<b>FOREWORD</b>	<b>5</b>
<b>1. EXECUTIVE SUMMARY</b>	<b>6</b>
<b>2. THE HUMAN COST OF POVERTY WAGES</b>	<b>8</b>
Mind the gap	9
Food and nutrition	14
Health and impacts of overtime	18
Housing and living conditions	24
Education and family	28
<b>3. ADDING FUEL TO THE FIRE: WAGE THEFT, JOB INSECURITY, ABUSE AND INABILITY TO ORGANISE</b>	<b>32</b>
Wage theft	33
Job insecurity	34
Verbal, physical and sexual abuse	35
Ability to organise	36
<b>4. THE ROLE OF BRANDS</b>	<b>40</b>
How the purchasing practices of brands play a role	41
Price negotiation	42
How Australian garment supply chains work	43
Lead times and fast fashion	44
Lack of long-term commitments	44
Mismatch	45
Changing the way brands work is possible	46
<b>5. RECOMMENDATIONS</b>	<b>48</b>
For brands	48
For governments	49
<b>6. ANNEX</b>	<b>50</b>
Industry overview	50
Methodology	51
Analysis plan	54
Limitations	54
List of leading brands/ companies operating in Australia sourcing from Bangladesh and/or Vietnam	55
Further information about living wage benchmarks	56

# DEFINITIONS

**Australian companies/Australian brands:** Companies selling clothing in Australia under their brand name.

**Brand:** Unique design, sign, symbol, words, or a combination of these, employed in creating an image that identifies a product and differentiates it from its competitors.

**Buyer:** The name given to global fashion brands (including Australian brands) when they place orders and 'buy' clothing from garment factories around the world. In this situation, brands are the 'buyers' and garment factories are the 'suppliers'.

**Code of conduct:** Principles, values, standards, or rules of behaviour that guide the decisions, procedures and systems of an organisation in a way that (a) contributes to the welfare of its key stakeholders, and (b) respects the rights of all constituents affected by its operations.

**Collective bargaining agreement:** Written, legally enforceable contract for a specified period between the management of an organisation and its employees represented by an independent trade union. It sets down and defines conditions of employment (wages, working hours and conditions, overtime payments, holidays, vacations, benefits, etc.) and procedures for dispute resolution.

**Cycle of poverty:** Endless continuation of poverty, where no matter what a person does, it is extremely difficult to move out of poverty. Normally, this is because the structural factors outside a person's control like laws, the way businesses operate and local context mean working to earn enough to move out of poverty or escaping poverty by other means is made near-impossible. Once a person or community falls below a certain level of resources, a chain of events starts to occur that tends to perpetuate the situation: progressively lower levels of education and training leading to lack of employment opportunities, leading to shattered health, often early death, and a similar situation of ongoing poverty for the next generation.

**Focus group:** A group of people assembled to participate in a discussion to provide feedback.

**Freedom of Association:** The right to participate in and join a union or any other form of association and to participate peacefully in all activities of that union or association, including peaceful protest. This is a fundamental human right.<sup>1</sup>

**Garment factory/Manufacturer:** A factory where garments are made. On an industrial scale this involves sewing, cutting, making, processing, repairing, finishing, assembling, or otherwise preparing any garment.

**Human rights:** Rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.<sup>2</sup>

**Inflation:** Sustained increase in the general price level in an economy. Inflation means an increase in the cost of living as the price of goods and services rise.

**Lead time:** Number of days between when companies (in Australia, for example) place an order and the clothing is delivered.

**NGO:** Non-Governmental Organisation. A non-governmental organisation is any non-profit, voluntary citizens' group which is organised on a local, national or international level. Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political participation through provision of information. Some are organised around specific issues, such as human rights, environment or health. They provide analysis and expertise, serve as early warning mechanisms and help monitor and implement international agreements.

**Poverty wages:** Low wages, where workers are unable to meet basic needs no matter how hard they work.

**Sourcing countries:** The countries from which Australian brands source clothing.

1. See more information at: <https://www.humanrights.gov.au/freedom-association>.

2. See the Universal Declaration of Human Rights: <http://www.un.org/en/universal-declaration-human-rights>.

# FOREWORD

Chameli<sup>3</sup>, 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 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 during busy shipment times — the most she earns is \$165 a month. Her average rate of pay is about 51cents an hour.<sup>4,5</sup>

The family has often been 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 afford the basics, the family cannot afford any of their daughters — aged 5, 12 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

3. None of the workers or their family members in this report are identified by their real name for their wellbeing and the protection of their employment.

4. 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.

5. 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.<sup>6,7</sup>**

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, 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.<sup>8</sup>

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.<sup>9</sup>

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 being paid 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 interviewed 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 interviewed 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.

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 brands including Kmart. At most, she takes home \$169 a month; on average earning about 55 cents an hour.<sup>10</sup>

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.

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 because of 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 five major clothing companies in Australia have increased by 81% per year on an average.<sup>11</sup> The industry is expected to grow at an annual rate of 1.9% over the next five years.



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

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 ensure a living wage for 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.<sup>12</sup> 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.

6. 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>.
7. 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.
8. 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. Specialty Fashion Group has now changed their name to City Chic Collective and only sources from factories in China.
9. A detailed methodology for this research can be found in the annex at the end of this report.
10. 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.
11. Calculated last four years (2015 to 2018) compound annual growth rate of 'Return on Shareholders' Funds' of five companies, Wesfarmers (Kmart, Target and others), Woolworths Group Ltd. (Big W and others), Premier Investments Limited (The Just Group), Noni B, and Woolworths International (Australia) Pty Ltd. (Country Road and others). IBISWorld, viewed February 2019, <https://www.ibisworld.com.au>.
12. Emran S Kyriacou, 2017, "What She Makes: Power and Poverty in the Fashion Industry", Oxfam Australia, available at [http://whatshecreates.oxfam.org.au/wp-content/uploads/2017/10/Living-Wage-Media-Report\\_WEB.pdf](http://whatshecreates.oxfam.org.au/wp-content/uploads/2017/10/Living-Wage-Media-Report_WEB.pdf).

# 2. THE HUMAN COST OF POVERTY WAGES

For the first time, this report looks comprehensively at the lives of the women and men who make clothes bound for the Australian market in two key sourcing countries – Bangladesh and Vietnam.

These countries made up almost 10% of the clothing imported into Australia in 2017, and their share of the market is growing.

What we found is undeniable: the people making our clothes are trapped in poverty through the wages they are paid. They are unable to escape. This is not a one-off story of hardship, but a systemic exploitation of people—mostly women—who are simply trying to make ends meet.

The living wage is a simple concept. It is the idea that the lowest wage paid to a full-time worker needs to cover the essential basics – enough nutritious food, decent housing, healthcare, clothing, transportation, utilities, childcare, education, and other essential needs, as well as some savings for the future and unexpected events. A living wage is not a luxury. It is a minimum that all working people should

be paid if they are to escape poverty. A living wage should be earned in a standard work week (no more than 48 hours) by a worker and be sufficient to afford a decent standard of living for the worker and her or his family.

There are various ways to estimate living wage levels, but the two key benchmarks are the Asia Floor Wage and the Global Living Wage Coalition (also known as the 'Anker methodology').<sup>13</sup> Both methods of calculating a living wage are credible. However, the Asia Floor Wage is usually higher due to differences in detail, approach and calculation. Companies should work towards at least these levels of pay – and might see a living wage calculated using the Global Living Wage Coalition/Anker Method as an achievable first step.<sup>14</sup>

Whichever method brands use to calculate a living wage benchmark, it is important that workers are involved at every stage in the decision-making process. Ensuring collective bargaining through independent trade unions at the factory level is the best way for continuous improvement in wages – moving toward living wages for all workers.<sup>15</sup>

It is also important to ensure that no corners are cut so the people making our clothes are able to eat enough nutritious food, as well as afford a decent standard of living.

But right now, the wages paid to many garment workers in factories supplying to major brands in Australia mean these basics are far out of reach.

We spoke to 472 workers in Bangladesh and Vietnam, who all worked in factories supplying clothing to the Australian market.

The following statistics represent the workers we surveyed. Here is what we found.



13. More information about the Anker methodology of calculating living wages and the Asia Floor Wage can be found in Oxfam's publication "A Sewing Kit for Living Wages", 2017, available at: <http://whatshemakes.oxfam.org.au/wp-content/uploads/2017/10/A-Sewing-Kit-for-Living-Wage.pdf>. The various benchmarks available for the Global Living Wage Coalition/Anker methodology of calculating living wages are also available at: <https://www.globallivingwage.org/>.

14. Details of the Asia Floor wage and Anker benchmarks in annex.

15. Some Australian brands, including Kmart, Target and Cotton On, have joined an initiative called ACT on Living Wages. This is a positive move. The initiative brings companies and the IndustriALL Global Union together and aims to move towards living wages through industry-wide collective bargaining on a country level, starting in Cambodia and Turkey. More information about ACT can be found at: <https://actonlivingwages.com/>.



# MIND THE GAP: WORKER'S WAGES AND DEBT LEVELS

## BANGLADESH

# 100%

of garment workers earn below the 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 garment workers earn the below living wage compared against Asia Floor Wage<sup>16</sup>, and



## 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.



## 74%

earn below living wage compared against Global Living Wage Coalition.<sup>16</sup>



## 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.

16. 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.



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

**The wages the women who make our clothes are paid deny them the ability to meet their basic needs. 100% of surveyed workers in Bangladesh and 74% workers in Vietnam are paid below living wages. Even if overtime income is considered, over 98% workers in Bangladesh and 52% workers in Vietnam earn below a living wage compared against Global Living Wage Coalition benchmarks.<sup>17</sup> Compared against Asia Floor Wage, almost all the surveyed workers in Bangladesh and Vietnam are earning below living wage even with overtime. On top of this, it is common that management incorrectly calculate wages and overtime hours, and deduct salary for not meeting production targets.**

**In Vietnam**, garment workers are usually paid at a “piece rate”. This means workers are paid a base salary, and then an additional sum based on the number of products (such as T-shirts) they make. The factory decides the rate workers get per piece they produce, based on orders from buyers. Even though minimum wages increase annually, workers explained to us that companies often reduce the piece rate while at the same time increase daily production targets. As a result, national minimum wage increases only affect the basic wage, while the total income (based on the number of pieces made by each worker) does not increase. In Vietnam, 17% of the workers we interviewed did not have any increase in their wages over the past five years.

The national average minimum wage in Vietnam is around \$197<sup>18</sup> per month, which is 64% of the living wage compared against Global Living Wage Coalition<sup>19</sup> and 37% compared against Asia Floor Wage. Garment workers like Na in Vietnam can only increase their wage by producing more - but to produce more, she has to work lots of overtime. Her wage has not increased because the piece rate has not increased for many years. Na explained to us that, eight years ago, she sewed belts for clothing at 2.3 cents per piece. Today, the price is just 2.4 cents per piece. Over all of this time, Na has been unable to support a basic standard of living.

**In Bangladesh** the current minimum wage for garment workers is \$128<sup>20</sup> per month effective from December 2018, which is 49% of a living wage.<sup>21</sup> The minimum wage calculation in Bangladesh includes \$65.60 basic salary, \$32.80 for housing expenses; \$9.60 for medical expenses; \$5.60 for transportation; and \$14.40 as food subsidy.<sup>22</sup> Sadia, 28, spelled out to us exactly what this means for her:

**“I didn’t save. I cannot save. I cannot even eat for living.”**

The flow-on effect of these poverty wages is everywhere. Workers’ rent remains unpaid or half paid regularly. Even when seriously ill, they cannot afford to rest and loans are needed to cover treatment expenses. They walk to work to keep travel costs to a minimum. They buy and wear very cheap and poor quality clothes. There is no spare money to cover a family crisis or an emergency. Workers universally reported that they don’t go for outings or spend anything on recreation. They are forced to miss out on visiting family or any relatives because of the costs associated with travel.

Taking credit or loans from relatives, cooperatives or NGOs is common. This is usually to cover medical treatment, marriage costs, and education costs. Though amounts vary, in Bangladesh there is hardly any worker who has not taken a loan. Borrowing from relatives, friends, neighbours and co-workers is also a routine practice to afford day-to-day living. There is a practice of purchasing in credit for almost half the month, particularly to afford food. In Bangladesh, 87% of workers reported taking loans and 56% purchase on credit for essential items from their local shops when they run out of money. In Vietnam, 37% of workers reported borrowing from friends, relatives or neighbours to fill their income and expenditure gap.

In other words, our research shows that workers making clothes for Australian brands experience a perpetual debt burden. Workers often need to use their pay from the current month to cover debts incurred in the previous month. Tension with shopkeepers, borrowers and grocers is common as workers are pursued to pay their debts. All this results in workers feeling the need to work excessive overtime and night duty to add more to their wages. The cycle of poverty thus grinds on — with an impact on workers' health and wellbeing, as well as a material impact on the functioning and productivity of factories on which Australian garment companies depend.

#### “SHARING MONEY” IN VIETNAM — CHỖIHỤI

Vietnamese workers take part in a “sharing money” group to overcome their economic hardship. Chỗihụi is a loan or money-pooling club. Chỗihụi members contribute monthly to a common pool, which is given on a rotating basis to every member of the club. There are two types of Chỗihụi. The first is a group of workers who donate and take a lucky draw to choose who takes this money first in turn. The second type is that a group of workers donate money to the group. Anyone who has a need for the money most will get the money first. For subsequent donations, those who received the money in the previous round are required to pay a low interest rate for the previous amount they borrowed.



Northern Vietnam: Textile worker \*Mai pictured at her home in Northern Vietnam. Photo: Do Manh Cuong/OxfamAUS.

17. Compared against wage of the surveyed workers in Bangladesh and Vietnam as a percentage of Global Living Wage Coalition benchmark for Dhaka, Bangladesh and average Global Living Wage Coalition benchmark for region 1 (Ho Chi Minh City) and region 4 (Soc Trang and Thai Binh provinces) Vietnam. Workers earning in Bangladesh adjusted for 2018 minimum wage revision.
18. Vietnam has four minimum wage regions to reflect the cost of living in each region. Average minimum wage in Vietnam calculated by adding minimum wages of four regions and divided by four. All monetary figures are expressed in Australian dollars unless otherwise stated throughout this report. Exchange rate used is 1 VND = \$0.000059 AUD, August 2018. Vietnam Briefing, viewed September 2018, <http://www.vietnam-briefing.com/news/vietnam-minimum-wages-on-the-rise-in-2018.html>.
19. Compared average of Global Living Wage Coalition benchmark for Ho Chi Minh City (region 1) and region 4, Vietnam with national average minimum wage. In addition to the wage, law allows for allowances, such as seniority, responsibility allowance, training allowances, toxic allowances, travel, housing, attendance, productivity bonus, periodic support, etc. In different companies, types of allowance and allowance levels are different. Workers in formal garment companies in Vietnam have their basic wage specified in the labour contract. The basic wage must be at least the minimum wage (additional 5% and 7% can be added as training and hazardous working condition increments.) Average base wage in Vietnam is \$221, which is 42% of Asia Floor wage and 72% of Global Living Wage Coalition. Average base wage calculated by adding base wage of four regions and divided by four.
20. Minimum wage without overtime is BDT 8,000 per month.
21. Compared against the Global Living Wage Coalition benchmark.
22. The Daily Star, TK 8000 a month', Dhaka 14 September 2018, viewed September 2018n <https://www.thedailystar.net/business/news/bangladesh-rmg-garment-workers-minimum-salary-8000-taka-announced-1633342>.

## CHAMELI'S STORY

"If I had enough today, my daughter would not have to work ... inside my mind I feel the pain, that today this daughter should have studied and played and this daughter of mine is working."





Dhaka, Bangladesh: Garment worker, Chameli\* and her daughter Lucky\* pictured at their home in Dhaka. Photos: Fabeha Monir/ OxfamAUS.

## A 30-year-old mother of three, Chameli earns about 51 cents an hour for her work as a helper in a factory in Bangladesh that supplies clothes to big brands including Big W.<sup>23</sup>

Chameli left school, aged 11, to work. For the past six years, she has worked in the garment sector. The thing Chameli wants most for her three daughters – aged 5, 12 and 14 – is education, but her family’s story is one of a cycle of poverty trapping one generation to the next.

Unable to make ends meet on her poverty wages, Chameli recently allowed her 14-year-old daughter to leave school to start work in a clothing factory, while her younger two daughters no longer attend school.

Despite working an 11-hour day and regularly finishing as late as 3:00am during busy shipment times, Chameli is paid as little as \$128 a month. Even with overtime, the most Chameli takes home is \$165 a month.

Chameli describes feeling sad about her daughter’s path into the garment sector at such a young age – but says the family couldn’t otherwise afford enough food or clothing, and she had been living in misery by being constantly forced into debt.

The tragic death of Chameli’s only son, who was four years old when he drowned in an open gutter on a building site, and a heart attack suffered by her husband in the wake of the tragedy, began a spiral into debt. It took two years for Chameli

to pay back an initial loan and while the family are now debt free, this is only because her daughter has started to work.

The family of five live in a crowded compound on the outskirts of Dhaka in a 3.6m by 2.4m room, where the two youngest girls sleep on the floor. They share two stoves and one bathroom with five other families living in similarly cramped and uncomfortable conditions.

The family’s diet consists mainly of mashed potato and spinach, with fish once or twice a week and meat just once a month.

Despite Chameli’s husband and daughter now working and contributing to the household’s income, the family is barely scraping by.

“The thing that motivates me the most ... I just think if I don’t work, my children won’t get any food, then I give the strength to myself.”

But if paid a living wage, Chameli envisages there would be many changes – her daughters would go to school and there would be enough food to put on the table.

“There would be a lot of changes. I would feel peaceful then. I would be able to eat and manage my children’s education.”

23. Calculated by taking average earning as reported by Chameli and 286 working hours a month. 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 the target.



## FOOD AND NUTRITION

### BANGLADESH



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

### VIETNAM



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

**Poverty wages mean many of the women who make our clothes, and their families, do not have enough to eat.**

**In Bangladesh**, 91% of garment workers told us that their income is simply not enough to feed themselves and their family for the entire month. This means surviving only on pulses, rice and potatoes — and sometimes eating a sickly mix of old, fermented rice with chili in order to feel fuller throughout the day. Called “watery rice”, the fermentation in this mix also makes it mildly alcoholic, and women use it to numb some of the pain of sitting for hours a day at their sewing workstations.

Many women told the researchers of their want to have more healthy diets for themselves and their families. But their pay only allows them to buy items like fish once a month. Chicken, beef and other types of nutritious meat are seen as a luxury. Shima, a 26-year-old garment worker in Dhaka, told us that when her salary is paid, they buy small, cheap fish for a few days, but “I cannot remember if I ate beef at all in the last year. It is too costly.”

For some women, even affording a limited, insufficient diet can be a stretch. Around 33% of garment workers we interviewed in Bangladesh told us that they miss meals or eat inadequate meals regularly, while a further 10% told us this happens from time to time. Many women spoke of having to purchase simple items on credit every single month. This means they and their families are pushed further into a cycle of poverty and debt.

This extreme situation of malnutrition and lack of funds to purchase basic food items is punctuated even further for women with children, and for older women. Many older women must keep working simply to feed themselves, as they have no savings. And women with young children face a range of other stresses. Tania, 21, has a four-year-old child. She told us of the hardship of trying to feed both her daughter and herself, saying that

“If I am to look [after] my baby, then I cannot feed my stomach ... [but] if I am to take care of my stomach, then I cannot feed my baby”.



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.

Tania made the heartbreaking decision to send her child over 250km away, to live with her parents in their village. This way, Tania is able to send as much money as possible to her daughter and does not have to worry about her while she is at work in the factory. But this is very hard — she only gets to see her daughter two times a year at most. And after falling ill herself, Tania has been advised by a doctor to improve her own diet by eating eggs and milk every day. But Tania cannot do this — she needs this money to send to her daughter.

**In Vietnam**, the comparatively higher wages mean that the situation is less extreme, but a sizeable 28% of garment workers still reported that their wage was just not enough to sustain them and their family for the entire month. Of these,

50% reported that they handle this by borrowing money for food, which increased their family debts, and 6% reported that at the end of the month, they eat only rice.

The long hours of work for many garment workers in Vietnam also causes nutrition problems, as workers struggle to make as many pieces as possible to meet their targets and increase their pay. Hau, a 27-year-old garment worker in Vietnam, reported that she spends more on food for her children than herself, and spends little on her own food, in order to help pay off the family's debt. When she brings food into the factory to feed herself during the day, Hau's allowance is cut. But Hau takes the risk, otherwise she would go hungry.

# RITA'S STORY

"What will I eat and how will I make my son get an education?"





Dhaka, Bangladesh: Garment worker Rita\* stokes the fire that she prepares her meals on at her home in Dhaka. Photos: Fabeha Monir/ OxfamAUS.

**Rita is a helper in a factory near Dhaka, making clothes for Big W and other brands. Even when working seven days per week, Rita constantly grapples with how she can afford the basics.**

Rita has worked in the garment sector for 14 years, forced to raise her three children as a single parent after her husband left the family and remarried. Reflecting on raising her children, Rita recalls times when they were all barely able to eat, buying leftover cooked rice to feed her family. "I used to feel very bad inside my mind, my children wanted to eat, but without money how will I feed them," Rita remembers.

Her two daughters are now married, living with their husbands and children. A desperate lack of food for herself and her son for an entire month prompted her reluctant decision to send him to his father and step-mother when he was aged 13.

Rita now sends about a third of her monthly wage – which ranges from just \$43 to \$56 a month<sup>24</sup> – to contribute to the living and education expenses of her son, who she only gets to see on national holidays. Rita's biggest priority remains her son's continued education, even though her expenses outstrip her wages each month.

Now living alone, Rita's battle to have enough money to pay for food continues. With less than \$3 a day available to spend on food<sup>25</sup>, Rita's staples are rice, eggplant and potatoes –

she will buy chicken on the odd occasions she can afford it each month and is only able to eat beef once a year during a religious festival when her landlord sacrifices a cow and gives her a small portion.

Rita's poverty wage means many other hardships – she lives in a 2.5 by 2.5 metre room, big enough for only a bed and small shelf. The room is located next to a communal cooking area and not far from an area where rubbish is dumped in the open, forcing her to shut the window to her stuffy, tiny room to avoid the stench and smoke.

Rita also suffers many health issues, but taking time off work is not an option. She tells of a time in 2009 when she was sick and malnourished and told to take time off to recover. When she returned to work, she discovered she had been dismissed and had to re-apply for her job – stripping her of years towards her long service leave.

Though worried she is being pressured to leave her job so she can be replaced with a younger worker on a cheaper wage, Rita is resigned to working in the garment sector until her son's education is completed.

**"I work hard for my son, if I can do this upbringing well, at the end of my life, when I will grow old and I won't be able to work, then my son will be able to feed me a little."**

24. Adjusted to reflect the new minimum wage in Bangladesh. Take home wage varies depending on hours of overtime worked.

25. Multiplied by 1.51 of what Rita reported on her food expenditure to be in line with the new minimum wage in Bangladesh.



# 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.

**Falling into soaring debt, getting little or no treatment for serious medical problems, and being penalised for taking any time off – this is common when it comes to health and sickness for the women who make our clothes. Add to this long working hours of up to 18 hours a day,<sup>26</sup> with little or no breaks, and the health problems for garment workers compound.**

In Bangladesh, 72% of garment workers told us they cannot afford proper treatment when they get sick, and in Vietnam this figure was 53%. They simply do not earn enough to pay for healthcare.<sup>27</sup>

Chameli, a garment worker in a family of five in Bangladesh, told us of the hardship she has faced since her husband became ill, and her son passed away. Chameli took out a loan she could not possibly pay back to cover the costs for her son's funeral and husband's medical treatment. To make matters worse, her mother-in-law also became ill, adding more pressure to the already precarious situation. This problem of falling into a cycle of debt and the inability to pay for desperately needed health care is common. In yet another case, Shima (also from Bangladesh) has been unable to pay for essential treatment for a condition that has eaten her

away at her leg and foot. Today, she has lost her entire right foot. Shima skips meals or only eats a tiny amount of rice and potatoes in order to pay for her treatment, which is still not enough to cure the disease affecting her limbs. Despite her condition, Shima tries never to miss a day at the factory as her attendance allowance will be cut.

The long working hours affect many garment workers. They reported to us stories of fainting, feeling dizzy and worrying about not being able to leave their workstations to drink water throughout the day. Even many of the toilets in the factories are not usable, Selim working as a supervisor in Bangladesh told us "There are 10-15 toilets but only three toilets has light. Here toilet condition is so bad that it is even not possible to clean. Doors are broken, no bulb."<sup>28</sup>



Dhaka, Bangladesh: Garment worker Rita\* holds a handful of medicine at her home in Dhaka. Photo: Fabeha Monir/ OxfamAUS.

26. The research found that the excessive overtime is more profound in Bangladesh than in Vietnam.

27. Some workers in Vietnam are covered by health insurance.

28. None of the supervisors, managers, owners in the report are identified by their real name for their wellbeing and the protection of their employment.



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

**In Vietnam**, depending on the factory, workers get 5, 10 or 15-minute breaks in the morning and afternoon. In reality, as wage is based on piece rates and targets, workers often do not take these breaks and they work through. If they want to go to the toilet, they are also quick to return to work so as to not affect the output of the line and of themselves. One Vietnamese worker, Nhan, explained that her factory has a regulation for workers to take a break of 10 minutes in the morning and 10 minutes in the afternoon, but she and other workers often do not take the break and keep working to earn a little more by stitching a few more garments. She explained that “every worker is keen on doing this because they can get some more money rather than 10 minutes break, which seems to be meaningless”.

**To keep their heads above water, 99% of garment workers in Bangladesh and 65% in Vietnam reported that they regularly work overtime. Added to this, many – 84% in Bangladesh – feel that they cannot say no to extra hours of work.**

Workers often have no option but to accept and do overtime regularly. The law says working overtime is voluntary, but in reality, they have no choice. Sewing line supervisor, Farook from Bangladesh said during an interview, “No, we never asked permission from the worker in connection with overtime. If they can’t complete task in due time they must have to do overtime.” Barsha, 21, who works as a helper, sleeps on the factory floor when work pressure is high. She told us: “When there is a night duty, I cannot say no. Day shift

ends at 8pm, then [there is] two hours break. I need to resume work by 10pm. Night duty usually continues till 2–3am at late night. Women colleagues, who are from very nearby place, go to home. I do stay in the factory. Eight to 10 of us sleep on a plain cloth in the factory floor underneath the table.”

The long hours of overtime without breaks takes its toll on workers’ bodies. Most garment workers need to be able to take sick leave, but the reality is that many feel they cannot take it. As many as 94% of workers interviewed in Vietnam felt they could not take sick leave when they needed to<sup>29</sup>; 77% of workers in Bangladesh also felt this way. It is not surprising, when many factories operate all hours. One supervisor in Bangladesh told us: “[There is] no overtime payment. Workers get fixed salary. Even on Friday they need to work for 12 hours. They work all 30 days a month. There is no holiday.”

The toll on workers’ health is further compounded by often being unable to access other forms of leave. Among workers in one factory in Vietnam, it was reported that there is a concept of “selling annual leave”. This means that when a team fails to complete their weekly or monthly production target, the team leader asks the workers to work overtime and “sells” workers’ annual leave to the company, meaning that workers are “voluntarily” not taking their owed leave. Tania, a worker in Bangladesh, during her interview divulged her disappointment at not being granted any form of leave saying: “You will only get leave when someone near to you is dead. Otherwise, if anyone even says someone special to him/her is seriously ill [and] has got hospitalised, they will ask you, ‘Where it is? What is the name of the hospital?’ Even they will ask for his/her cell number. But they will not allow you leave.” Sometimes, workers also chose to work extra hours and forgo leave to get extra money – despite the impact on their health.



**In Vietnam**, 75% of workers said that they do not take annual leave so that they can earn extra money.

Pregnant garment workers and new mothers face particular health concerns. A lack of a culture of taking leave when needed — particularly in Bangladesh — meant that 66% of workers reported some form of discrimination towards pregnant workers. And 14% of workers also reported that pregnant women needed to offset maternity leave by working at weekends, festival times and extra hours. According to Masum, a supervisor of sewing lines: “If the management comes to know that a worker is pregnant, she is fired immediately.”

In Vietnam, there were also concerns with the long working hours resulting in new mothers experiencing pain and having no space to express milk. One new Vietnamese mother told us of running home at lunchtime to feed her baby, and then working extra hours at night to try to make up for the wage loss. Another new mother from Vietnam shared a distressing story of overtime taking its toll on her, explaining that although she needed to go home to feed her baby, no-one would listen to her and she had to stay late at work. She said,

“I feel tired, but I still have to stay, go home late; no-one listens to us. I have to feed my baby.”

■ 29. This include when they suffer from fever, flu or headache.

**All of this adds up to a workforce that is overworked, tired, malnourished, stressed, sick, unable to afford treatment and afraid to take time off — for fear of losing their already poor salaries.**

## SHIMA'S STORY

"I took the loans because after spending on food for my family, there was nothing left. When visiting the doctor, there is no treatment if there is no money."





Dhaka, Bangladesh: Garment worker Shima\*, who lost her foot to an infection, pictured at her home in Dhaka. Photos: Fabeha Monir/ OxfamAUS.

**Shima works as an operator making T-shirts for a factory that supplies to global brands, including Big W. The 26-year-old works six days a week – at busy shipment times several months a year, her 16-hour day finishes at midnight.**

Yet the most Shima is paid each month is just \$169<sup>30</sup> - leaving her and her family continually in debt as they struggle to cover expenses, which are constantly stretched by Shima's serious health issues.

Growing up in a village in Bangladesh, where her father was a farmer and there was no work for women, Shima was aged just seven when an infection started to eat away at one of her feet.

Her family were unable to afford treatment and by the time Shima was 10, she had lost her entire foot. Without any money for a prosthetic, Shima walked on her wounded limb for many years.

Knowing that she would need ongoing medical treatment and against the pleas of her family that they stay together, Shima left home to look for a job in the clothing factories in Dhaka.

Shima's disability proved a barrier to employment for many years, but she was determined – she developed her seamstress skills on a machine in her home and used the little money she had to pay for lessons before finally getting a job two years ago.

Shima could still not afford to cover her living and medical expenses on her own, so her mother, father and three of her siblings eventually relocated to Dhaka so they could get jobs – her younger brother and two younger siblings also now work in garment factories.

Recently, Shima's co-workers collected enough money to allow her to see a doctor. With the help of a substantial loan and after years of living in pain, Shima was finally able to pay for an artificial foot.

Shima's elderly father has since moved back to their village, but she, her mother and three younger siblings continue to struggle. The five family members live in a cramped, small concrete room, where the women sleep on a mat on the floor. During the rainy season, the roof leaks and the family have to mop up during the night.

Shima recalls her family surviving on one meal a day for several months when they first reunited in Dhaka - and she still often goes to work without food because she cannot wait to use the overcrowded shared kitchen in their compound.

If Shima were paid a living wage, she sees an end to the loans that are keeping her family in debt.

■ 30. Adjusted to reflect the new minimum wage in Bangladesh. Take home wage varies depending on hours of overtime worked.



# HOUSING AND LIVING CONDITIONS

## BANGLADESH



### OVERCROWDING

Average number of workers living in one room:  (3)

Average room size: 

Compared to the average home size in Australia<sup>31</sup>:

**189.8M<sup>2</sup>**



### LIVING CONDITIONS

 **96%** of people live in rented housing.<sup>33</sup>

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.

 **76%** have no running water inside their home.

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



## 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 safe.<sup>32</sup>

 **67%**  
of workers own their own home.

## Oxfam's research shows that most of the women who make our clothes simply cannot afford a decent standard of living.

**In Bangladesh**, overcrowding is stark, with many workers sharing one single tiny room – and often sleeping on the floor. Access to water sources and cooking facilities is limited, shared and often outside, with lines to use the toilet and often also to cook. In the heat of Bangladesh, this overcrowding and lack of facilities can also result in the spread of diseases.

Barsha, a worker in Bangladesh, explained that she shares one room with five of her cousins, including one married couple. The room is just 3.5 metres by 3 meters in size – the size of an average bedroom in Australia – but this is all the space the five adults, young men and women, have to rest. The other 27 rooms in their living quarters are shared by 80 people. There are only 10 gas burners for cooking and five toilets for all 80 people to share. Barsha is 21 and she wishes she could move somewhere with more space. She dreams of being able to purchase simple items such as a freezer to store food. "It is because of money problem I am to stay in a very adverse situation with the cousin's family. It is too hot, [and my] cousin and cousin's wife stay in the same room; there

is no privacy," Barsha told us. "I often dream to buy a TV, a freezer. I cannot."

**In Vietnam**, the majority of interviewed workers (71%) were local – they had not moved to a city or new place to work in the garment industry, unlike in Bangladesh. We found that 67% of workers interviewed in Vietnam owned their own small homes. However, a sizeable 23% of workers lived in semi-permanent or temporary houses, and 44% reported having to use water from a well or harvest rain water, without knowing if it is safe to use. Low wages also mean that for garment workers to make improvements to their living conditions, they have to sacrifice other essential items or go into debt. Hau explained to researchers that the roof of her small house often leaked when it rained. She and her husband share the small home with their three young children. They had to take out a sizeable debt of 500 million dong (AUD \$29,500), from bank as well as from family, to rebuild the house. Her monthly average wage is 5.5 million dong (AUD \$324.50), meaning she can't save anything from her income after covering the basics and repaying the loan installments.



Dhaka, Bangladesh: Garment worker Shima\* prepares a meal at the communal kitchen where she lives. Photo: Fabeha Monir/ OxfamAUS.

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

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

33. Migrant workers come from rural areas to urban areas to work in garment factories. They often stay in dormitories (boarding houses) or rented houses.

# MINH'S STORY

"We can borrow some money to build a toilet but how to repay it is a big problem. I do not dare to borrow money to build a toilet because I have my son's school fees to pay."





Northern Vietnam: Garment worker Minh\* at her home with her son Tuan Anh\*, husband Chuong\* and her mother-in-law Ouyen\*  
 Photos: Do Manh Cuong/OxfamAUS.

**Minh lives in a rural area in Vietnam. She sewed sleeves onto jackets for Australian clothing brand Specialty Fashion Group and other brands.<sup>34</sup> Minh is the sole income earner for the family, supporting her husband,<sup>35</sup> son and mother-in-law, so she is particularly aware that she can “make money when I’m healthy, but my family will have no one to rely on when I’m sick.”**

Their home is very modest. They collect rainwater in a tank through a pipe connected to the gutter on the roof, using this water for cooking and bathing. For washing clothes and other purposes they collect water from a well. Minh tells us “there haven’t been any incidents but I do have concerns about the quality of the water we use.” She isn’t paid enough to afford running water, despite knowing “everyone wants clean water for their daily lives.” Minh would like to repair her kitchen, but even simple modifications are out of reach financially.

The family have no toilet and use a makeshift outhouse. They use ash to cover the waste and when it accumulates, collect

it in a bucket and dump it in a nearby field. Minh knows this is not sanitary but she feels she has no choice. Minh notes “we can borrow some money to build a toilet but how to repay it is a big problem. I do not dare to borrow money to build a toilet because I have my son’s school fees to pay.”

If Minh was paid a living wage, she would first build her family a toilet. But her main focus is her son’s future, saying if she was paid more money, “I would invest more in my son’s education. I would send him to extra classes.” Like all mothers, the ongoing expenses for her child is her biggest matter of concern.

34. While Minh’s factory supplied Specialty Fashion Group at the time of this research and interview, the company sold many of their brands, including Rivers, Katie’s and Millers, to Noni B Group in 2018. Specialty Fashion Group no longer source from Vietnam for its remaining brand. Minh’s factory may now be a part of the Noni B Group supply chain. Specialty Fashion Group is now called City Chic Collective, and only sources from factories in China.

35. Minh’s husband passed away one month after the interview.



# 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.

## Respondents in Bangladesh and Vietnam each present a different picture on their ability to cover the costs of education for children.

In **Bangladesh**, 89% of workers said their wages are not enough to support education of their children, and 20% said the same in Vietnam. For **Vietnam**, even though primary and secondary schooling is provided free by the state, a sizeable 20% is struggling to afford other basic costs associated with education. We also found that, after basic food and shelter,

the biggest concern for the women who make our clothes was safety and education for their children in both countries.

Tellingly, not a single parent reported that they wanted their children to work in the garment sector in Bangladesh, and 43% felt the same in Vietnam. This signals the need for change in the sector, across the board.



## 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.

In Bangladesh, children dropping out of school to shoulder the family burden is very prevalent. Chameli's experience shows this clearly. She explained with sadness that none of her daughters — aged 5, 12 and 14 — attend school. While primary school is free in Bangladesh, lack of access to close-by schools, travel costs and other expenses such as uniforms are often prohibitive. Illness in Chameli's family, the prospect of again falling into debt and her very low wages meant the family needed more income to survive. Her teenage daughter has now started work in a nearby garment factory.

### Poverty wages force children, particularly girls, out of school and in to work.

Chameli told us that she simply could not bear her daughters' education costs amid all her other expenses. So the cycle of low wages, poverty and barely scraping by continues.

Many of the women we interviewed in Bangladesh started working in the garment industry as children themselves — a staggering 40%. For most, this was again because their own parents realised the education costs would be impossible. Barsha, for example, explained she came to Dhaka first at the age of 13 to work in a garment factory for a six-month stint. She then returned to the city again for work once she was over 18 and began in the factory she works in today. Of course, while many young people below the age of 18 do work in many countries, including in Australia<sup>36</sup>, this should never be because they are forced to through financial hardship and despite wanting to continue education. Under Article 28 (b) of the United Nations Convention on the Rights of the Child, countries must: "Encourage the development of different forms of secondary education, including general and vocational education, make them available and accessible to every child". In the UN Convention, child refers to all people under the age of 18 years.

Women in both Bangladesh and Vietnam also struggle with the cost of up-skilling and further education for themselves. Many women in each country told us that they struggle to get promotions due to a lack of education, and in Bangladesh 60% of women reported that they would like to learn new skills; however, of these, almost all (95%) reported that they simply could not afford it. Rita, one Bangladeshi garment worker, told us of how she has worked in the same job for 10 years with no promotion, and that she feels this is because she can only write her name. She is unable to read contracts or negotiate for herself. Hauin Vietnam told a similar story, having worked in the same factory since 2010. With no extra skills or post-secondary educational degree, Hau explained that she is unable to get a higher position.

It's clear that an overwhelming majority of garment workers in Bangladesh, and a significant number in Vietnam, struggle with this basic need to be able to cover costs of education due to their low salaries. Ensuing payment of the current legal minimum wages to workers in the fashion supply chain is not good enough.

Australian brands need to ask themselves if they want to be associated with generations of children losing out on education — in part because they are failing to ensure that those children's parents are being paid living wages.

Turning this around means taking concrete steps, now, to commit to living wages and to start on the road to implementation.

36. In most states in Australia, young people can start part-time work before the age of 15 years; however, there are a range of restrictions on types of work and hours that are allowed to be undertaken. A special permit is generally required for any work that is to occur during normal school hours and full-time work is generally not allowed. After 15 years of age, permission is also often required for young people to be able to leave school and work full time.

# TANIA'S STORY

"I feel so miserable being a mother, I can't meet my child, my daughter cries without me."





Dhaka, Bangladesh: Garment worker Tania\* holds a small photograph of her daughter who lives with her parents outside of Dhaka.  
Photos: Fabeha Monir/ OxfamAUS.

## Tania is a 21 year old Sewing Operator in Central Bangladesh. She makes clothes for Kmart and other international brands.

Tania lives alone in a tiny rented room, separated from her husband who left her when she was two months pregnant. In need of work to support her family after the death of her brother, Tania and her baby moved to Dhaka for a job at a garment factory. Initially, her parents joined her to look after the child but rent for a room large enough to fit the whole family was out of reach. She explains: "Here, there is no-one to look after my baby. I am to buy everything here. If I keep my baby here, I will need to bring my parents together. Then, I will need to hire a large room. My expense will increase then. I cannot even afford my current status of living with my income." There was no choice for Tania's parents but to return to their home village 250 km away, taking Tania's daughter with them.

Tania only sees her now four-year-old daughter twice per year. She's only allowed leave from work for the two Eid festivals, and even if she wanted to visit her more often, it's an expensive 48-hour return journey by boat. She says, "I feel so miserable being a mother, I can't meet my child,

my daughter cries without me." Tania longs to spend time with her daughter, and is very lonely without her, particularly on her one day off each week.

Tania sends most of her meagre salary home to her parents to pay for her daughter's basic needs. Her entire life centres on providing a good life for her child. She's worried she doesn't provide enough money each month for her daughter to eat nutritious food, or to study in a good school. "I want her life to go nicely and smoothly... I will get my child into a good school, I will make her study properly." She dreams of building a house for her parents, and buying two cows to support their future. Her daughter is always in her thoughts. She doesn't want her daughter to have the same life as her – "the world of garment[s] is full of hardships... you get abused with words a lot, you have to work hard, that is why I do not want my child to work in garments." For Tania, a living wage would mean her parents and daughter could visit each month, or she could travel to see her daughter more often.

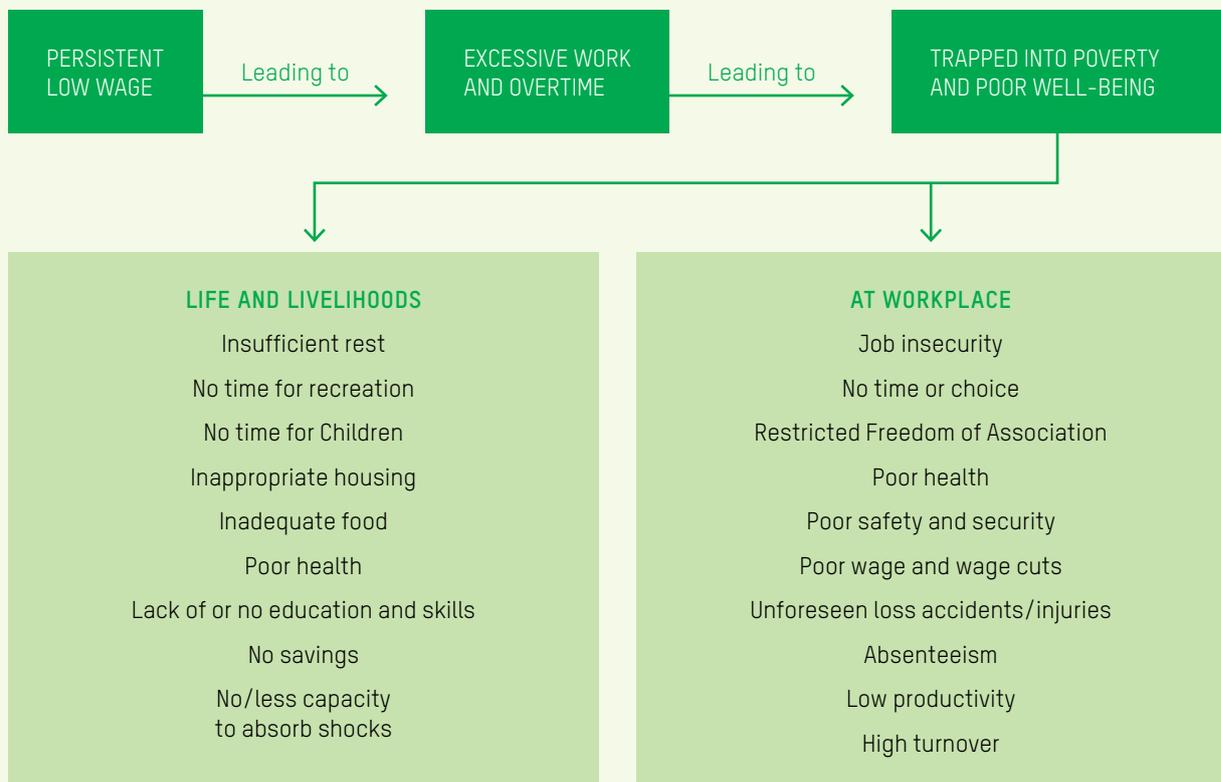
# 3. ADDING FUEL TO THE FIRE: WAGE THEFT, JOB INSECURITY, ABUSE AND INABILITY TO ORGANISE

Workers trapped in debt and earning poverty wages also face a number of other unfair practices – and their low wages make them more susceptible to exploitation and accepting abuse as part of what they must “put up with” to keep their jobs. This section explores some of these unfair practices and what we found.

Given the effort that Australian brands put in to having strong Codes of Conduct, and the auditing systems they use, it is hard to believe that big brands and buyers are not aware of the gravity and range of issues that flow from the poverty wages paid to workers in their own supply chains. Companies like Kmart, Big W and Cotton On – and many others – have strong Codes of Conduct that require upholding fundamental rights and principles at work in the factories from which

they source. This includes ensuring that legal wages are paid, violence and abuse are not acceptable in the workplace, and there is no excessive overtime. However, our research showed that **the system of using Codes of Conduct and auditing in order to address human rights abuses in Australian garment supply chains is categorically failing.**<sup>37</sup> Brands need to examine their practices, and how they can modify their actions to lower the instances of these abuses in their supply chains.

## IMPACT OF LOW WAGES





# 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.

**It is tragic when wages are deducted unfairly for workers already paid so little. These unfair deductions often mean workers are paid even less than the legal minimum wage.**

**In Vietnam**, factories predominately use performance and productivity-based wage payment (piece rate) to stimulate workers to produce more. Among all the interviewed workers, no-one knew how to calculate their piece rate. They have no option but to accept whatever piece rate and targets are set by the management, however low and unfair. According to the union officers we interviewed, the common complaints and issues raised by workers are about low piece rate. “If we have any complaints, we speak directly with the supervisor or manager, but only within a limit .... in general, we have to accept [it],” commented a sewing operator when we asked about low piece rate and target.

**In Vietnam**, 14% of workers reported that they are not even sure whether they are paid any overtime to make up for the unrealistic production targets. Hau explained that she is required to work extra hours without any extra pay if she cannot meet her set production target. She has small children and finds managing this overtime very difficult.

**In Bangladesh**, 56% of workers reported that they experienced wage cuts regularly; another 43% found inaccurate calculation of their working hours. Not meeting targets, absence (whether or not this is for a good reason such as illness), late attendance, poor quality, product mistakes and refusing to do overtime or night duty were reported as the main reasons for these wage cuts. Wage cuts such as this are not legal in Bangladesh; however, we found that they occurred for more than half the workers interviewed. Sadia works in a knit factory in Bangladesh from 9am to 8pm and said, “No overtime is calculated. Two extra hours of work

is built-in. When need to work more extra time, they will call in the names who need to stay.” Chameli, working as a helper in the sewing section, reported: “Employer allows maternity leave in our factory, but they do not pay for that. They play a trick on the worker. Workers need to sign on a white paper and go for leave.” After coming back, she finds that she resigned before taking leave and she needs to join the factory again. Such unfair practices deny women from their maternity benefits.

### WAGE TACTICS AND TRICKS IN VIETNAM

In Vietnam, almost all the companies we surveyed apply fingerprint attendance checks. Some workers told us that when they scan their fingerprints, sometimes it does not appear in the system. Even though they work a full day and get it confirmed by their supervisors, only half a working day is counted. According to the law, employers need to pay a social insurance premium based on each worker’s wage and allowances.<sup>38</sup> But in reality, when unions and workers representatives look at pay slips from workers, it’s clear that many workers only have their social insurance premiums paid based on the minimum wage and seniority allowance, ignoring all other allowances and supplements. This is a common trick to keep the social insurance premium low, denying workers this important safety net.

37. Garment companies in Australia source garments from developing nations. At the same time, there are widespread global stakeholder concerns about the use of child labour, inadequate health and safety standards and poor working conditions at many of these production locations. Social audit is a tool used by companies to monitor working conditions and to ensure that manufacturing takes place in a humane working environment.

38. According to the law in Vietnam, manufacturers are to pay social insurance premiums for employees so that workers are entitled to benefits such as retirement, medical care, unemployment, maternity benefits, and other benefits.



## JOB INSECURITY

Job security and stability is a dream for many of the women who make our clothes. The women interviewed for this study live in constant fear of losing their livelihoods. More than 82% of the workers and 100% of the supervisors interviewed in Bangladesh told us that management can terminate any worker at any time. In Vietnam, more than one in four workers are in constant fear of losing their job.



Because these workers cannot afford to lose their employment, they keep their heads down and push their bodies and minds to the limit day after day.

One supervisor from Bangladesh told us that: "Workers are fired anytime from the factory without any benefits, if they do any simple mistakes. It does not matter even if the worker has worked for five years or more in the factory. The victim becomes helpless. If any workers can't fulfil the target he/she has to stay in office until complete his/her tasks. If the worker doesn't want to do the work, they are threatened and told not to come next day".

Another supervisor told us that if any worker is absent, the next day the assistant production manager will keep

them standing for one hour, then either allows them to join work or sacks them on the spot.

Their appointment letters or employment contracts offer little protection to them. In Vietnam, most of the workers (about 90%) are not aware of the job grade, set working hours and the annual leave provisions in their appointment letters. In Bangladesh, more than half of the workers interviewed did not know what was in their appointment letter at all, because they either never received it or did not understand it. Clearly a lack of understanding of rights for these workers is an advantage for a system that works through the threat of termination of employment at will. Brands sourcing from these factories often turn a blind eye to this as they indirectly benefit from this system.



Dhaka, Bangladesh: Garment worker Shima\* photographed on her home sewing machine in Dhaka. Photo: Fabeha Monir/ OxfamAUS.



# VERBAL, PHYSICAL AND SEXUAL ABUSE

Any exploitative system will include elements of abuse, and this is no different for the global supply chains of Australian garment companies. Poverty wages and spiralling debt play a large part in making workers feel that they must accept abuse in their workplace, or the risk of losing even their meagre salary.

## 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.

Talking with workers, we found that line managers and supervisors regularly shout, yell, curse, and threaten physical violence, including pounding their fists onto workstations. This is especially used as an aggressive tactic to try to speed up the flow of work and meet deadlines and production targets set by garment companies. With ever-reducing prices and shortening delivery times in the world of fast fashion<sup>39</sup>, such aggressiveness is very common — especially in Bangladesh where 88% of workers reported verbal abuse. Slang and vulgar language are often used for workers when they cannot meet targets, make mistakes, talk with other workers, or participate in trade union activities, and often when they ask for leave or to simply use the toilet. As one worker in Vietnam put it: “Yelling is a common practice in the company. The management slap on the table, on the chair, use bad words... It happens every hour, every day, every minute.”

When we asked the supervisors about verbal abuse – they admitted that they do use abusive language to get the work done. One senior supervisor in Bangladesh told us: “Shouting is common in the morning when workers start their duty. Production targets cannot be earned without any shouting

## VIETNAM



**23%**

of workers reported regular verbal abuse.

with workers and using rude words. I have to maintain favour and cruelty simultaneously [to meet the production target].” Another supervisor added: “When there is work pressure, management give us steep production targets[and] then we get desperate and we also scold the operators, even we are allowed to beat or physically abuse the workers if needed. When the target is not met we face the rage of the production manager.”

It’s important to note that all kinds of abuse — verbal, physical and sexual — are regularly underreported due to the social taboo of not discussing these issues with others. The actual incidence of physical and sexual abuse that workers face is therefore possibly be even higher in reality than what has been reported to us. In Bangladesh, a high 35% of respondents experienced physical abuse and 28% reported experiencing sexual abuse in their workplace. Of those who reported on sexual abuse, half reported that this was a frequent occurrence by male supervisors, gatekeepers, line men, and men in charge of the floor in their workplaces; and 10% reported involvement of senior management, including their employers. Alarming, 8% reported sexual harassment or requests for sex in exchange for benefits from management, and 2% told us that they would lose their job if they did not comply with illicit proposals.

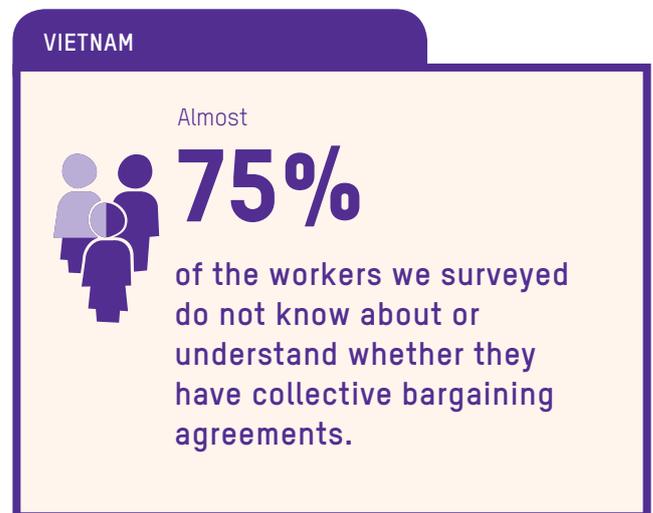
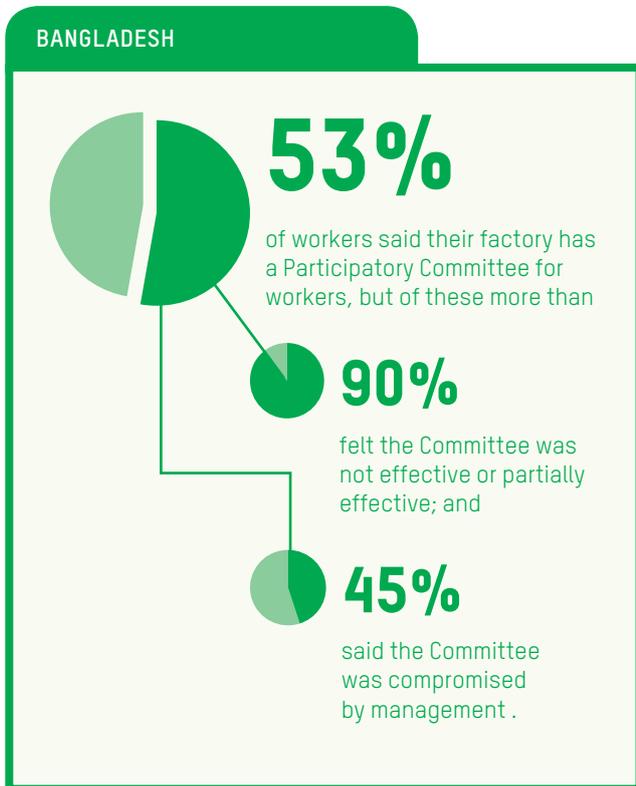
Australian brands have Codes of Conduct that explicitly outline how these kinds of abuses will not be tolerated in their supplier factories. But every worker and supervisor we spoke to for this survey was part of an Australian fashion supply chain. Brands need to go beyond Codes of Conduct and address the root cause of poverty to stop such abusive practices.

39. Fast fashion is low-cost clothing collections that mimic current fashion trends. These trends change incredibly quickly, often causing new styles and trends to become obsolete in a matter of weeks. Fast fashion garments are cheap and usually made from lower-quality materials. L Ojiala, What Is Fast Fashion? viewed September 2018, <https://www.leaf.tv/articles/what-is-fast-fashion>.



# ABILITY TO ORGANISE

The most effective way to ensure that workers are not exploited, and that they are able to raise their voices to call for higher wages, is to ensure that workers are able to organise together and are represented by strong, independent unions.



In Australian workplaces, it is common for unions to negotiate collective bargaining agreements in consultation with elected delegates from a workplace and then have all members of the workforce vote on whether they accept the final agreement. Properly developed collective bargaining agreements are key to ensuring workers' rights in any workplace. The ability to organise, bargain collectively as a workforce, and speak out in this way are human rights for all workers and are recognised by almost every Australian clothing brand's Code of Conduct. But our research showed clear limitations for workers in this area as well.

**In Bangladesh**, the presence of factory-level trade unions is very limited, with just 16% of workers reporting an active trade union in their factory. This is high compared to recent findings of the Centre for Policy Dialogue (CPD) survey, which found that only 2.5% of the factories have trade unions and workers' organisations continue to remain weak and non-functional in garment factories.<sup>40</sup> It is more common in Bangladesh for factories to establish a worker and management committee than to establish open dialogue between union members and factory management. These more common committees are known as Participation Committees and are required by law in Bangladesh. However, the vast majority (more than 90% of workers surveyed) told

us that the Participation Committees in their factories are mostly ineffective, as the workers' representatives are often selected by the management and they do not have the mandate to negotiate on key issues like wage levels.

Factory management in Bangladesh also expressed strong negative perceptions of trade unions. One manager told us they only plan to hire female workers as they see male workers as trouble-makers who encourage others to join trade unions. The manager commented that they felt women workers are more obedient. A factory owner reported to us that no trade union is allowed in his factory, despite the right to organise being part of their Australian buyers' Codes of Conduct. He told us: "There is no committee or trade union in my factory. If any issues [are] raised inside of the factory, I try to solve it [by] direct intervention. I do not support and allow trade union in my factory."

**In Vietnam**, factory level trade unions can only play the role of ensuring that companies increase their wages for workers directly after national minimum wage increases, rather than being allowed to negotiate to increase wages based on other factors, such as the business situation of the company. Shop stewards told us that companies decided the piece rate, and trade unions have no role in determining wages, production targets or piece rates of products. Our research indicates that the union representatives understand the principle of wage calculation, but lack detailed and specific knowledge about the calculation of piece rates paid to workers. Factory-level unions are generally weak and union leaders often lack the knowledge to deal with problems, which are unclear or ambiguous in the law.

Unlike in Bangladesh, collective bargaining agreements are not very rare in factories in Vietnam. These are agreements

that are supposed to be negotiated and agreed between the workforce and the managers, covering pay and conditions for workers. But due to weak union leadership at the factory level, most workers know absolutely nothing about their collective bargaining agreements, and seem to have never been involved in negotiating the agreements or any updates to them. Nearly 75% of the workers we surveyed did not know what collective bargaining was and what collective bargaining agreements were. It seems that collective bargaining has no role in these workers lives and does not affect them. The reality in Vietnam is that workers do not have the right to participate in wage setting and improving working conditions. Many of the collective bargaining agreements in factories are there in name only, simply to show that the factories are complying with the law.

Laws governing the right to strike in Vietnam involve difficult and lengthy formal procedures. All strike incidents in Vietnam appear to be spontaneous and unorganised. Strikes in Vietnam have been, and will always be unlawful if there is no institutional change.<sup>41</sup>

Our research also found that almost three quarters of workers in Vietnam are not aware of the law on strikes. We found that workers who had led strikes or protests over conditions in the past had lost their jobs. One worker, Dung, explained that in his factory, the company management controlled the union and made all of the decisions. He felt that the union only existed in his factory to show that the factory was complying by allowing a union. Dung told us, "There were strikes at the company. Those who were identified as leading the strikes were laid off after one to two years. No one dare to stand and lead a strike, even the union president. A union organiser of a production line used to speak for workers and lost her job. The company does not dismiss workers right away but will create pressure until you feel tired and you quit."

Ensuring that workers are free to work together to collectively raise their voices and bargain for higher wages, including through becoming members of strong, independent trade unions, is a key step forward. The evidence from this research shows that in this area there remains a very long way to go.



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

40. New Age, "No trade unions in 97.5pc Bangladesh RMG factories: CPD", Dhaka August 30 2018, viewed August 2018, <http://www.newagebd.net/article/49447/no-trade-unions-in-975pc-bangladesh-rmg-factories-cpd>.

41. Lan Thi Thu Pham, Why always wildcat strikes in Vietnam? Global Labour Column, October 2017, viewed August 2018, <http://column.global-labour-university.org/2017/10/why-always-wildcat-strikes-in-vietnam.html> and Vy Si Tran and Coleman Brady, On strike: Vietnamese law on labour disputes, Vietnam Law and Legal Forum, 27 April 2010, viewed September 2018, <http://vietnamlawmagazine.vn/on-strike-vietnamese-law-on-labor-disputes-3208.html>.

## BINDU'S STORY

"They have fired me from the job. Till now, I am still part of the union committee. Till now, I did not move. I did not stop. I took a stand."





Dhaka, Bangladesh: Garment worker Bindu\* and her daughter Takhi\* at their home in Dhaka. Photos: Fabeha Monir/ OxfamAUS.

## Bindu was a linking operator before being unfairly dismissed in March 2018 for trade union activity. She made sweaters for Australian brand Big W.

In a garment factory ten years ago, a supervisor slapped Bindu across the face. This injustice sparked her resolve to ensure that she and her colleagues were treated fairly and paid their proper wages, benefits and allowances. She says: "That's what drives me till now - that I got beaten, in future no one else should get beaten."

More recently, Bindu and eight male co-workers formed a union, organising discreetly outside of working hours. They managed to sign up nearly half of the 600 workers. A small union win on receiving back-pay for illegally withheld wages soon soured, with 150 workers losing their jobs due to the automation of the knitting section. This included the other union leaders, leaving Bindu exposed to the direct attention of the General Manger.

Bindu faced sustained intimidation and harassment for her union actions and management hired local thugs to bully her. In March 2018, Bindu was called into the General Manager's office and issued a 'show cause notice' claiming she was disobedient, disruptive and disrespectful. Management tried

to coerce her into signing, but she held her nerve. Eventually, the police were called to exert more pressure and all other workers were sent home for the day.

She managed to stand her ground in the office for over an hour, but with 15 or 16 men intimidating her, she began to fear for her safety. Reluctantly, she signed the notice. Management gave her a payout of \$702 and she was dismissed.

When she left the factory, she was met immediately by her co-workers, who had refused to go home. They had waited outside until she was released. She broke down, realising she was not alone. "At that time, I felt very brave while I was in the office room, if I knew that all the workers were in fact right there, then I wouldn't have signed on that paper even if I had to wait up the entire night. I signed because over there, I was just one woman among so many men. I thought what if they harmed me?"

Bindu is still committed to advocating for a better workplace for herself and her co-workers.

# 4. THE ROLE OF BRANDS

There's no doubt that big brands are propping up this system of poverty wages and exploitation in the garment industry in order to make a profit. But it's not just by making money from this exploitation that demonstrates how brands are a part of this problem. The practices of big brands actively keep wages low, and force tough choices onto workers and factory management.

For this report, Oxfam and our research partners conducted in-depth interviews with 59 factory owners, employers, managers and supervisors across Bangladesh and Vietnam. All of these managers, supervisors and owners were a part of Australian fashion supply chains through their businesses. These interviews revealed a number of practices that directly result in wages staying low for the workers who make our clothes. Buying practices of Australian brands, including short lead times for orders and pressure to keep prices low, are a real part of this problem. At the same time, many big fashion brands in Australia continue to bring in large revenues. As one factory owner put it:

It is time for Australian brands to change their sourcing practices, make credible commitments and plans to act on living wages, and help turn this tide around. Conventional purchasing practices, including aggressive price negotiation, inaccurate forecasting, late orders, short lead times and last-minute changes put manufacturers under intense pressure and lead directly to poor working conditions and low pay for workers.

“[The] local market is losing, workers are losing, but the buyer is the ultimate gainer”.



Melbourne, Australia: Oxfam Australia activists participate in an action targeting Myer in Bourke St Mall, as part of the What She Makes Campaign. Photo: Geoff Bartlett/OxfamAUS.

# HOW THE PURCHASING PRACTICES OF BRANDS PLAY A ROLE:



Source: The Joint Ethical Trading Initiative's Guide to buying responsibly.

# PRICE NEGOTIATION



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

**Aggressive price negotiation by brands has an impact on manufacturers' ability to pay wages to their workers. Intense competition for business pushes the owners and managers of garment factories in developing countries to engage in a "race to the bottom" on prices.**

The buyers, such as Australian brands, often apply a practice called "underground bidding" to find the cheapest garment manufacturer. This involves buyers using the quoted prices of one factory to get another factory to lower their price. Buyers from Australia and other global garment companies will then choose the factory that commits to the fastest turnaround and the lowest price. This pushes down wages and working conditions.

Meanwhile, decreasing retail prices combined with rising production costs puts substantial pressure on manufacturers' margins. Accepting low order prices from Australian and other international buyers exacerbates the situation in garment factories, making the factories less able to invest in improving labour conditions or increasing workers' pay. As one managing director of a factory told us, "There are several vendors, for example 10 vendors, of a single buyer. Who offers lowest price gets the order. End of every month, there are huge costs to be managed. So, in many cases we take the order at a lower price, to keep the factory running." One of the supervisors echoed the same:

**"At times, buyers offer less than the production cost, the owner takes the order to run the factory, [so] how will the owner give more to the workers?"**

The trend for factories to accept low prices leads to an ongoing power imbalance: buyers or their agents typically dominate, deriving the most value from the product, while the factories are continuously under pressure to maintain high quality and productivity levels with low financial resources. Similarly, accepting lower prices directly affects workers' pay and working conditions, as manufacturers are less able to invest in health and safety measures, or pay workers fairly.<sup>42</sup> One factory owner employing more than 6,000 workers supplying to an Australian brands said, "We have no power to fix the price. They only think [of] their profit. If they can get more benefit from other countries, they can shift their business to those countries".

Another factory owner supplying to a growing brand in Australia explained that he had experienced price decreases continuously over last three years. To remain in business, owners are at times compelled to accept orders that are below the cost of production. In this current environment, he felt that "Increasing price [paid by brands to factories] is the ultimate way to increase workers wage. Owners

have reached down to the bottom price...I support the campaign to establish buyers' contribution to increase workers' wage. Otherwise, day-by-day profit is shrinking. That's why owners are taking order, even incurring loss. So these types of campaigns are good for this industry."

■ 42. "Guide to buying responsibly", viewed August 2018, [https://www.ethicaltrade.org/sites/default/files/shared\\_resources/guide\\_to\\_buying\\_responsibly.pdf](https://www.ethicaltrade.org/sites/default/files/shared_resources/guide_to_buying_responsibly.pdf).

# HOW AUSTRALIAN GARMENT SUPPLY CHAINS WORK

## GROWING, GINNING, TRADING



**1A.** Ginners receive cotton from multiple growers and separate the seeds and hulls from the cotton fibre. Ginners sell cotton fibres to the global market through traders.



**1B.** Synthetic fibres, such as nylon and polyester, are produced from chemicals.

## SPINNING, KNITTING/ WEAVING, DYEING



**2.** Spinners use cotton or synthetic fibres from a variety of origins and sources to produce yarn; fabric mills produce fabric and dyers add colour to the fabric.

## BRAND ORDERS ITS APPAREL

### CUTTING, SEWING, TRIMMING



**3A.** Garment factories cut and sew fabric and add trim to make garments.

### EMBROIDERY, PRINTING, WASHING



**3B.** Garment factories that lack in-house capacity for some processes subcontract them to other facilities.

### WAREHOUSING, SHIPPING



**4.** Garment factories ship garments to the brands that place the order.

### RETAIL



**5A.** Brands distribute garments to retail and online stores.



**5B.** Consumers purchase the garments from store or online.

# LEAD TIMES AND FAST FASHION

Beside price negotiation, there are different tactics buyers apply to reduce the prices they have to pay or to impose fines. Reducing delivery time at one end and imposing fines at the other end for not meeting the delivery time is the most common.

The tendency towards increased consumption by people in wealthy countries like Australia, driven by fast fashion, has placed a significant strain on garment factories and their workers. This has forced irregular working hours or excessive overtime, use of temporary workers, and to a lesser extent, sub-contracting.

Factory managers in Vietnam and owners in Bangladesh repeatedly told us that they are accepting small orders at a low price with the hope of receiving high volume orders later from the same brands and buyers. One supervisor in Vietnam

told us that due to the change and diversity requirements of fast fashion, their delivery time for orders over the last five years has reduced by 10–20% and the urgent orders are more frequent. Urgent orders create pressure for workers to complete the order, especially in the peak season. Owners in Bangladesh are experiencing the same. One owner told us, “Lead time always changes[s]. Last time, the buyers order to deliver it before 15 days of lead time. It is a pressure for us. But if we mitigate the lead time, then we will get more order from them. Lead time is sometime shortened. It is 3–4 times a year that we deliver the order before the deadline on request.”



Photo: rawpixel on Unsplash

# LACK OF LONG-TERM COMMITMENTS

Surfing for the lowest price also leads to unstable relationships between the buyers (brands) and their suppliers (the factories).

While it's clear that some Australian brands have built long-term relationships with some factories, many buyers are not committed to building stable buying relationships with factories over time. Small orders and unstable orders are among the reasons why factories do not want invest in their workforce or recruit more workers and so push overtime on existing workers instead. The factory owners feel that if they hire more workers, they will have to pay wages for workers when they do not have orders. When asked about the challenges they face, a number of managers said that

a lack of long-term commitments was a big problem. One told us that “Buyers usually don't go for long-time commitment. They make the commitment for maximum six months to one year long.”

Conversely, if Australian brands are committed to ensuring they build long-term buying relationships over time with key manufacturers, they will build trust and leverage with those factories. This will make them more able to negotiate and ensure the requirements in their Codes of Conduct are met.

# MISMATCH

**Another key factor that causes wages to stay low is the mismatch between brands' commitments and their allocated staff and focus when they deal with garment factories.**

Often multiple teams from one company deal with one garment manufacturer, and they regularly do not communicate effectively between one another. Moreover, there can be a mismatch between what brands say in their ethical sourcing promises and Codes of Conduct and their actions and focus when they deal with their suppliers — the garment factories.

Our interviews with the directors and deputy directors of garment factories showed that while most buyers make strong commitments to the safety and rights of workers in their ethical standards, the story can be different when they deal with factories. In addition to strict quality control, buyers were reported to require the installation of air conditioners for rooms where their finished clothing was being stored, without ever mentioning installation of air conditioning on the factory floor, where the workers work many long hours. The factory floor is much hotter due to a large volume of machines and number of people. Some Vietnamese managers reported that buyers required the installation of automatic fire extinguishers for the rooms where finished clothing was stored, but do not require the same installation of fire extinguishers for the sewing floors, where workers work day in and day out. It's true that large volumes of clothing can be flammable, so it makes sense to require fire extinguishers for these rooms. But hot machines can also be flammable, so extinguishers should also be required on the factory floor. There is a clear mismatch here between the value placed on peoples' lives and the value placed on products, despite the claims made by some companies. This needs to change. As one deputy director of a garment factory told us: "They need not know and not care about the working conditions of the workers".

There is also inconsistency and mismatch in the way companies operate internally. While placing orders, up to three different departments from a big company can be communicating with the same factory. Often the technical department will work exclusively with the same factory on the technical detail and product quality of the clothing. Then the merchandise department will manage the progress, materials and delivery, working separately with the factory. Then the trade department manages and negotiates the price, sometimes working separately again, with the goal of finding the lowest possible price. And this is just for the process of placing and managing orders. Again operating separately, an ethical standards or compliance team manage the standards they expect the factory to meet — in terms of human rights as well as environmental standards.

The problem is that all of these departments or staff members often do not work with each other. The trade department, when working with the manufacturer, is usually concerned only with the price, regardless of the requirements of the technical department and the merchandise department. Similarly, the technical department and the merchandise department work with the manufacturer without paying attention to the price. This flawed order placement practice leads to inconsistency among price, technical standards and delivery time, making it difficult for factories. On top of this, lack of communication and coordination with the ethical sourcing manager means that orders and order changes are often made without consideration of the people who will have to work in the factory to deliver the order.

This mismatch leads to common problems in factories, such as having to deal with sudden style changes in an order. One factory owner in Bangladesh shared his frustration with this inconsistency, saying

**"Style change is another trouble. When suddenly [the] style changes, overtime work increases. Workers suffer from [the] extra workload."**

# CHANGING THE WAY BRANDS WORK IS POSSIBLE

**Australian brands make big money and they must act to change the way the system works. They can help lift women out of poverty while still producing affordable, good quality products.**

Brands can change the way they negotiate on prices, adjust their payments, ensure fair lead times for their orders, and get staff working to the same outcomes — not opposing ones.

Most importantly, brands must make credible commitments and act towards implementing living wages in their supply chains. The time to eliminate poverty wages is now.

**To be credible, a company's commitment to living wages needs to:**

- Be public and endorsed by the highest levels of company management.

- Define living wages, making it clear that the company commits to working towards real living wages and not just minimum legal wages for the workers in their supply chain.
- Contain milestones that the company will achieve within a clear, set timeframe. For example, this could be a commitment that the company will implement comprehensive changes to their purchasing practices by a set date and establish a system to monitor and publicly report on this, and/or run a living wage pilot by a set date and publicly report on the outcomes before scaling up.

Getting to the final goal of paying living wages in supply chains is complex; however, taking the first step and making a credible commitment isn't.

To help brands navigate this journey and move forward, Oxfam created a handbook for companies, which we published and shared with them in 2017.<sup>43</sup>

Based on the evidence of how harmful poverty wages are for workers' lives, there is now simply no excuse for companies not to act today.



To help brands make these commitments and achieve living wages in their supply chains, Oxfam has developed a handbook, *A Sewing Kit for Living Wages - Pathways to Living Wages in Global Supply Chains*, that explains company obligations and the steps brands can take to move forward. Further detail is provided in this handbook on each of the recommendations in this report, as well as tools, examples and links for any company wanting to act and stop poverty wages in their supply chain.

## WHY DO COMPANIES NEED TO SET TIMEFRAMES FOR ACTION ON LIVING WAGES?

The evidence in this report shows that while companies have a range of strong commitments in their Codes of Conduct and other compliance documents, breaches of these are rife in their supply chains. Words can be empty and slow to take effect unless they come with clear action plans for implementation.

Setting a timeframe for actions — even if this is simply for a pilot or for the development of a broader company roadmap to living wages — is necessary to ensure that company boards and management are held to account for the promises that have been made. Without a set timeframe

for any sort of concrete action, it is much more likely that promises by companies will remain just that — promises that are unfulfilled and goalposts will be pushed further and further into the distance.

Brands need to set public timeframes for their actions on living wages, so they will be sure to implement their commitments.

Brands have the power to make this change.<sup>43</sup> The fast fashion industry in Australia is expected to grow at 6.2% over the next five years, while the \$23.5 billion Australian clothing industry as a whole is expected to grow at an annual rate of 1.9%.<sup>44, 45</sup>

43. "A Sewing Kit for Living Wages", Oxfam Australia 2017, available at <http://whatshecreates.oxfam.org.au/resources>.

44. 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>.

45. 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 latest IBIS World report are due to the change of source used within Australian Bureau of Statistics (ABS) by the analysts of IBISWorld to provide more up-to-date data.

# AUSTRALIAN REVENUE OF A RANGE OF CLOTHING COMPANIES (\$BILLION AUD)



While many large and iconic brands in Australia have seen incremental increases in their revenue, and certainly some have gone backwards, some brands — such as Cotton On and Kmart — have increased their intake by more than \$1 billion each since 2014. And, since 2015, returns to shareholders for five major clothing companies in Australia have increased by an average of 81% per year.<sup>46</sup> All this while the women in these company's supply chains struggle to make ends meet. Given this, the call for living wages for the women who make

our clothes must be heard. Research conducted for Oxfam by from Deloitte Access Economics in 2017 has already shown just how little it would take to do the right thing. It found that to ensure living wages for women across Asia who are making our clothes, companies would need to increase the sale cost of the average item of clothing sold in Australia by just 1%.

With the new evidence presented in this report of the systemic poverty faced by the women behind Australian fashion — the time for talk is over.

46. Calculated last four years (2015 to 2018) compound annual growth rate of 'Return on Shareholders' Funds' of five companies, Wesfarmers (Kmart, Target and others), Woolworths Group Ltd. (Big W and others), Premier Investments Limited (The Just Group), Noni B, and Woolworths International (Australia) Pty Ltd. (Country Road and others). IBISWorld, viewed February 2019, <https://www.ibisworld.com.au>.

# 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 working 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.<sup>47</sup>

#### 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).

<sup>47</sup> 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>.

# FOR GOVERNMENTS

Recommendations for garment factories, Governments in garment-producing countries including Bangladesh and Vietnam and trade unions can be found in forthcoming reports to be published by Oxfam in Bangladesh and Oxfam in Vietnam. These reports will be based on the same research and data set.

## THE AUSTRALIAN GOVERNMENT SHOULD:

### 1. Develop and implement a national action plan on business and human rights.

The Australian Government should develop a strong national action plan on business and human rights, based on the United Nations Guiding Principles on Business and Human Rights.

The United Kingdom, Netherlands, Italy, Denmark, Germany, Norway and a range of other countries have already developed national action plans. Many other countries, including Malaysia, Ireland, Greece and Thailand, are currently developing theirs.

The national action plan should set an agenda for the Australian Government to ensure it is protecting against human rights abuses by Australian companies operating domestically and overseas (including failure to pay wages that ensure a decent living), and investing in education and collaboration with businesses to help them meet human rights obligations — including paying living wages.

### 2. Legislate to protect human rights.

Introduce legislation that would require large companies to report on the way they deal with human rights risks including the risk that they are not paying living wages — in their supply chains. This should include companies showing how they identify human rights risks, and how they act to prevent or mitigate those risks and provide remedy when human rights

abuses are uncovered. Penalties should also be put in place for companies that refuse to report, or do not effectively remedy any situations of rights abuse in their supply chains.

The Modern Slavery Act passed in 2018 is a good start and Oxfam applauds this, however it does not cover the full breadth of human rights abuses in supply chains. It also should be strengthened through the introduction of penalties for non-compliance and the appointment of a fully resourced, independent anti-slavery commissioner.

### 3. Invest in educating companies about human rights responsibilities.

The Australian Government should invest in educating companies about their human rights responsibilities and the risk that they might be infringing on people's rights — including by paying and allowing poverty wages — in their supply chains. The Australian National Contact Point on Responsible Business Conduct should be adequately resourced to be able to undertake this important role.

### 4. Invest in global solutions.

The Australian Government should invest in global solutions to poverty wages by prioritising discussion on global labour rights standards in regional and international forums, and by supporting collaborative initiatives that encourage all stakeholders to address poverty wages in developing countries through the Australian aid program.

# 6. ANNEX

## INDUSTRY OVERVIEW

The \$23.5 billion Australian clothing industry revenue is expected to grow at 1.9% over the next five years. Fast fashion products have increasingly made their way into consumers' wardrobes and the fast fashion industry's revenue in Australia is expected to grow as rapidly as 6.2% over the next five years.

Social media and online shopping has exposed more consumers to the latest designer fashions, fuelling their desire for new styles on-demand and contributing to the rise in industry revenue. Fast fashion stores are also rising in popularity due to their ability to offer low prices and constantly updated product ranges. Fast fashion retailers take trends straight from catwalks and quickly produce low-cost apparel for mass consumption. Industry players have short production times and often release clothing in small batches.<sup>48</sup>

### BANGLADESH GARMENT INDUSTRY

The garment industry of Bangladesh has been the key export division and a main source of foreign exchange for the last 25 years. The industry provides employment to approximately 4 million workers – the majority of whom are women. In the fiscal year 2017–2018, Bangladesh's total export was \$49.86 billion, while export of readymade garments (RMG) alone was \$41.63 billion, which is 83.5% of the total export. This shows how important the garment industry is for Bangladesh – and the need to ensure it is sustainable into the future as well as offering fair and decent work for women. In 2017–2018, Australian retailers imported \$862.25 million equivalent RMG products from Bangladesh, which is 2.07% of the total RMG export in the same fiscal year<sup>49</sup>. Reportedly, Australian brands/retailers have imported RMG products from Bangladesh for the past seven years only.<sup>50</sup>

### VIETNAM GARMENT INDUSTRY

Vietnam is an emerging giant in the global textile and apparel industry. Vietnam's garment sector has seen speedy development over the last few years, and has played a crucial role in the country's economic development. There are around 6,000 textile and garment manufacturing firms operating in Vietnam: 84% privately owned, 15% Foreign Direct Investment (FDI); and 1% state owned. This industry employs around 2.5 million people. The apparel exports account for 11.5% of the country's total exports (2016).<sup>51</sup> Under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) signed on March 2018, Australia will reduce its import duties to 0% in four years, for almost all products. In 2017, Australia imported some \$12.68 billion worth of textiles and garment products from various countries. Vietnam's exports to Australia reached \$235 million, equivalent to 1.9% of its total textile import turnover.<sup>52,53</sup>

48. IBISWorld, "Clothing retailing in Australia: industry report", IBISWorld, Melbourne, August 2018, viewed August 2018, <https://www.ibisworld.com.au/industry/clothing-retailing.html>; IBISWorld, "Clothing wholesaling in Australia: industry report", IBISWorld, Melbourne, August 2018, viewed August 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>.

49. Exchange rate used is \$1 USD = \$1.36 AUD, August 2018.

50. Bangladesh Garment Manufacturers and Exporters Association, viewed August 2018 <http://www.bgmea.com.bd/home/pages/TradeInformation>.

51. Stitch diary, viewed August 2018, <https://stitchdiary.com/vietnam-garment-industry>.

52. Exchange rate used is \$1 USD = \$1.36 AUD, August 2018.

53. Việt Nam News, viewed August 2018, <https://vietnamnews.vn/economy/427721/cptpp-likely-to-increase-garment-exports-to-australia.html#SD83g1MRHwSfvYSQ.97>.

# METHODOLOGY

## OBJECTIVE

The objective of this research was to examine the impact of low wages on the conditions and wellbeing of garment workers and their families working in the factories supplying to major brands in Australia. The research was conducted in Bangladesh and Vietnam as the imports from these countries has increased over the years.

A combination of both quantitative and qualitative research approaches were employed for this study. Surveys, in-depth interviews, case studies, focus group discussions, key informant interviews and literature reviews were conducted. The study has been supported by a variety of tools and techniques including structured questionnaires, semi-structured questionnaires, open ended questionnaires and checklists and guidelines. The quantitative questionnaire, in-depth interview guidelines and checklists were tested and refined before the study. Enumerators, both in Vietnam and Bangladesh were trained on the research tools. Data and information validation processes were put in place to check the data and information validity. Oxfam closely coordinated with the Bangladesh Institute of Labour Studies (BILS) and the Institute for Workers and Trade Unions (IWTU) in managing the

research, and used similar tools so that the findings are comparable. This research represents a base line of the working conditions of the workers both in Bangladesh and Vietnam. There is no similar comprehensive report publicly available for the Bangladesh garment industry using recent data. In Vietnam, the Better Work report provides an overview of social compliance standards in factories;<sup>54</sup> however, it does not cover the impact of poverty wages on workers' lives and it does not present case studies to unearth the story behind the numbers. In that sense, this is the first such comprehensive report with recent data on the Vietnamese garment industry as well. Moreover, it is the first such report that has focused on factories that are or have recently been a part of Australian garment supply chains.



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

54. Better Work, 'Annual report 2017: An industry and compliance review, Vietnam', 2017, viewed 31 October 2018 <https://betterwork.org/blog/portfolio/better-work-vietnam-annual-report-2017/>.



Dhaka, Bangladesh: Garment factory, not associated or to be linked with any of the women in the garment worker case studies. Photo: GMB Akash/Panos/OxfamAUS.

## BANGLADESH

The survey population covers approximately 163,000 to 165,000 RMG workers who work in 160 RMG factories supplying to brands in Australia along with other European and North American brands located mainly in and around the greater Dhaka division. Taking factory locations into account, the greater Dhaka division was divided first into six main areas/clusters. They are: Gazipur, Savar, Dhaka, Narayanganj, Manikganj and Mymensingh. At a second stage, 18 sub-areas were selected from these six main locations. These are again based on the concentration of the RMG factories in these sub-areas. Considering 90% confidence level and 10% margin of error, 48 factories were selected scientifically for the survey from among the 160 factories. These 48 factories were taken proportionately from 18 sub-areas prior selected for the study under six broader locations.

Considering 95% confidence level and 5% margin of error, 384 workers were sampled scientifically from among the 163,000 to 165,000 RMG workers in the survey population. These 384 workers are then distributed equally into the previously selected 48 factories. Finally, eight workers are surveyed purposively from each of the selected 48 factories. To ensure representativeness of sampling, among others, at least one married worker, one unmarried worker, one helper and one operator were interviewed/surveyed from each of the sample factories. Workers were surveyed/interviewed based on a structured questionnaire. Out of 384 workers surveyed/interviewed, 240 (62.5%) were women and 144 (37.5%) were

men. All workers were surveyed/interviewed at a location away from the factory so that there was no influence from the management. At the last stage, 48 factories and 384 workers were selected purposively based on prior know-how, accessibility, easy communication, time and cost.

To capture views and opinions from important other stakeholders and to counter balance with the gaps identified from analyses of survey data and literature review, 10 factory owners/employers, 14 factory managers, 16 supervisors, and 10 key informants including civil society organisations' representatives, trade union leaders and sector experts were interviewed further, based on a set of developed checklists. Apart from these, 16 focus group discussions (FGD) were conducted, of which eight were conducted with workers and eight with their family members. Moreover, 10 detailed case studies of workers were collected to demonstrate the impacts of systemic underpayment of wages. All FGDs and in-depth interviews for case studies were conducted at a location away from the factory.

Study data was collected during mid- 2018. However, the minimum wage in Bangladesh increased to \$128 (AUD) a month in September 2018. From January 2019, studied workers received the gross salary specified in the new pay structure against his/her grade. For the analysis of this report wage data with and without overtime has been adjusted to reflect the new pay structure.



## VIETNAM

Eleven factories were identified supplying to brands in Australia. For the research, among the 11 factories, four factories are located in wage region 1; three factories in wage region 2; two factories in wage region 3; and two factories in wage region 4.<sup>55</sup> The total number of workers was about 12,064.

Six factories were selected for this research out of 11 factories, to cover the four wage regions: two factories in region 1 (Dong Nai, South and Hai Phong, North); one factory in region 2 (Hai Duong, North); two factories in region 3 (Hai Duong and Ninh Binh, North); and one factory in region 4 (Thanh Hoa, North). The total labour force in these six factories is 5,882 people, of which 85–90% are female. A total of 88 workers were interviewed for the study, of which 13 (15%) were male and 75 (85%) were female. All workers were interviewed at a location away from the factory.

For the qualitative information, six focus group discussions were conducted with factory workers inside the factory. A further 67 in-depth interviews were conducted: 14 with factory supervisors, five with managers, 38 with union officials, six with officials from the Department of Labour, War Invalids and Social Affairs, one with the Ministry of Labour, Invalids and Social Affairs<sup>56</sup>, two with members of the National Wage Council, and one salary expert. We collected 14 case studies of workers.

55. Vietnamese minimum wage is set up by region. There are four wage regions in Vietnam. Regional minimum wage is applied to employees working in enterprises, cooperatives, farms, households, individuals and institutions and organisations that use employees under labour contracts in accordance with the provisions of the Labour Code.

56. The Department of Labour, War Invalids and Social Affairs is a specialised agency of the provincial People's Committee, and the Ministry of Labour, Invalids and Social Affairs is a government ministry in Vietnam responsible for state administration on labour, employment, occupational safety, social insurances and vocational training; policies for war invalids, martyrs and people with special contribution to the country; social protection and prevention of social evils; child care and gender equality. policies for war invalids, martyrs and people with special contribution to the country; social protection and prevention of social evils; child care and gender equality.

# ANALYSIS PLAN

Data was classified into several categories according to the issues. Quantitative data was analysed using Statistical Package for Social Sciences (SPSS). With regard to the qualitative study “explanation building” as the analytical

technique was applied and “theme-wise” format was used because of its potential to give a better comparative understanding of the situation of the workers.

PHASES	Conceptualisation and issue identification	Research and analysis	Presentation and validation
CORE ACTIVITIES	Finalisation of methodology and research tools through pilot surveys and incorporating feedback from the stakeholders.	Train enumerators on research tools.	Brainstorming workshop with the stakeholders and enumerators on research tools.
		Data collection quantitative: survey	
		Data collection qualitative: interview, FGD, case study	Presentation of draft findings to key stakeholders.
		Data analysis Draft report preparation	
OUTPUT	Brainstorming workshop  Finalise issues, methodology and Research tools	Final report	

## LIMITATIONS

Interviews for this study were undertaken between April and July 2018. At the time of the interviews, all workers, factories and factory owners/managers were a part of Australian brand supply chains. Since this time, some brands have changed ownership structure and of course companies do change their suppliers. This is a snapshot of the reality of some Australian supply chains at the time the interviews took place.

The Vietnam study has been conducted based on a smaller sample size. Therefore, we advise those using this research to be mindful of this fact when referring the data from Vietnam. The quantitative data collected from the survey used in this research report in relation to Vietnam have been combined with qualitative results, and crosschecked through validation workshops and literature review to ensure accuracy.

Data and information for the study were collected before the minimum wage revision in Bangladesh. All data had to be adjusted by the researchers to accommodate and reflect this change so that the study findings are correct and relevant at the time of publication. This has been validated through stakeholders in Bangladesh.

Though a majority of the Australian companies examined in this study publish their factory list, still there are companies that keep their factory lists in hiding. Researchers had to use

different sources to identify Australian brands and factories supplying to Australian companies. However, the factory list used for this study and list of Australian brands sourcing from Bangladesh and Vietnam is not exhaustive, as it would be difficult to name and discover every clothing brand in Australia that sources from either Bangladesh or Vietnam.

Furthermore, verbal, physical and sexual abuse are often underreported due to the social taboo of not discussing these issues with others. The actual incidence of physical and sexual abuse that workers face is therefore possibly be even higher in reality than what has been reported in the study.

# LIST OF LEADING BRANDS/ COMPANIES OPERATING IN AUSTRALIA SOURCING FROM BANGLADESH AND/OR VIETNAM

This list is not exhaustive, but a list of selected brands known to be sourcing from either Bangladesh or Vietnam as indicated below. Note that some brands are still very secretive about their sourcing locations, and so it is not always easy to determine the countries in which they make their clothes.

## BANGLADESH



Best&Less

**BIGW**  
Owned by Woolworths

**COTTON:ON**

**COUNTRY ROAD**

**Designworks**  
Owned by The PAS Group

FOREVER NEW

**H&M**

THE **JUST** GROUP

**Kmart**

**Target**  
Owned by Wesfarmers

**WORKWEAR** GROUP

**LICENSING ESSENTIALS**

**MYER**

**UNI QLO**

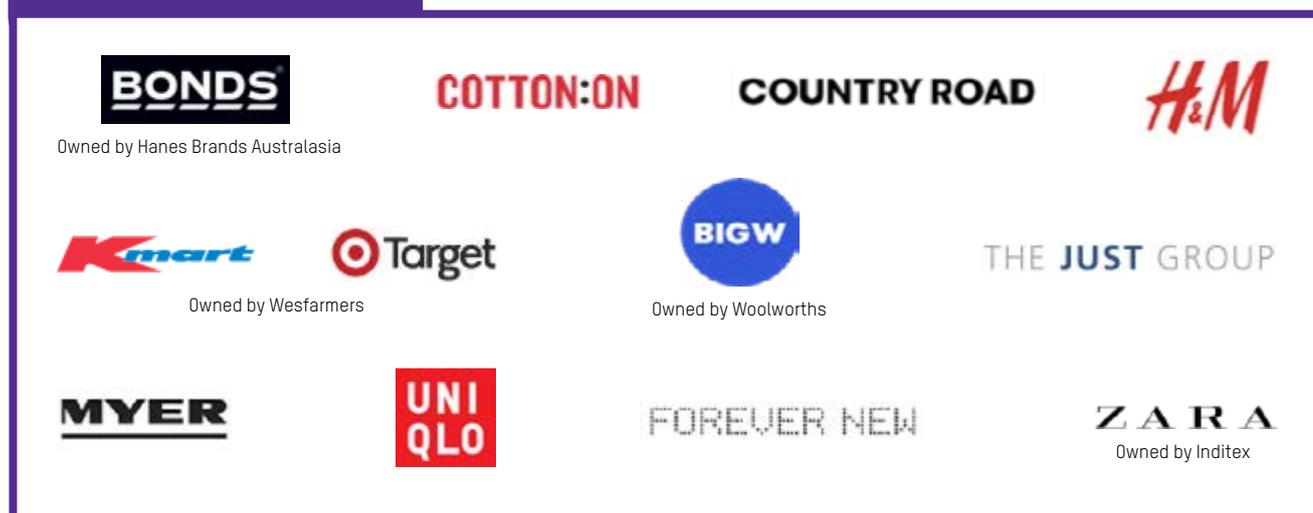
**NONI B**

**APG & CO**  
THE BRAND ASSEMBLY

**FAST FUTURE** BRANDS

**ZARA**  
Owned by Inditex

## VIETNAM



**BONDS**  
Owned by Hanes Brands Australasia

**COTTON:ON**

**COUNTRY ROAD**

**H&M**

**Kmart**  
Owned by Wesfarmers

**Target**

**BIGW**  
Owned by Woolworths

THE **JUST** GROUP

**MYER**

**UNI QLO**

FOREVER NEW

**ZARA**  
Owned by Inditex

Oxfam Australia does not endorse or have any affiliation with the featured companies. Oxfam Australia acknowledges that the copyright in the logos featured is the property of these companies.

# FURTHER INFORMATION ABOUT LIVING WAGE BENCHMARKS:

## ASIA FLOOR WAGE

The Asia Floor Wage Alliance (AFWA) is an international alliance of trade unions and labour rights activists, working together to demand garment workers are paid a living wage. The AFWA began in 2005 when trade unions and labour rights activists from across Asia came together to agree on a strategy for improving the lives of garment workers.

The AFWA has defined its own formula and methodology to calculate a living wage. It recognises that the way the garment industry is organised places severe limits on the ability of workers to improve wages and working conditions in developing countries. In light of these difficulties, the AFWA campaign calculates a living wage — in terms of purchasing power parity dollars — for a range of Asian countries. Its mission is to campaign for a living wage across Asia

because it realises that improving wages in a country makes it vulnerable to capital relocation — the practice of companies moving to another location if wages or other costs increase in their country of operation. The purpose of the Asia Floor Wage is to create a social floor, a level playing field, by taking wages out of the equation.<sup>57</sup>

## ASIA FLOOR WAGE CALCULATION

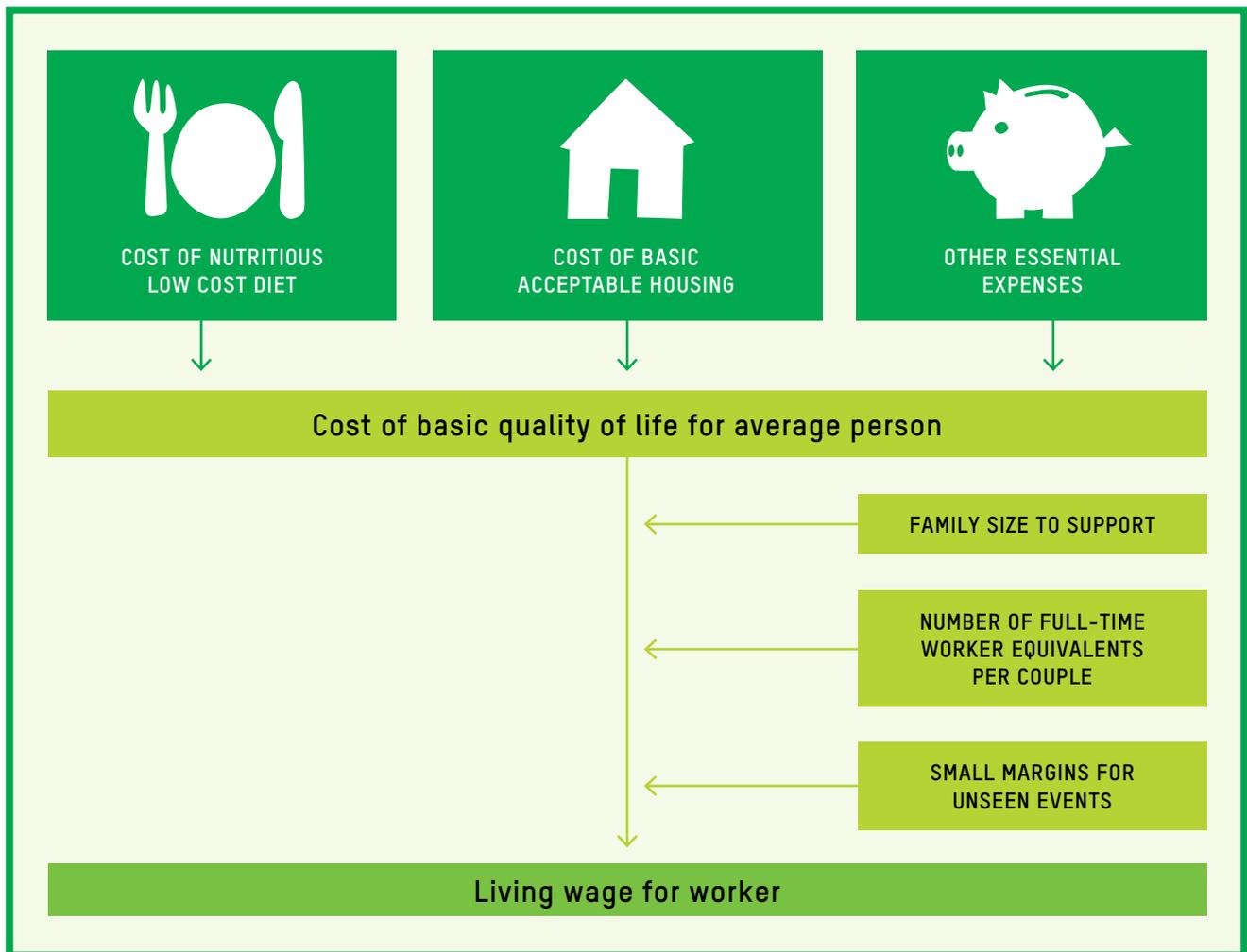


■ 57. Asia Floor Wage Alliance, viewed September 2018, <http://asia.floorwage.org>.

**THE GLOBAL LIVING WAGE COALITION AND ANKER METHOD**

The Global Living Wage Coalition brings together Fair trade International, Forest Stewardship Council (FSC), Good Weave, Sustainable Agriculture Network/Rainforest Alliance (SAN/RA) and UTZ Certified, along with Social Accountability International (SAI), to improve wage levels in supply chains. The coalition, in partnership with Richard and Martha Anker, has developed a methodology for calculating a living wage. Each living wage benchmark commissioned by the coalition is made public to further this aim and to increase the opportunity for collaboration towards payment of a living wage.<sup>58</sup>

**FLOW CHART OF ANKER’S METHODOLOGY FOR ESTIMATING A LIVING WAGE**



58. Global Living Wage Coalition, viewed September 2018, <https://www.isealalliance.org/our-work/improving-effectiveness/global-living-wage-coalition>.



MADE IN  
BANGLADESH



MADE IN  
VIETNAM



MADE IN  
BANGLADESH



MADE IN  
BANGLADESH

# WHAT SHE MAKES

IS KEEPING HER IN POVERTY



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