



Australian Government

Fair Work OMBUDSMAN

Queensland Manufacturing Industry (Metal Finishing Sector) Audit Program 2010 Report

Summary

In August 2010 the Fair Work Ombudsman (FWO) commenced an audit program of the Queensland manufacturing industry, focusing on the metal finishing sector.

Metal finishing was selected based on the number of complaints received by FWO. It was also considered that it would provide an insight into the level of compliance in the broader manufacturing industry.

We randomly selected 413 businesses for audit. We found that 306 (74%) to be complying with their obligations with Commonwealth workplace laws and industrial instruments and 106 (26%) to be in contravention. The most frequently identified contraventions concerned underpayment of hourly rates and time/wage record keeping requirements. One investigation is yet to be finalised.

The audit program has recovered a total of \$91,258 for 203 employees.

Further information regarding the findings of this audit program can be found in the 'Results' section of this report.

Background

Assessments of FWO complaint data showed that a significant number of complaints had been received from employees working in the Queensland manufacturing industry. Further FWO has not previously conducted an audit program of this industry sector

We therefore considered that there would be value in undertaking an audit program aimed at identifying the level of compliance in the industry and increasing industry knowledge of employer obligations under Commonwealth workplace laws.

Rather than targeting the whole of the manufacturing sector we selected metal finishing due to its compliant history and the belief that employment practices in this sector could be indicative of those within the wider manufacturing industry.

Metal finishing sector includes many employees engaged in trade related positions, such as welding and boiler making. Entitlements for these positions could give an indication of others in similar manufacturing positions with comparable entitlements.

Aim & objectives

The aim of the program was to assess compliance with the obligations of Commonwealth workplace laws and relevant industrial instruments in the Queensland metal finishing industry sector.

The specific objectives were to:

- assess the level of compliance with time and wage record keeping obligations

- assess the level of compliance with minimum hourly rates of pay
- inform employers of FWO resources available to assist them in meeting their obligations
- promote and create awareness of the FWO's role

Stakeholder involvement

Prior to undertaking the campaign we contacted the following stakeholders and invited them to provide comments and feedback.

- The Australian Manufacturing Workers' Union (AMWU)
- Australian Industry Group (AiG)
- Queensland Chamber of Commerce and Industry Ltd (QCCI)

The AMWU provided supportive feedback to FWO on the aims of the audit program.

Methodology

Using the Australian Business Register (ABR) database, we identified 1323 employers in the Queensland under the metal product manufacturing ANZSIC (Australian and New Zealand Standard Industrial Classification). (See Table 1 below)

Table 1 – number of QLD businesses identified

ANZSIC Description	Total
Boiler, Tank and Other Heavy Gauge Metal Container Manufacturing	232
Metal Coating and Finishing	305
Nut, Bolt, Screw and Rivet Manufacturing	21
Other Fabricated Metal Product Manufacturing	445
Other Metal Container Manufacturing	24
Sheet Metal Product Manufacturing (except Metal Structural and Container Products)	221
Spring and Wire Product Manufacturing	75
Grand Total	1323

From this list of 1323 employers, we randomly selected 413 Queensland businesses for audit. We wrote to advise them of their selection and to explain what employment records they would need to provide for assessment. We requested that they provided us with time and wage records for the period 1 to 15 August 2010.

If an employer did not return the requested records we conducted a field visit and if necessary issued a statutory notice formally requesting the production of employment documents.

The relevant laws and industrial instruments we assessed against were:

- the *Fair Work Act 2009 (the Act)*,
- the *Fair Work Regulations 2009 (the Regulations)* and
- *all applicable industrial instruments, including the Manufacturing and Associated Industries and Occupations Award 2010 (the Award)*

Where we found an employer to be compliant we finalised the matter and wrote to the employer advising of the outcome.

If an employer was found to be in contravention, we notified them in writing and asked them to rectify the contravention. Once the contravention was rectified the audit was finalised.

Results

Statistical findings

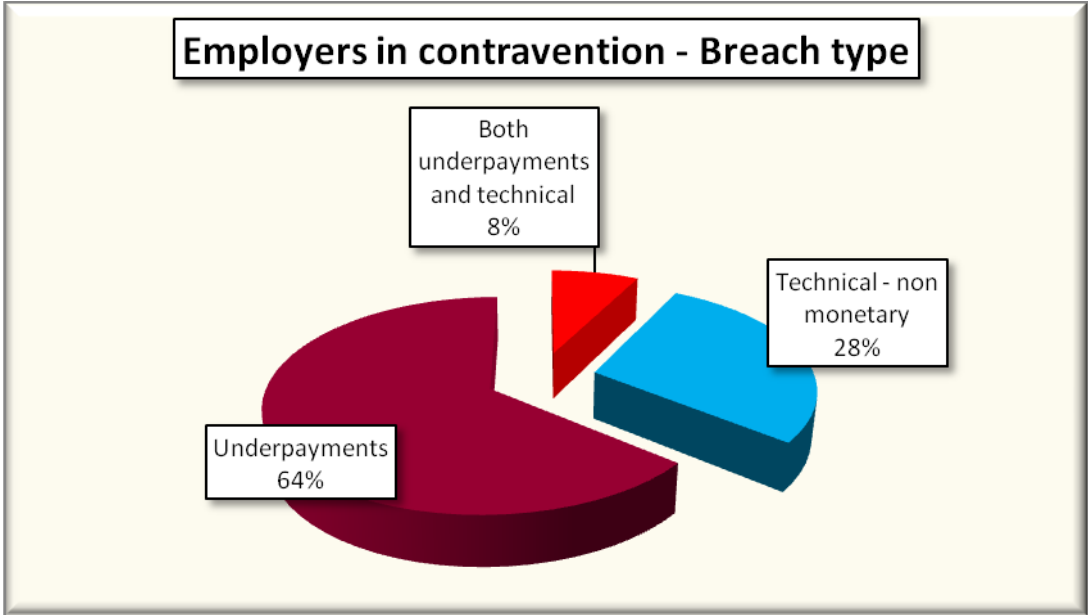
At 8 September 2011, when the results of this campaign were compiled, we had finalised 412 of the 413 audits. Of the 412 audits finalised we found 306 (74%) employers were compliant and 106 (26%) were in contravention. We recovered \$91,258 for 203 employees.

Table 2

Status of Audits – Queensland Manufacturing Industry (Metal Finishing Sector)	
Number of employers audited	413
Audits finalised	412
<ul style="list-style-type: none"> Employers compliant 	306 (74%)
<ul style="list-style-type: none"> Employers in contravention 	106 (26%)
Total amount recovered	\$91,258
Number of employees paid	203

Of the 106 employers in contravention we identified 68 (64%) had contraventions related to underpayment of wages and 30 (28%) had technical contraventions related to time and wage records or pay slip requirements. A further 8 (8%) employers had both underpayments and technical contraventions identified. The results are illustrated below (Chart 1).

Chart 1

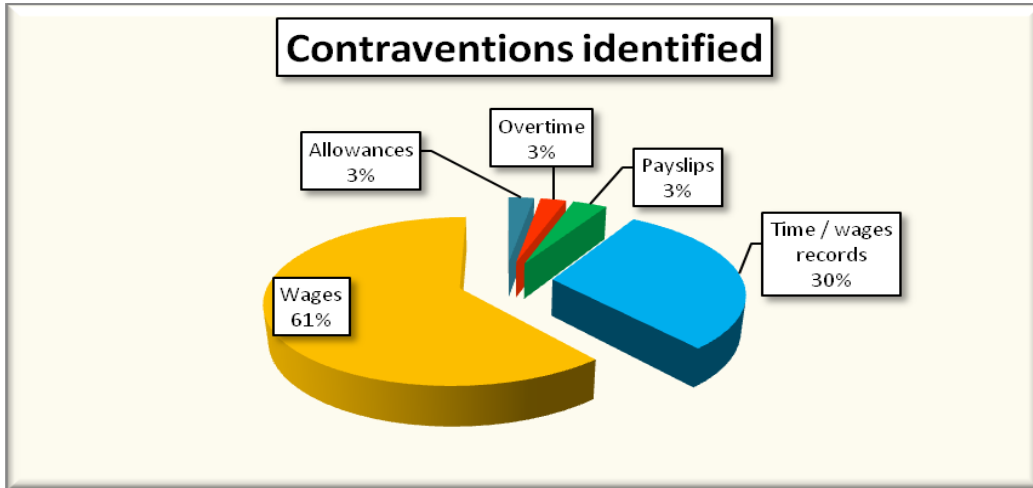


Contraventions identified

The 106 employers found to be contravening workplace laws had a total of 116 contraventions. The majority of the contraventions related to underpayment of wages (61%), followed by time/wage record keeping (30%) and payslips (3%).

The full results are shown below in chart 2:

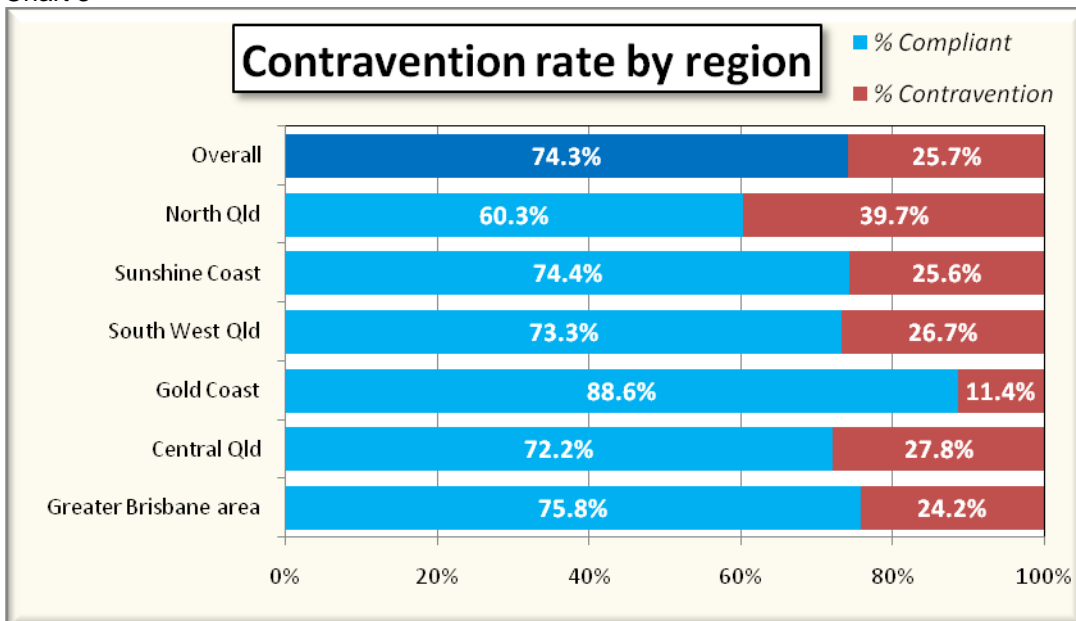
Chart 2



Findings by region

Audits were conducted throughout Queensland from the south west corner of the state to the far north. Chart 3 illustrates the contravention rates recorded in Queensland's six main regions.

Chart 3



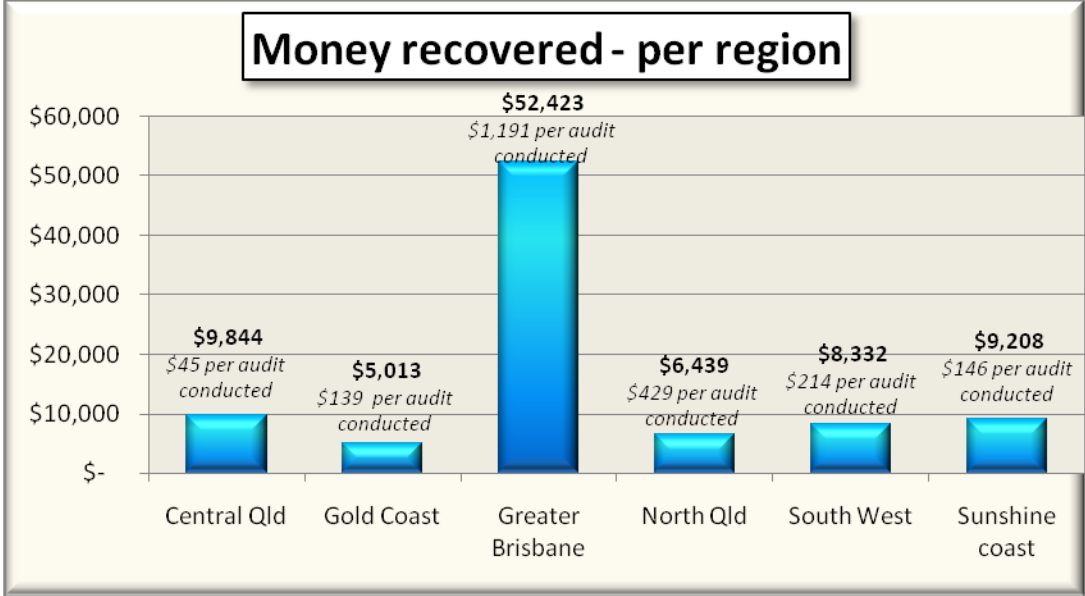
The lowest contravention rate was recorded in the Gold Coast with just over 11% of employers in contravention. The highest rate (39.7%) was found in the North Queensland region, which includes Cairns, Mackay and Townsville .

A full list of suburbs where underpayments were recorded can be found in Appendix A

Money recoveries by region

To date, \$91,258 has been recovered for 203 employees. \$52,423 (57%) was recovered in the greater Brisbane area, which also recorded the highest recoveries per audit conducted (\$1,191). The central Queensland region, which includes the towns of Gladstone, Rockhampton, Emerald and Bundaberg, recorded the next highest total recoveries (\$9,844). The full results are detailed in Chart 3;

Chart 3



Emerging issues

We found that the majority of compliant employers were paying their staff a greater hourly rate than prescribed by the award.

Where we identified monetary contraventions they were mainly attributed to employers not being familiar with the provisions under *the Act, the Regulations, the Award* and applicable industrial instruments.

Employers generally welcomed the audit and most employers were very cooperative. There was only one situation where a Fair Work Inspector was required to issue a formal Letter of Caution to an employer in the south Brisbane area who refused to issue employees with a pay slip, as required by the *Regulations*.

Conclusion

The audit program provided an opportunity for the Fair Work Ombudsman to assess compliance rates amongst the metal finishing sector of the manufacturing industry in Queensland. Generally, the rate of compliance was pleasing, however many compliant and non compliant employers displayed limited understanding of their obligations under Commonwealth workplace laws and industrial instruments.

The program was successful in increasing awareness within the sector about the role and functions of FWO. Information about FWO, in particular, the resources we have available, was appreciated by many of the employers we spoke to. It is hoped that knowledge of the assistance FWO can provide to employers in helping them to become familiar with their workplace obligations, will ensure greater compliance into the future.

FWO recognises the need for a continued emphasis on education in the sector and this will be taken into consideration when planning future campaign in the manufacturing industry.

Appendix A – Suburbs with underpayments

Suburb	Employers with underpayments	Employees paid	Money Recovered
ALBION	1	1	\$ 948
ALEXANDRA HILLS	1	1	\$ 8
ALLORA	1	1	\$ 346
ARCHERFIELD	1	3	\$ 9,833
BEENLEIGH	1	1	\$ 170
BRENDALE	4	9	\$ 2,080
BURPENGARY	1	1	\$ 1,680
CALOUNDRA	2	2	\$ 2,156
CAROLE PARK	1	6	\$ 5,426
CARRARA	1	2	\$ 803
CLONTARF BEACH	1	1	\$ 284
CONDON	1	1	\$ 111
CRESTMead	2	3	\$ 1,303
DARRA	1	1	\$ 160
ERNEST	1	2	\$ 29
GARBUTT	2	4	\$ 1,779
GEEBUNG	1	1	\$ 1,693
GRACEMERE	1	1	\$ 1,824
GREENBANK	1	1	\$ 470
GYMPIE	1	2	\$ 3,132
HEMMANT	2	4	\$ 1,763
HOME HILL	1	2	\$ 635
INGHAM	1	3	\$ 166
KUNDA PARK	3	5	\$ 1,721
LABRADOR	1	2	\$ 813
LAWNTON	1	1	\$ 271
MALANDA	1	2	\$ 859
MARYBOROUGH	1	6	\$ 2,921
MEADOWBROOK	1	15	\$ 3,033
MOLENDINA	1	2	\$ 1,408
MOLENDINAR	1	10	\$ 1,961
MURARRIE	1	1	\$ 176
NORTHGATE	2	5	\$ 1,328
PARK AVENUE	1	4	\$ 407
PARKHURST	1	1	\$ 453
PIALBA	1	4	\$ 3,531
PINKENBA	1	1	\$ 2,273
PORTSMITH	2	24	\$ 2,497
RICHLANDS	1	1	\$ 667
SALISBURY	2	4	\$ 959
SCARBOROUGH	1	1	\$ 281
STAFFORD	1	5	\$ 71
SUMNER PARK	1	4	\$ 870
SUMNER PARK BC	1	1	\$ 106
SVENSSON HEIGHTS	1	1	\$ 707
TAIGUM	1	1	\$ 248
TINGALPA	1	9	\$ 3,361
TOOWOOMBA	1	1	\$ 2,560
UNDERWOOD	1	2	\$ 2,035
VIRGINIA	1	1	\$ 1,435
WACOL	4	11	\$ 4,312
WARANA	1	1	\$ 1,087
WIDGEE	1	1	\$ 1,112
WILSTON	1	1	\$ 1,135
WONGA BEACH	1	1	\$ 392
WYNNUM	1	17	\$ 9,159
YATALA	1	4	\$ 311
Totals	72	203	\$ 91,258

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