

Queensland Retail Hardware Audit Program

Final report – June 2013

A report by the Fair Work Ombudsman under the *Fair Work Act 2009*
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Table of contents

Highlights	3
Summary	3
Why did we target this industry?	3
Purpose of the campaign	3
Our industry partners.....	4
What did we do?	4
What did we find?.....	4 - 6
Concluding remarks	6
About the Fair Work Ombudsman	7

Highlights

- 368 employers audited
- 62% employers found to be compliant
- Ipswich / Toowoomba regions had 82% compliance rate
- Mackay had 22% compliance rate
- \$139,703 recovered on behalf of 191 employees

Summary

In July 2012, the Fair Work Ombudsman commenced the Queensland Retail Hardware Audit Program. The aim was to promote and assess compliance with the *Fair Work Act 2009*, the *Fair Work Regulations 2009* and other industrial instruments.

During the audit program, we assessed the records of 371 employers to ensure compliance with the following requirements:

- Hourly rates of pay
- Penalty rates and allowances
- Record keeping and pay slip obligations.

Of the 368 audits completed, we found 229 (62%) to be compliant. The 139 (38%) employers who had failed to comply recorded a total sum of 153 discrete contraventions.

We have recovered a total of \$139,703 for 191 employees. Three audits are ongoing.

Why did we target this industry?

In recent years, the Fair Work Ombudsman (FWO) has received a high number of complaints from employees in the hardware retail industry in Queensland.

For instance, an analysis of complaints received in 2010/11 showed that we had received 50 complaints from the hardware-retailing sector in Queensland of which 31 (62%) resulted in recovery of money for the complainants.

As this sector had a higher than average numbers of complaints and contravention rates, we considered it was important to undertake this audit program.

Purpose of the campaign

The aim of the Queensland Retail Hardware Audit Program (the program) was to ensure employees in the hardware retail sector in Queensland were receiving their entitlements as prescribed by the following applicable awards:

- *General Retail Industry Award 2010*
- *Nursery Award 2010*
- *Timber Industry Award 2010*

The specific objectives of the program were to:

- assess compliance with correct wage rates

- assess compliance with correct time and wage record keeping and pay slip practices
- provide employers with information about the many resources provided by FWO, including our online tools
- provide a public report on the findings of the program

Our industry partners

Before commencing the audits, we contacted the following stakeholders to discuss the parameters of the program:

- Hardware Association of Queensland
- National Retail Association
- Queensland Chamber of Commerce and Industry

The Queensland Chamber of Commerce and Industry advised its members of the program and its objectives.

What did we do?

We selected a random sample of hardware retail businesses from all regions of Queensland and then sent a letter to these businesses requesting time and wage records covering a two-week period.

Where we identified contraventions, we contacted the employer to discuss our findings and to inform them what action was required to correct the contraventions. We also confirmed this information by letter.

We selected a further random selection of businesses for field visits. Fair Work Inspectors visited these employers and provided a letter requesting time and wage records. Where it was possible, inspectors reviewed time and wage documents on site. Where we identified potential contraventions we took the records back to the office for further assessment. We also took the opportunity to answer the employers' questions about their obligations.

What did we find?

Of the 368 audits completed, we found that 229 (62%) of the businesses were compliant and 139 (38%) were in contravention of Australian workplace laws.

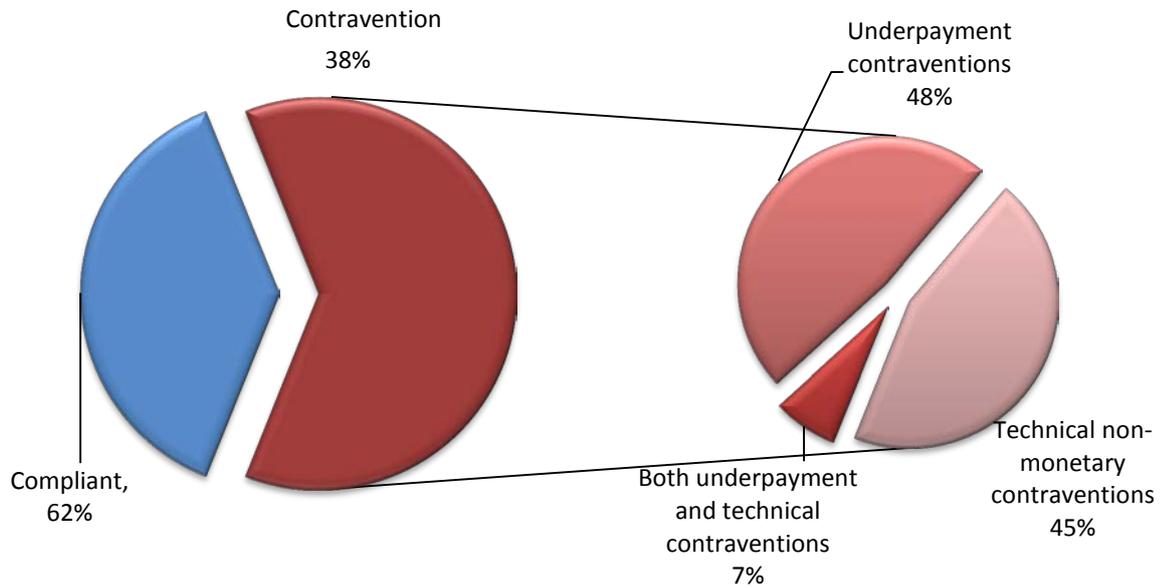
We have recovered \$139,703 in underpayments for 191 employees. Three audits are ongoing.

Table 1: Audit Results	
Number of audits completed	368
• Employers compliant	229 (62%)
• Employers in contravention	139 (38%)
Total amount recovered	\$139,703
Number of employees paid	191

Contraventions identified

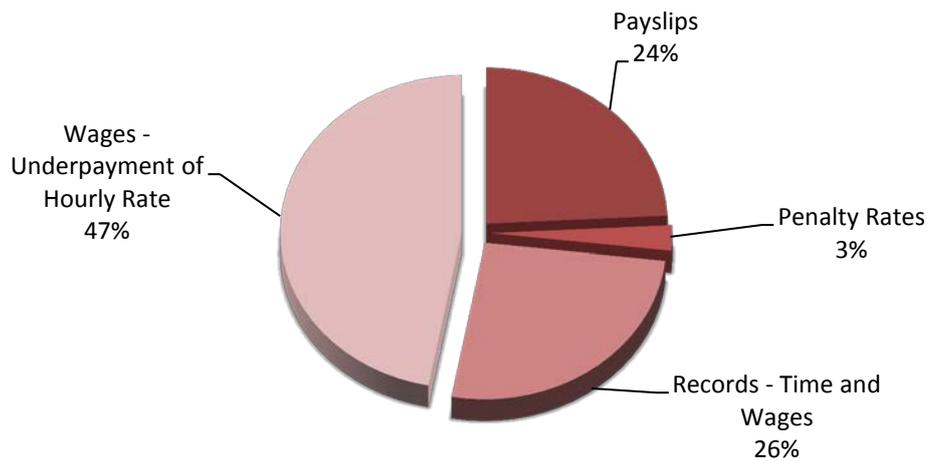
Of the 139 businesses found to be in contravention, 66 (48%) had monetary contraventions, 63 (45%) had technical contraventions relating to record keeping and pay slips and 10 (7%) had both monetary and technical contraventions (see Chart 1).

Chart 1: Audit Results



The 139 businesses found to be in contravention had a combined 153 individual contraventions. Of these 72 (47%) related to underpayment of hourly rates, 20 (26%) to record keeping, 37 (24%) to payslips and four (3%) to penalty rates (see Chart 2).

Chart 2: Individual Contraventions Identified

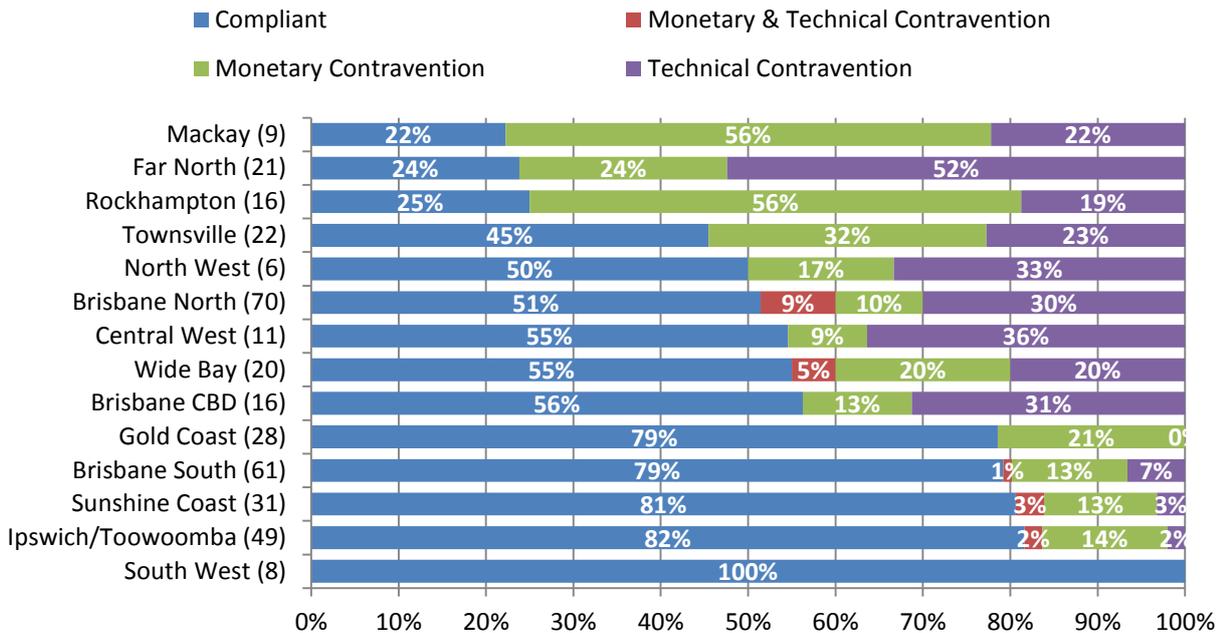


Other findings

Compliance rates varied considerable between regions as shown in Chart 3.

For example, we found compliance rates of over 80% in the Sunshine Coast (81%) and Ipswich / Toowoomba regions (82%) and compliance rates of less than 30% in Rockhampton (25%), the Far North (24%), and Mackay (22%).

Chart 3: Compliance by region



Concluding remarks

The findings of this program indicate a relatively high level of non-compliance in this industry, with 38% of employers found to have contravened the Fair Work Act 2009. We found 66 employers audited had underpaid staff and 63 employers had contraventions in relation to record keeping and pay slips.

As part of this program, we provided non-compliant employers with correct information about their obligations. In addition, we provided those with information about our online self-help tools designed to assist these businesses remain compliant in the future.

The monetary contraventions were mainly attributable to incorrect interpretations of the relevant award and failure to remain abreast of relevant award changes.

Although there was a high level of contraventions and underpayments, we were pleased that all contraventions were voluntarily rectified.

The results of the program highlight the importance of our targeted activity and the need for ongoing education and compliance activity in this sector.

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About the Fair Work Ombudsman

The Fair Work Ombudsman is an independent agency created by the *Fair Work Act 2009* on 1 July 2009.

Our vision is fair Australian workplaces, and our mission is to work with Australians to educate, promote fairness and ensure justice in the workplace.

Our education and compliance campaigns target specific industries to assist them achieve compliance with national workplace laws. Our focus is usually industries that need assistance with compliance and employ vulnerable workers.

We like to work with relevant industry associations and unions to deliver our campaigns. We rely upon their 'real world' knowledge and communication channels to design and deliver our education activities and products.

This report covers the background, method and findings of the Queensland real estate follow up campaign.

For further information and media enquiries please contact FWO media at media@fwo.gov.au

If you would like further information about the Fair Work Ombudsman's targeted campaigns please contact, Steve Ronson, Group Manager – Operations (A/g) at steven.ronson@fwo.gov.au

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