



Australian Government

Fair Work

OMBUDSMAN

WA - Geraldton Regional Record Keeping and Pay Slip Campaign: Final report June 2010

Summary

In March 2010, Fair Work Inspectors from the Perth office of the Fair Work Ombudsman (FWO) targeted employers in various industry sectors in Geraldton, a large regional centre approximately 400 km north of Perth. We had received a significant number of complaints from this region indicating poor compliance. As FWO does not have an office in Geraldton, our aim was to educate local employers in their record keeping and pay slip obligations under the *Fair Work Act 2009* [the Act], and the *Fair Work Regulations 2009* [the Regulations]. We also aimed to raise the visibility of FWO in the region.

In early March 2010, we mailed over 800 letters to businesses in Geraldton, notifying them of the campaign, and of intended field audits to be conducted between 22 and 24 March 2010. We advised key stakeholders, including the Midwest Chamber of Commerce & Industry, and the Small Business Centre-Midwest, and a media release was issued to promote the campaign. We provided educational information to all businesses on site, and conducted 129 audits of time and wage keeping records and pay slip details.

Of the 129 audits finalised, 118 (91%) businesses were found to be compliant, and 11(9%) were found to have contravened their pay slip obligations.

We found the level of compliance in this campaign to be high, indicating a good degree of employer awareness of record keeping and pay slip obligations, particularly in the context of recent changes in workplace laws. Employer awareness of the role of the FWO was also increased due to the concentrated presence of inspectors over a three day period, supported by a media release, and newspaper and radio coverage.

The detailed findings are shown below.

Results

At 2 July 2010, when the results of this campaign were collated, we have achieved the following:

- Conducted 131 site visits to randomly selected employers in all industry sectors in Geraldton
- Two businesses were unsuitable for audit, as they did not have any employees
- Of the 129 audits undertaken:
 - 118 (91%) businesses were compliant

- 11 (9%) businesses were found to have pay slip contraventions

Campaign Outcomes	
Employers targeted for audit	131
Not suitable for audit (no employees)	2
Audits undertaken	129
<ul style="list-style-type: none"> • <i>Employers compliant (no contraventions)</i> 	118 (91%)
<ul style="list-style-type: none"> • <i>Employers non compliant (pay slip contraventions)</i> 	11 (9%)

Pay slip contraventions were of a minor nature, such as the omission of the payment date, superannuation details or the Australian Business Number [ABN].

The eleven non compliant businesses agreed to rectify the contraventions on the next pay date.

While the focus of the campaign was not on monetary entitlements (such as rates of pay, loadings or allowances), we did check rates of pay on employee pay slips. We found one business that did not appear to be paying their employees the correct minimum rate of pay. A separate time and wage audit of this business will be conducted for evidence of underpayments to establish any contravention(s) of the Act.

In addition to the above results, we visited a further 30-40 businesses which were sole traders or partnerships, and, as a result, fell outside the jurisdiction of Commonwealth workplace laws enforceable by the FWO.

Additional findings

We found an apprehensive attitude among some employers. One employer challenged our authority to conduct the audit and view records. She stated that she felt we were breaching privacy requirements. In response, we explained the role of the FWO, and the powers of inspectors under the Act.

In the majority of visits, the FWO media release assisted inspectors to gain cooperation from employers. Media coverage of this campaign included three broadcasts on local ABC Radio, and coverage in the *Geraldton Guardian*.

Factors that may have contributed to the high compliance rate (91%) found in the Geraldton area:

- Some business head offices being located outside of Geraldton (e.g. in Perth or the eastern states) with a centralised payroll structure
- The activity and initiatives of the local Midwest Chamber of Commerce & Industry, as many businesses display a membership sticker
- A W.A. Labour Relations inspectorate is located in Geraldton. The inspectorate has had a primary role as a workplace law regulator in Western Australia.

One employer said that he had been a manager in his Geraldton business for over 10 years, and had never had a visit such as this. He was very cooperative in providing the inspectors with records and pay slips. Another

employer was appreciative of the visit, and welcomed feedback on her workplace practices.

The majority of employers in contravention of their pay slip obligations were very cooperative and immediately signed a compliance commitment form to commit to ongoing rectification of the breach. There was only one employer who expressed dissatisfaction, stating that he felt that there were excessive rules in employing people and he would no longer have employees in his employ. We will follow up on this employer to ensure that he followed correct procedures for the termination of any of his existing employees, after the audit found contravention in the business' pay slip practices.

Background

We have received a significant number of complaints from this region indicating poor compliance – particularly, employers not maintaining compliant records of time worked and amounts paid.

In the absence of an FWO office in Geraldton, we considered that a targeted high profile education and compliance audit campaign would improve the compliance of employers in the region, thereby benefitting the employees and reducing the volume of complaints received from this region.

Campaign aim and objectives

It was proposed that we target employers in a range of industry sectors in Geraldton for the following aims and objectives:

- To provide information across the industry sectors in Geraldton to assist employers to meet their obligations under federal legislation, including under the Act
- To ensure compliance with the requirements of the Regulations in regard to the keeping of time and wage records and issuing of pay slips
- To increase our visibility in the local Geraldton community, and to reinforce employer awareness of the FWO as a source of information and guidance on their workplace obligations

Methodology

We obtained our objectives by contacting key stakeholders including the Midwest Chamber of Commerce & Industry and the Small Business Centre-Midwest to advise them of the purpose of the campaign, and the upcoming field visits. We sent a notification letter to approximately 800 businesses in early March 2010, and a media release was issued to the local newspaper in the region which assisted in preparing businesses for our visits.

From 22 to 24 March 2010, inspectors conducted audits of record keeping practices and pay slip details in randomly selected businesses across all industry sectors in Geraldton. During the audits, inspectors viewed time keeping mechanisms and sample pay slips, and assessed these records against the requirements in s 535 and s 536 of the Act.

Where minor contraventions that did not disadvantage an employee were identified (such as the pay slip content being incomplete or a pay slip not

being issued), we requested that the employer agree to voluntarily rectify the issue, and to continue to comply with these requirements.

During the audit, we identified one possible instance of underpayment of employees. We will conduct a separate desk-based audit of this employer, and seek rectification or back payment if employees have been monetarily disadvantaged.

Conclusion

This campaign received positive support from industry stakeholders. It was pleasing to see that the overall compliance of the businesses audited was high, and employers appeared to have a good understanding of workplace law requirements.

The media release sent out one week prior to the field visit, along with stakeholder contact and our field visits, impacted significantly on Geraldton employers across industry sectors.

The campaign has been successful in raising awareness of our role in the Geraldton region. Notwithstanding the high compliance rate in record keeping and pay slip obligations, for those who have not fully complied, the campaign has raised employers' awareness of their obligations under the Act, and gained commitment from these employers for ongoing compliance into the future.

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