

SA Limestone Coast Regional Campaign 2014/2015

Report - May 2016

A report prepared by the Fair Work Ombudsman under the *Fair Work Act 2009*

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Table of Contents

Table of Contents.....	2
Infographic	3
Summary.....	4
What We Did.....	4
Outcomes.....	5
Individual Errors.....	6
Association Membership and Business Size.....	6
Other Findings	7
Next Steps.....	7
Conclusion	8
About the Fair Work Ombudsman.....	9

S.A. LIMESTONE COAST REGIONAL CAMPAIGN 2014/2015

WHY DID WE CONDUCT A CAMPAIGN IN THE REGION?



3,178
employing
businesses



5% INCREASE
in Requests for Assistance
(RfA) between 2011-2014



31%
non-compliance rate



LIMESTONE COAST
increase in RfAs and
non-compliance rates

WHERE DID WE GO?

128 BUSINESSES AUDITED IN:

● MOUNT GAMBIER
● MILLICENT

● NARACOORTE
● ROBE
● BEACHPORT

THE LIMESTONE
COAST REGION



WHAT DID WE FIND?



56% of businesses compliant
with all requirements



\$23,453
recovered for 49 employees from
23 businesses



77% of businesses paying
their employees correctly



2 formal cautions issued



67% of businesses were compliant with
pay slip & record-keeping obligations

Summary

In December 2014, the Fair Work Ombudsman (FWO) commenced an education and compliance campaign in the Limestone Coast region of South Australia (the campaign). This region was identified as suitable for a campaign based on analysis of FWO Request for Assistance (RfA) data and data from other sources.

Important factors behind selecting the region for this campaign included:

- RfA's received by the FWO between 2011 and 2014 increased by 5%, making the region one of only two in South Australia that recorded an increase;
- a 31% non-compliance rate from RfA's received during this period;
- this non-compliance rate was also consistent with the past two campaigns that were undertaken in the region, specifically the Record-Keeping and Pay Slip Campaign 2009 (35% non-compliance) and the South East Tourism Campaign 2012 (30% non-compliance); and
- a high proportion of small businesses operating in the region (94%), providing an opportunity to support these businesses which often do not have dedicated staff to perform their payroll functions.

From the 128 businesses audited:

- 98 (77%) businesses were paying their employees correctly;
- 86 (67%) businesses were compliant with record-keeping and pay slip requirements;
- 72 (56%) businesses were compliant with all requirements;
- \$23,453 was recovered from 23 businesses on behalf of 49 employees; and
- 2 formal cautions were issued.

What We Did

The FWO engaged with stakeholders in the region to discuss the planning, delivery and promotion of the campaign. The campaign received further coverage through local media outlets, including a broadcast interview on ABC South East SA Radio. Many businesses advised they had heard about the campaign before the FWO had contacted them. Local media coverage also ensured that information about both the campaign and the FWO was spread beyond those businesses included in the campaign.

Fair Work Inspectors (FWIs) audited businesses in towns along the Limestone Coast, including Beachport, Robe, Millicent, Naracoorte and Mount Gambier. Businesses were selected randomly,

however, the Retail and Accommodation and Food Services industries were assigned a higher priority based on higher numbers of RfAs received from those industries in the region.

A sample of time and wage records was requested and FWIs assessed compliance with the *Fair Work Act 2009* (the Act), the *Fair Work Regulations 2009* (the Regulations) and the applicable award/agreement. Where businesses had errors, the FWO required them to rectify the issue and provide proof of having done so (including back-paying underpaid employees).

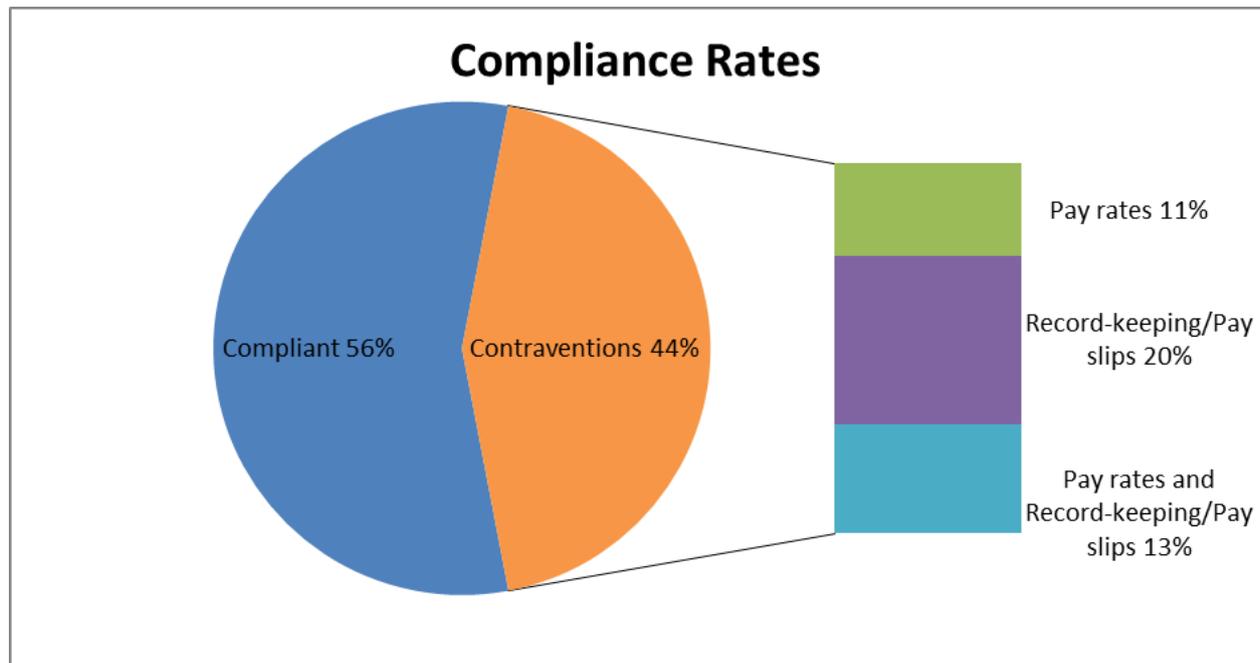
FWIs also provided businesses with information and resources to help them comply with their obligations under Commonwealth workplace laws. In particular businesses were provided with the online resources freely available on www.fairwork.gov.au, including [pay rates](#), [hiring employees](#), [MyAccount](#) and [online training courses](#).

Outcomes

Of the 128 businesses audited during the campaign:

- 72 (56%) businesses were compliant with all requirements;
- 56 (44%) businesses had at least one error, of which:
 - 26 (20%) had errors relating to pay slips or record-keeping;
 - 14 (11%) had errors relating to pay rates; and
 - 16 (13%) had both pay rate and pay slip/record-keeping errors

Figure 1 – Campaign compliance rates



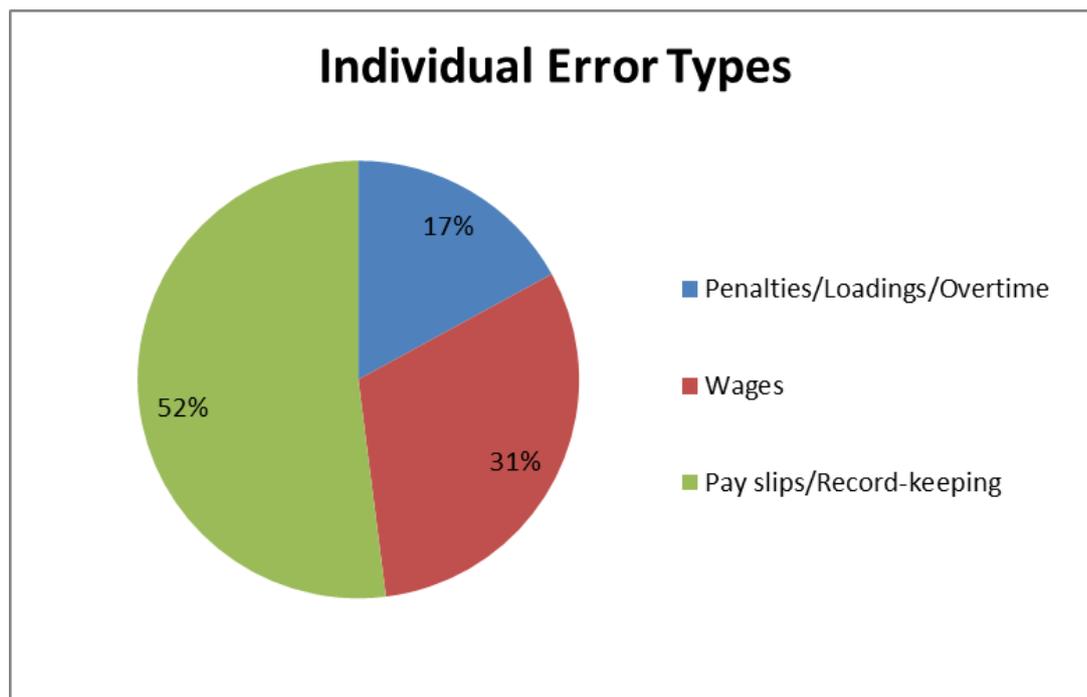
This means that:

- 98 (77%) businesses were paying their employees correctly;
- 86 (67%) businesses were compliant with pay slip and record-keeping requirements;
- \$23,453 was recovered from 23 businesses on behalf of 49 employees. Recovery amounts from individual businesses ranged from over \$5,800 to less than \$50; and
- 2 formal cautions were issued. Formal cautions are a written warning when the FWO has found non-compliance and wants to put a business on notice that future non-compliance could result in the FWO taking enforcement action against the business including seeking financial penalties through the courts.

Individual Errors

The 56 non-compliant businesses had a total of 82 individual errors. More than half the errors (52%) related to pay slips and record-keeping. Wages (31%) and penalties/loadings/overtime (17%) accounted for the remaining errors identified.

Figure 2 – Individual error types



Association Membership and Business Size

Businesses that were members of an industry or employer association had a compliance rate more than double that of businesses that were not members. Association member businesses had a compliance rate of 77%, compared to a compliance rate of 42% for non-member businesses.

Larger businesses (those with 15 more employees) had a higher compliance rate than smaller

businesses (those with less than 15 employees). The compliance rate for larger businesses was 76% compared with a compliance rate of 51% for smaller businesses.

Figure 3 – Compliance by association membership and size



Other Findings

FWIs spoke with businesses to determine the reasons for their non-compliance. Some reasons included:

- some businesses relying upon 'word of mouth' in determining workplace practices, such as determining pay rates and record-keeping; and
- a misconception amongst some employers that small businesses are exempt from certain obligations, in particular having to produce payslips due to being a small business. These businesses had not attempted to obtain the correct information regarding these obligations from the FWO or other available sources e.g. industry associations or third party providers.

Next Steps

The results of the campaign indicate that businesses in the region would benefit from further education and compliance activity. The FWO will:

- continue to educate employers on their obligations and encourage them to contact the FWO and others for assistance and advice on workplace relations matters;

- audit all businesses found to be non-compliant in this campaign in the National Compliance Monitoring Campaign 2016;
- promote key themes identified in campaigns through communication and media activities and use the findings of this campaign to inform future compliance activities; and
- promote the tools and resources available on www.fairwork.gov.au.

Conclusion

The campaign revealed 56% of businesses were fully compliant with their workplace obligations. 77% of businesses were paying their employees correctly and 67% of businesses were meeting their record-keeping and pay slip obligations.

The FWO will use the results of this campaign to inform our future education and audit activities. This may involve the development of future national or regional campaigns that also include businesses from the region. All businesses found to be non-compliant in this campaign will be re-audited as part of the FWO's ongoing National Compliance Monitoring Campaign.

The FWO will continue to support a culture of compliance by empowering businesses and their employees to resolve any issues that arise at a workplace level. To assist businesses to do this, the FWO recently released a number of practical Guides to Resolving Workplace Issues on the FWO website www.fairwork.gov.au. Whilst the FWO will continue to monitor non-compliant businesses, supporting businesses and employees to resolve issues at the workplace level gives the best chance of continued production workplace relationships.

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 main role is to promote harmonious, productive and cooperative workplace relations.

Each year the Fair Work Ombudsman (FWO) runs proactive campaigns to assist employers and employees understand their rights and obligations under Commonwealth workplace relations laws.

These campaigns can focus on particular industries, regions and/or labour market issues and are conducted on a national and state level.

This report covers the background, method and findings of the SA Limestone Coast Regional Campaign. For further information and media enquiries please contact the media team at media@fwo.gov.au

If you would like further information about the Fair Work Ombudsman's campaigns please contact Lynda McAlary-Smith, Executive Director - Proactive Compliance and Education at Lynda.McAlary-Smith@fwo.gov.au