

## New supply chain guides to help businesses avoid contracting risks

4 May 2017

New tools to help prevent the exploitation of workers in contracted labour supply chains have been launched today by the Fair Work Ombudsman.

Fair Work Ombudsman Natalie James said her agency developed the materials as it was still seeing too many cases where vulnerable workers were being ripped-off as complex contracting arrangements allowed dodgy operators to infiltrate labour supply chains.

“We have seen case after case of people such as cleaners, security guards, agriculture and horticulture workers and trolley collectors being forced to accept sub-standard rates of pay through long and complicated contracting arrangements while the beneficiaries of that labour who sit atop the contracting chain, normally a large business, have no oversight of the unlawful practices occurring in their networks,” Ms James said.

“The community expects large reputable businesses to make sure the workers in their contracting chain are being paid appropriately, even when that business may not be the direct employer of the workers.

“In recent times we have seen some businesses, such as Coles with its trolley collectors or Baiada with its poultry processes, step up to ensure the contractors and subcontractors in their supply chains are adhering to workplace laws and take action if they find a dodgy operator in their network.

“Today we are releasing four new practical guides to help other businesses monitor and manage their contract arrangements to help make sure every single worker in their contracting networks is being paid fairly and appropriately,” Ms James said.

Accessible at [www.fairwork.gov.au/supplychain](http://www.fairwork.gov.au/supplychain) (<http://www.fairwork.gov.au/supplychain>), the new resources are:

- Guide to labour contracting: for help on how to select a potential contractor and identify if they are complying with workplace laws
- Guide to monitoring your labour contracting: for help on mapping existing contractors and subcontractors, examining compliance and addressing any problems
- Guide to self-auditing your business: for information on how to conduct a general self-audit of your business to ensure you're complying with workplace laws
- Guide to monitoring your labour contracting for small business: checks for small business owners to minimise your risk of hiring a non-compliant contractor.

The four practical guides have been developed with the assistance of experts in the field of supply chain management and will help businesses monitor and manage their contract relationships.

Fair Work Ombudsman Natalie James said her agency had been warning businesses for years about the risks of worker underpayments presented by outsourcing to low-cost contractors, with major issues identified in industries including cleaning and security.

“If contract prices seem too good to be true, they probably are. In these circumstances it's often the workers who are paying the price,” Ms James said.

“These new materials, available on the FWO's website, comprise comprehensive guides and checklists for companies to avoid these dangers when engaging contractors and other third parties.”

The resources include recommendations for business owners to understand the pay and conditions that apply in the industry they are contracting for, use a questionnaire to ask potential contractors about their workplace practices and to check any contract price is high enough to cover wages.

“The Fair Work Ombudsman remains committed to assisting businesses to comply with workplace laws, through engagement, the development of resources and proactive education,” Ms James said.

“After all, 94 per cent of the requests for assistance to my Agency were, in 2015-16, resolved voluntarily through education, mediation and early intervention, without the need for any enforcement action.

“However, there can be serious consequences for businesses that deliberately ignore what is happening to workers in their supply

chain, including significant reputational damage and the potential for financial penalties if they are found to be an accessory to breaches of the Fair Work Act.”

Employers and employees can seek assistance at [www.fairwork.gov.au](http://www.fairwork.gov.au) or contact the Fair Work Infoline on 13 13 94. Small business operators can opt to receive priority service from the Small Business Helpline.

A free interpreter service is available on 13 14 50.

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## Contact us

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Fair Work Infoline: 13 13 94

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For TTY: 13 36 77. Ask for the Fair Work Infoline 13 13 94

Speak & Listen: 1300 555 727. Ask for the Fair Work Infoline 13 13 94

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