

## ‘Reasonable steps’ to promote compliance essential for franchisors to avoid liability and brand damage, says FWO

14 June 2018

With recent laws changes setting clear expectations that franchisors need to consider how to prevent exploitation of workers, the Fair Work Ombudsman has launched a new resource providing practical advice to assist franchisors to promote sustained workplace compliance in their networks.

In a [speech to the Franchise Advisory Centre’s Franchise Management Forum \(www.fairwork.gov.au/about-us/news-and-media-releases/speeches/speeches\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/speeches/speeches) yesterday, Fair Work Ombudsman Natalie James launched the [Guide to promoting workplace compliance in your franchise network \(DOCX 763.8KB\) \(https://www.fairwork.gov.au/ArticleDocuments/712/guide-to-promoting-workplace-compliance-in-your-franchise-network.docx.aspx\)](https://www.fairwork.gov.au/ArticleDocuments/712/guide-to-promoting-workplace-compliance-in-your-franchise-network.docx.aspx) (PDF 335.5KB) (<https://www.fairwork.gov.au/ArticleDocuments/712/Guide-to-promoting-workplace-compliance-in-your-franchise-network.pdf.aspx>) and emphasised the steps a franchisor can take to prevent workplace issues and avoid liability.

“A franchisor sets the tone for its network and needs to consider the capability and sophistication of its franchisees in managing its risks and deciding how to go about providing franchisee support,” Ms James said.

“The law states a franchise will not be liable for underpayments where it can show it has taken ‘reasonable steps’ to prevent this from occurring.

“The term ‘reasonable’ by its very nature requires that the particular business and its circumstances determine the expectations and the sorts of actions required, and this is where the guide is a great resource.”

The guide outlines useful strategies that head franchisors can implement to promote compliance with workplace laws in their networks.

“Workplace compliance is a compulsory requirement for any business,” Ms James said.

“The guide will be useful for franchisors of all shapes and sizes. It sets out four practical steps franchisors should be taking, and recommends a variety of strategies to help franchisors manage their workplace compliance risks now and into the future.”

The guide provides advice about how franchisors can work with their franchisees to:

- set expectations;
- educate and train;
- monitor compliance; and
- take further action.

Specifically, the guide includes:

- information about the new laws that apply to franchisors;
- practical steps franchisors can take to promote workplace compliance in their networks, including tips from leading businesses;
- real life case studies to illustrate best practice approaches to compliance with workplace laws;
- a checklist that businesses can use to assess and benchmark their current practices; and
- advice about where franchisors can access more information.

In her speech, Ms James emphasised how several key franchise brands had learned “after things went wrong for them” that ensuring compliance in a network is an investment, not a cost.

“Brands that have invested in compliance have found this to be a small price to pay in comparison with negative brand coverage, market cap deterioration and a whole host of legal and accounting problems with franchisees down the track,” Ms James said.

“I have said again and again that certain markets are higher risk than others and have identified the characteristics that feature repetitively in systemic non-compliance: low skill work, labour intensive sectors, high levels of vulnerable workers and tight profit margins.

“Franchisors can choose to work with us to be a part of the solution, or choose to roll the dice. We hope that together with knowledge of their network and the dynamics of the market, this new guidance will support franchisors to assess their risks and

make choices in the interests of their business and brand going forward.”

“If they haven’t already, franchisors should also strongly consider demonstrating their public commitment to compliance by entering in to a compliance partnership with the Fair Work Ombudsman.”

Located at [www.fairwork.gov.au/franchisors](http://www.fairwork.gov.au/franchisors) (<http://www.fairwork.gov.au/franchisors>) , the guide is part of a suite of resources to help franchisors understand and comply with the new laws designed to protect vulnerable workers.

Employers and employees seeking assistance can visit [www.fairwork.gov.au](http://www.fairwork.gov.au) or call the Fair Work Infoline on 13 13 94. An interpreter service is available on 13 14 50. Information on the website can be translated into 40 languages.

Resources available on the website include the [Pay and Conditions Tool](http://calculate.fairwork.gov.au/) (<http://calculate.fairwork.gov.au/>) (PACT), which provides advice about pay, shift, leave and redundancy entitlements and there are templates for pay slips and time-and-wages records.

Employers and employees can also sign up to remain informed and receive tailored information by registering for a free Fair Work Ombudsman [My Account](http://www.fairwork.gov.au/my-account/registerpage.aspx) ([www.fairwork.gov.au/my-account/registerpage.aspx](http://www.fairwork.gov.au/my-account/registerpage.aspx)) .

Follow Fair Work Ombudsman Natalie James on Twitter [@NatJamesFWO](https://twitter.com/NatJamesFWO) ([http://twitter.com/NatJamesFWO](https://twitter.com/NatJamesFWO)) , the Fair Work Ombudsman [@fairwork\\_gov\\_au](https://twitter.com/fairwork_gov_au) ([http://twitter.com/fairwork\\_gov\\_au](https://twitter.com/fairwork_gov_au)) or find us on Facebook [www.facebook.com/fairwork.gov.au](http://www.facebook.com/fairwork.gov.au) (<http://www.facebook.com/fairwork.gov.au>) .

Sign up to receive the Fair Work Ombudsman’s media releases direct to your email inbox at [www.fairwork.gov.au/mediareleases](http://www.fairwork.gov.au/mediareleases) ([www.fairwork.gov.au/mediareleases](http://www.fairwork.gov.au/mediareleases)) .

- Read the [speech to the Franchise Advisory Centre \(DOCX 29.1KB\)](https://www.fairwork.gov.au/ArticleDocuments/764/fac-speech-june-2018.docx.aspx) (<https://www.fairwork.gov.au/ArticleDocuments/764/fac-speech-june-2018.docx.aspx>) (PDF 516.5KB) (<https://www.fairwork.gov.au/ArticleDocuments/764/fac-speech-june-2018.pdf.aspx>) .
- Read the [Guide to promoting workplace compliance in your franchise network \(DOCX 763.8KB\)](https://www.fairwork.gov.au/ArticleDocuments/712/guide-to-promoting-workplace-compliance-in-your-franchise-network.docx.aspx) (<https://www.fairwork.gov.au/ArticleDocuments/712/guide-to-promoting-workplace-compliance-in-your-franchise-network.docx.aspx>) (PDF 335.5KB) (<https://www.fairwork.gov.au/ArticleDocuments/712/Guide-to-promoting-workplace-compliance-in-your-franchise-network.pdf.aspx>) .

Media inquiries:

Yasmin Daymond, Assistant Director - Media

Mobile: 0421 630 460

[yasmin.daymond@fwo.gov.au](mailto:yasmin.daymond@fwo.gov.au) (<mailto:yasmin.daymond@fwo.gov.au>)

**Page reference No: 8433**

## Contact us

Fair Work Online: [www.fairwork.gov.au](http://www.fairwork.gov.au)

Fair Work Infoline: 13 13 94

Need language help?

Contact the Translating and Interpreting Service (TIS) on 13 14 50

Hearing & speech assistance

Call through the National Relay Service (NRS):

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

The Fair Work Ombudsman is committed to providing advice that you can rely on. The information contained on this website is general in nature. If you are unsure about how it applies to your situation you can call our Infoline on 13 13 94 or speak with a union, industry association or workplace relations professional. Visitors are warned that this site may inadvertently contain names or pictures of Aboriginal and Torres Strait Islander people who have recently died.