

Penalties imposed over sham contracting activity affecting Adelaide teenagers

15 January 2013

Note: Reference to prosecution in this media release is a general reference to the FWO commencing proceedings for the imposition of civil penalties and should not be taken to be a reference to criminal proceedings.

The operators of a labour-contracting company and a fast food outlet in Adelaide have been fined a total of \$36,630 over sham contracting activity that affected two 15-year-old workers.

Flagstaff Hill man Michael Wright has been fined \$5940 and a labour-contracting company he is a director and part-owner of, Labour Contracting Solutions Pty Ltd, has been fined \$14,850.

In addition, Athelstone man Daryl Lenkic has been fined \$2640 and his company Blue Steel Corporation Pty Ltd - through which he formerly operated a pretzel fast food outlet at the Tea Tree Plaza shopping centre in Modbury - has been fined \$13,200.

The penalties have been imposed in the Federal Court in Adelaide as the result of a prosecution by the Fair Work Ombudsman.

In 2007-2008, Lenkic and his company engaged the services of Wright, Labour Contracting Solutions and another labour-contracting company Wright operated that is now in liquidation, Contracting Solutions Australia Pty Ltd.

Wright was involved in the two labour-contracting companies hiring two 15-year-old girls, classifying them as 'independent contractors', paying them below Award rates, supplying them to work at the pretzel outlet and charging Lenkic's company fees.

The teenagers performed various food preparation, customer service and cleaning duties at the pretzel outlet under instruction from Lenkic and others.

The Court found that Wright and the labour-contracting companies had used a contracting system that was not suitable for use with minors.

Wright, Lenkic, Labour Contracting Solutions and Bluesteel Corporation have admitted the conduct breached the sham contracting provisions of workplace laws because the teenagers were not self-employed contractors running their own businesses and should have been classified as employees.

Fair Work Ombudsman Nicholas Wilson says the Court's decision sends a message that sham contracting is a serious matter.

Employers and workers seeking assistance should visit www.fairwork.gov.au or contact the Fair Work Infoline on 13 13 94. A free interpreter service is available on 13 14 50.

Editor's note: Mr Wright is NOT the Hon Michael Wright, MP, Member for Lee

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Contact us

Fair Work Online: www.fairwork.gov.au

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