

## Brothels in breach of workplace laws

8 February 2014

Random audits of dozens of Victorian brothels found more than 70 percent in breach of workplace law, the Fair Work Ombudsman revealed today.

Nineteen brothels - most in metropolitan Melbourne - were found to have underpaid more than 50 of their staff over \$65,000.

The Fair Work Ombudsman decided to check the wages and conditions of clerical workers after recording a string of inquiries from brothel managers about proper entitlements.

Inspectors scrutinised the books of 62 brothels after receiving intelligence that most clerical staff in brothels were likely to be female, from a non-English speaking background and unlikely to complain about exploitation for fear of reprisals.

They looked at record keeping and payslips, base rates of pay, weekend penalties, public holiday rates, overtime rates and shift rates.

Some staff were interviewed to enable inspectors to verify information provided by brothel owners.

Businesses audited were located in Melbourne's CBD, western, eastern and northern suburbs, the Mornington Peninsula, Yarra Valley, High Country, on the Great Ocean Road and the Daylesford and Macedon Ranges.

The targeted campaign followed three-months of extensive stakeholder engagement with the Australian Adult Entertainment Industry Inc (AAEI).

The Resourcing Health and Education in the Sex Industry (RHED), Australian Federal Police (AFP), Victoria Police Sex Industry Co-ordination Unit and Victorian Department of Justice Business Licensing Authority were also consulted.

Of the 62 businesses, 44 (71 per cent) collectively were found to have 63 workplace contraventions.

Nineteen premises had collectively underpaid 51 of their employees a total of \$65,508, while others had record-keeping, pay slip and technical contraventions.

The biggest underpayment was \$12,800 for 10 employees at a Melbourne brothel which had underpaid the minimum hourly rate and penalty rates for shift, weekend and overtime work.

Another at Geelong underpaid five employees a total of \$3635 and on the Mornington Peninsula an operator had short-changed three staff a total of \$2126.

Some businesses were found to have misclassified employees as independent contractors.

Record-keeping contraventions included the failure to include required information on employee pay slips.

Fair Work Ombudsman Natalie James says that where mistakes were found, employers worked with her inspectors to rectify them voluntarily.

"The contraventions appear to be genuine errors by employers rather than deliberate attempts to underpay employees," she said.

When first advised of the proposed campaign, the AAEI made written submissions to the Fair Work Ombudsman requesting further consideration of the relevant industrial instrument applicable to reception staff and brothel managers.

As part of its review, the Fair Work Ombudsman sent inspectors to several brothers to observe the work of managers and receptionists.

It subsequently determined that their work falls within the scope and classifications of the Clerks - Private Sector Award (2010) - which is an "occupation-based" Modern Award.

"Although receptionists and brothel managers may spend some time undertaking ancillary duties that are not clerical in nature, the primary purpose of their engagement is to perform duties which are clerical," the FWO says in its final report on the campaign released today.

Ms James says that once advised of its decision, the AAEI worked in partnership with her Agency on a comprehensive information

and awareness strategy to promote understanding and compliance with workplace laws within the sex industry.

This included the development of a specific website [www.fairwork.gov.au/sexindustry](http://www.fairwork.gov.au/sexindustry) with tailored materials to assist employers.

Materials were also distributed to businesses across the State and the Fair Work Ombudsman conducted two seminars in English and Mandarin to explain the Award provisions to employers and their accountants.

Each year, the Fair Work Ombudsman runs national, state and regional targeted campaigns in specific geographic locations and focused on targeted industry sectors as part of its pro-active education and compliance program.

Last financial year it audited 5600 businesses throughout Australia as part of this program.

Earlier this year, the Fair Work Ombudsman announced its first targeted campaign of 2014 would be audits of 600 fast food outlets throughout the country.

Since its establishment in March, 2006, the Fair Work Ombudsman (and its predecessor) have recovered more than \$200 million in underpaid wages and entitlements for 100,000 employees.

Ms James says supporting small business with information and advice on workplace laws is a high priority for the Agency.

"We are striving to provide accessible, credible and reliable information, focussing our resources quite deliberately at times on the sectors we believe need the most assistance," she said.

Employers and employees seeking assistance can visit [www.fairwork.gov.au](http://www.fairwork.gov.au) or call 13 13 94. A free interpreter service is available on 13 14 50.

Download the report:

- Clerical workers in the sex industry report (PDF 243.6KB) ([www.fairwork.gov.au/ArticleDocuments/586/Clerical-Workers-in-the-Sex-Industry-Final-Report-2014.pdf.aspx](http://www.fairwork.gov.au/ArticleDocuments/586/Clerical-Workers-in-the-Sex-Industry-Final-Report-2014.pdf.aspx))
- Clerical workers in the sex industry report (DOCX 5.6MB) ([www.fairwork.gov.au/ArticleDocuments/586/Clerical-Workers-in-the-Sex-Industry-Final-Report-2014.docx.aspx](http://www.fairwork.gov.au/ArticleDocuments/586/Clerical-Workers-in-the-Sex-Industry-Final-Report-2014.docx.aspx))

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Media inquiries:

Tom McPherson, Media Adviser

Mobile: 0439 835 855

[tom.mcperson@fwo.gov.au](mailto:tom.mcperson@fwo.gov.au) (<mailto:tom.mcperson@fwo.gov.au>)

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

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