

Court fines businessmen who short-changed backpackers while picking up almost \$500k

28 July 2015

Two Melbourne businessmen have been fined - and criticised - in Court for paying themselves wages totalling almost \$500,000, while some of the young, overseas backpackers they employed were paid nothing at all.

Jonathan Paul William Stielow and Claudio Salvador Locaso have each been fined \$11,880 after admitting a company they formerly owned and operated underpaid eight employees a total of \$14,964.

The penalties - 90 per cent of the possible maximums - have been imposed in the Federal Circuit Court following an investigation and litigation by the Fair Work Ombudsman.

Judge Heather Riley ordered the penalties be paid to the underpaid workers to rectify the underpayments, which remain outstanding.

The eight underpaid workers were employed by Stielow and Locaso's now defunct marketing and distribution company, Invivo Group Pty Ltd, in 2012-13.

Seven of the employees were overseas workers on 417 working holiday visas, including three aged 19-20 at the time.

The other underpaid employee was an Australian university student.

They travelled door-to-door offering free power boards to households and offering to install them free-of-charge.

This was in line with Invivo Group having been contracted by Melbourne company, Energy Efficient Technologies Pty Ltd, to install power boards in homes as part of the Victorian Government's Victorian Energy Efficiency Target Scheme.

Stielow and Locaso were penalised after they admitted breaching workplace laws by paying seven of the workers nothing - despite them working between 50 and 117 hours.

They paid the other worker just 16 per cent of his lawful entitlements.

Record-keeping and pay-slip laws were also breached.

In her judgment, Judge Riley said it was noteworthy that while Stielow and Locaso's company was "paying some employees nothing at all, they were paying themselves salaries that totalled almost \$500,000".

Judge Riley said her imposition of the near-maximum penalties against the men "reflects the gravity of the serious exploitation of young and vulnerable workers, including students and foreign backpackers".

"It is important that they are under no misapprehensions about the consequences of them not complying with legal requirements in relation to their workforce," Judge Riley said.

Judge Riley said that while Stielow and Locaso eventually co-operated with authorities, it was a "very long and drawn out process".

"The end result was no doubt a significant expense to the public purse," she said.

Judge Riley also said the pay-slip and record-keeping breaches were significant because they made it harder for workers' proper entitlements to be ascertained and provided.

The Fair Work Ombudsman discovered the underpayments when it investigated requests for assistance lodged by workers.

Fair Work Ombudsman Natalie James says the penalty should serve as a clear warning to other business operators who are tempted to exploit overseas workers.

"We place a high priority on taking action to protect the rights of overseas workers in Australia because they are often not fully aware of their workplace rights and can be reluctant to complain," she said.

The Fair Work Ombudsman is currently taking legal action against Locaso and another marketing and distribution business he owned and operated, The Syndicate Group Pty Ltd, alleging similar conduct.

The Fair Work Ombudsman alleges Locaso and The Syndicate Group breached workplace laws by failing to comply with demands to

back-pay a total of \$9622 to four employees who were allegedly underpaid for work performed in 2013.

The employees include a contact centre manager, recruitment and administration manager and two employees who travelled door-to-door offering free power boards and installation.

The matter is still before the Court.

The cases come as the Fair Work Ombudsman notes the growing number of requests for assistance coming from visa holders working in Australia.

In August last year, the Fair Work Ombudsman commenced a national review of the wages and conditions of overseas workers in Australia on the 417 working holiday visa after receiving allegations that some unscrupulous operators were exploiting backpackers.

Employers and employees seeking assistance can visit www.fairwork.gov.au or contact the Fair Work Infoline on 13 13 94. Overseas workers can call 13 14 50 if they need interpreter services.

Information on the website to assist people from culturally and linguistically diverse backgrounds has been translated into 27 languages. The website also contains fact sheets tailored to overseas workers and international students.

The Agency has produced videos in 14 languages and posted them on YouTube to assist overseas workers understand their workplace rights in Australia.

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Page reference No: 5485

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