

Transport company admits underpaying driver to cut wages bill for competitive edge

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A transport company has admitted deliberately underpaying one of its drivers because the only way it could remain competitive was to cut its wages bill.

The company told the Fair Work Ombudsman that tenders for new contracts were fiercely competitive and lower prices could only be achieved through lower wages.

One driver was not paid for loading or unloading his truck for four years.

After the truckie turned to the Fair Work Ombudsman for help, Fair Work inspectors also discovered he had been underpaid his cents-per-kilometre rate and living away from home allowance.

The transport company, at Midvale in Western Australia, co-operated with inspectors and has now back-paid the former employee \$20,000.

Fair Work Ombudsman Natalie James says the employer has been put on notice that enforcement action will follow if it breaches workplace laws again.

Ms James says employers cannot seek to gain an unfair advantage over their competitors by undercutting minimum wages and entitlements.

“Businesses must pay their employees for all time worked, including any time spent preparing or packing up at the start and end of a shift,” she said.

Ms James says the matter should serve as a reminder to companies outsourcing work to transport providers to ensure low-cost tenders are not at the expense of underpaid employees.

“All parties should undertake due diligence when outsourcing work, particularly to lowest-cost providers, to ensure lower costs are attributable to efficiencies in the business and not the potential underpayment of workers,” she said.

Section 550 of the Fair Work Act provides for accessorial liability - a mechanism through which someone other than the employer who is involved in a contravention of workplace laws may be held accountable.

The Fair Work Ombudsman is increasingly using Section 550 to go up and down the supply chain to scrutinise sub-contracting arrangements.

Ms James warned that companies found to be profiting from underpaying workers faced a “very real risk to reputation and impact on their bottom line”.

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