

## Charity Collection Inquiry

We're looking into how charities use labour to solicit donations.

We're working closely with the Australian Charities and Not for Profits Commission and the National Union of Workers to strengthen the procurement practices within the charity sector.

If you're in the charity sector find out:

- [Why are we looking into this?](#)
- [What does workplace relations have to do with charity collection and procurement?](#)
- [Why should I care about what happens in my supply chain?](#)
- [How can I strengthen my procurement practices?](#)

### Why are we looking into this?

Workers (often vulnerable workers) are frequently wrongly engaged by charities or intermediaries as independent contractors to raise funds for the charity.

We're hoping to better understand, identify and address drivers of this non-compliance. To do so, we've been monitoring a number of charity organisations, looking at both their labour procurement practices and the intermediaries who solicit donations on their behalf. We've also been looking at media commentary.

We've taken action in this area in the past:

- In November 2014 we took legal action against an intermediary business for sham contracting and underpaying a backpacker working as a charity collector.
- In September 2016 we entered into an enforceable undertaking with a fundraising business after it was determined they had underpaid employees over a long period.

### What does workplace relations have to do with charity collection and procurement?

There are over 54,000 registered charities operating in Australia. The roles of charities can include providing help, raising money through donations or other benefits for those in need.

For more information on what a charity is, please refer to the Charities Act 2013.

Charities need value for money when procuring labour services. But they also need to be mindful of their obligations under Australian workplace laws. Sometimes, the lowest quote can have the highest cost.

It's often employees who pay the price, through underpayment of wages or misclassification as independent contractors, so that the contractor (intermediary company) can offer a lower price. Contractors who want to do the right thing by their employees, but can no longer compete, also pay a heavy price.

### Why should I care about what happens in my supply chain?

Sometimes, the lowest quote can have the highest cost.

Choosing to outsource charity collection to another business that offers the lowest price without looking more closely and asking questions about how they can offer such low prices can:

- damage your charity's reputation
- expose you and your charity to financial penalties if you're found to be an accessory to a breach of the Fair Work Act 2009
- affect the willingness of people to make donations to your charity
- affect the ability for your charity to obtain sponsorship or acquire Government grants.

For information about why you should manage your labour contracting, and tips and tools to help you, visit our [Contracting labour and supply chains section \(www.fairwork.gov.au/find-help-for/contracting-labour-supply-chains/default\)](http://www.fairwork.gov.au/find-help-for/contracting-labour-supply-chains/default).

## How can I strengthen my procurement practices?

If you're considering engaging an intermediary to get donations on your behalf, there are things you can do to strengthen your procurement practices:

### Don't make your procurement decisions all about price

If a quote seems too good to be true, it probably is. Sometimes, the lowest quote can have the highest cost, if the contractor isn't doing what they should be.

You should also consider performance and quality.

### Understand the cost of employment

The contractor you chose will need to pay their employees correctly, including penalties, overtime and allowances, and cover employment costs like superannuation, workers compensation, payroll tax, insurance and licenses. These need to be included in the charge-out figure as well. If you understand these costs, it will help you make sure that the contracted price adequately addresses labour costs.

Minimum pay rates change depending on the award or agreement the employees of your contractor are covered by.

### Understand the difference between independent contractors and employees

Sometimes it's difficult to tell the difference between an independent contractor and employee.

There are a number of things that can help you tell the difference between an employee and a contractor. There isn't one that makes a difference on its own – you need to consider everything together.

See [Do your due diligence](#) for more information.

### How low is too low?

Example - Quote for services provided to charity

Paula works in the procurement team for a registered charity. During a tender, she's been quoted \$6,200 (GST inclusive) by an intermediary to supply labour to solicit donations for 300 hours over a 4 week period. The tender requires workers to be:

- full-time or part-time adult employees
- soliciting donations in a contract call centre
- rostered Monday to Friday between 9am and 5pm

Paula checks the tender information and our Pay Calculator and discovers that:

- the [Contract Call Centres Award 2010 \(MA000023\)](http://awardviewer.fwo.gov.au/award/show/MA000023) applies to the intermediary and the workers should be Customer Contact Officer Level 1 employees
- the minimum pay rate is \$19.56 per hour
- the employees should also get entitlements such as leave and superannuation.

Paula thinks the quote isn't enough to cover these entitlements as well as the indirect costs incurred by the contractor. Paula checks with her own calculations and finds a shortfall between the minimum requirement and what is offered.

### Do your due diligence

Access our resources to help you.

Download:

- [Questionnaire for Potential Contractors \(DOCX 38.2KB\)](http://www.fairwork.gov.au/ArticleDocuments/766/charity-collector-inquiry-questionnaire-for-potential-contractors.docx.aspx) ([PDF 42.8KB](http://www.fairwork.gov.au/ArticleDocuments/766/charity-collector-inquiry-questionnaire-for-potential-contractors.pdf.aspx)) to identify if your contractor is complying with workplace laws
- [Sample Clauses \(DOCX 37.9KB\)](http://www.fairwork.gov.au/ArticleDocuments/766/Sample-clauses-for-contractors-template.docx.aspx) ([PDF 32.6KB](http://www.fairwork.gov.au/ArticleDocuments/766/Sample-clauses-for-contractors-template.pdf.aspx)) to use in your contracts.

Use our [Pay Calculator](http://calculate.fairwork.gov.au/FindYourAward) to find minimum pay rates including penalties and overtime.

If you're concerned that the workers are actually employees, read more about:

- [Independent contractors – who is an independent contractor? \(www.fairwork.gov.au/find-help-for/independent-contractors\)](http://www.fairwork.gov.au/find-help-for/independent-contractors)
- [Independent contractors and employees – what’s the difference? \(www.fairwork.gov.au/how-we-will-help/templates-and-guides/fact-sheets/rights-and-obligations/independent-contractors-and-employees\)](http://www.fairwork.gov.au/how-we-will-help/templates-and-guides/fact-sheets/rights-and-obligations/independent-contractors-and-employees)

Source reference: [Fair Work Act 2009 s.550 \(http://www.comlaw.gov.au/Series/C2009A00028\)](http://www.comlaw.gov.au/Series/C2009A00028) 

**Page reference No: 6758**

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