



The Coalition's Policy

Key Commitments

Vulnerable workers need to be protected. Existing laws need to be strengthened.

The recent exploitation of vulnerable workers by 7-Eleven, for example, demonstrates that more needs to be done to protect vulnerable workers.

The 7-Eleven scandal revealed not only a systemic underpayment of workers, but also a widespread practice of franchisees paying their employees the lawful rate, but then coercing them to pay back a certain proportion of their wages to the employer in cash.

The Coalition will deliver stronger protection for vulnerable workers by:

- increasing the penalties that apply to employers who underpay workers and who fail to keep proper employment records. A new higher penalty category of 'serious contraventions' will be introduced, and will apply to any employer that has intentionally ripped off workers, regardless of the employer's size
- introducing new offence provisions that capture franchisors and parent companies who fail to deal with exploitation by their franchisees
- delivering a \$20 million funding increase for the capabilities and workforce of the Fair Work Ombudsman
- strengthening the powers of the Fair Work Ombudsman so that it can more effectively deal with employers who intentionally exploit workers by compelling them to produce information and answer questions
- establishing a Migrant Workers Taskforce in the Fair Work Ombudsman that will target employers who exploit migrant workers

Our Plan to Protect Vulnerable Workers

Existing penalties under the *Fair Work Act* do not act as an effective deterrent for employers that systematically exploit vulnerable workers.

In many cases there is no perceived risk of being caught. If there is such a risk, the cost of any penalty imposed under the *Fair Work Act* is seen as an acceptable cost of doing business.

Franchisors (such as 7-Eleven) have allowed their franchisees to operate on a business model based on underpaying workers. They have either been blind to the problem or not taken sufficient action to deal with it once they were made aware. However, the problem is more widespread, affecting a range of industries and employers and, in many cases, multinational corporations who ignore their obligations under Australian laws.

We will deliver stronger protection for vulnerable workers.

We will strengthen the enforcement provisions of the *Fair Work Act* to more effectively deal with employers who intentionally exploit workers by:

- introducing higher penalties (ten times the current maximum penalties) for employers who deliberately and systematically underpay workers and fail to keep proper records. A new offence will also be introduced to cover behaviour in which an employer pays the correct wages to employees, but then forces them to repay a proportion of their wages in cash
- introducing new provisions that will apply to franchisors and parent companies who fail to deal with exploitation by their franchisees. The *Fair Work Act* will be amended to make franchisors and parent companies liable for breaches of the Act by their franchisees or subsidiaries in situations where they should reasonably have been aware of the breaches and could reasonably have taken action to prevent them from occurring. Franchisors who have taken reasonable steps to educate their franchisees, who are separate and independent businesses, about their workplace obligations and have assurance processes in place, will not be captured by these new provisions
- giving compulsory evidence gathering powers to the Fair Work Ombudsman (similar to those currently held by the ASIC, the ACCC, the ATO and other regulators). This will enhance the FWO's powers to gather evidence where proper records do not exist and overcome the culture of fear that often prevents vulnerable workers from coming forward and giving evidence
- introducing new penalty provisions relating to the obstruction of Fair Work Inspectors and the provision of false or misleading information to Fair Work Inspectors

To enforce these new protections, we will deliver a \$20 million funding increase for the capabilities and workforce of the Fair Work Ombudsman.

In addition, the Coalition will establish a Migrant Workers Taskforce in the Fair Work Ombudsman that will target employers who exploit migrant workers.

Given 7-Eleven's failings to address the significant breaches of workplace laws, Prof Allan Fels AO and Dr David Cousins will be engaged to work with the Fair Work Ombudsman's Migrant Workers Taskforce. The Taskforce, with advice from Professor Fels and Dr Cousins, will provide oversight and advice to the Fair Work Ombudsman to ensure that 7-Eleven rectifies the serious breaches committed by its franchise network and to ensure 7-Eleven takes responsibility for addressing its systematic failing to provide minimum entitlements to 7-Eleven franchise employees.

Our commitment will protect vulnerable workers and help ensure better workplaces in Australia.

The Choice

Labor wants to protect the unions, not vulnerable workers.

Labor cut staffing in the Fair Work Ombudsman from 900 in 2009-10 to 723 in 2013 – a reduction of 20 per cent – when Bill Shorten was the responsible Minister.

Labor cut funding for the Fair Work Ombudsman by 17 per cent, from \$150 million to \$124 million – again, when Bill Shorten was the responsible Minister.

Since 2007 Labor has received more than \$44 million in donations from the union movement. Half of Labor's parliamentary team are former union officials.

Labor abolished the Australian Building and Construction Commission, which saw a return to the bad old days – and Bill Shorten was the responsible Minister.

Under Labor, union rip offs, rorts and corruption flourished, with unions such as the Health Services Union and the Australian Workers Union ripping off the vulnerable workers who were their members.

When Bill Shorten ran the AWU it did a deal with cleaning company Cleanevent that removed all penalty rates for low paid workers. The AWU then did a deal to receive \$25,000 per year in secret payments from the company.

The Coalition is the party of fairness and honesty in the workplace.

We will protect union members by improving the honesty and transparency of unions and establishing a new independent regulator with increased powers to ensure compliance with the new rules.

We abolished Labor's ill-conceived and highly destructive Road Safety Remuneration Tribunal – a Tribunal that was putting small businesses, in particular owner-drivers, out of business.

We will re-establish the Australian Building and Construction Commission, which will re-establish a genuinely strong watchdog to maintain the rule of law and protect workers and contractors.

Costs

The Coalition will invest \$20 million to protect vulnerable workers.



THE NATIONALS
for Regional Australia

For further details of the Coalition's plan go to
www.liberal.org.au/our-plan
nationals.org.au/our-plan/