

**SUBMISSION TO THE
EDUCATION, EMPLOYMENT AND SMALL BUSINESS COMMITTEE**

INQUIRY INTO WAGE THEFT IN QUEENSLAND

**Prepared by
East Coast Apprenticeships**

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East Coast Apprenticeships is one of Queensland's largest Not-for-profit Group Training Organisation. We have been operating for 30 years and promote apprenticeships in most trades operating from the northern reaches of the Gold Coast, Brisbane, Sunshine Coast and Bundaberg.

At East Coast, we seek to be innovative and offer a range of social justice programs supporting the disadvantaged, disabled and distressed in our communities to secure the dignity of work. Current Programs include supporting Defence Veterans and the families, Females into Trades, a partnership with Legacy Brisbane helping the sons and daughters of deceased Veterans, Juvenile Justice Programs, Newly Settled Australians and profoundly disabled School Students through our STAR Program.

Terms of reference for the inquiry

The inquiry's terms of reference call for the committee to conduct an inquiry into and report on:

- a) the incidence of wage theft in Queensland, with reference also to evidence of wage theft from other parts of Australia;
- b) the impact of wage theft on workers, families, law-abiding businesses, the economy and community;
- c) the various forms that wage theft can take, including through unpaid super, the misuse of ABNs and sham contracting arrangements;
- d) the reasons why wage theft is occurring, including whether it has become part of the business model for some organisations;
- e) whether wage theft is more likely to occur in particular industries, occupations or parts of the state or among particular cohorts of workers;
- f) the effectiveness of the current regulatory framework at state and federal level in dealing with wage theft and supporting affected workers; and
- g) options for ensuring wage theft is eradicated, including consideration of regulatory and other measures either implemented or proposed in other jurisdictions interstate, nationally or internationally and the role of industrial organisations, including unions and employer registered bodies in addressing and preventing wage theft.

Submission

I would like to draw the Committee's attention to the circumstances of apprentices and the incidence of wage theft that may go unreported in many incidences. On the other-hand, it is often reported by these young people to a Group Training Organisation (GTO) when the GTO is called upon to offer help securing a new apprentice start. Such wage theft is often identified when the young person discovers they have never been registered into a formal apprenticeship by an employer who has terminated their 'employment'. Some of these victims only become aware of the abuse and theft when they engage with a GTO in their efforts to secure and/or complete an apprenticeship.

In these instances, unscrupulous employers pay apprentice rates of pay without a legitimate registration of the apprenticeship. The employee may have an entitlement to higher rates. Eg. Labourer rates.

The extent of this theft of wages for apprentices has never been determined as young people are often reluctant to report such matters even when they have left that employment. There is sufficient evidence to suggest this is a 'hidden' iceberg of theft.

Other alleged examples of this unlawful conduct have included:

- a. An apprenticeship offered only on the condition that the parents paid superannuation and WorkCover costs.
- b. An employer refusing to register a WorkCover incident, but offering to pay a doctor visit while at the same time allegedly paying junior rates to an adult apprentice.
- c. Widespread issue of commercial cooking apprentices being paid 'salary' not hourly rates
- d. Instances of employers refusing to pay overtime rates because the apprentice hasn't 'earned' the right to overtime yet.
- e. A 3rd year electrical apprentice not paid wages while attending college or when taking annual leave. He was not receiving regular 38 hr weeks.
- f. A 4th year electrician apprentice had not received a pay slip for the 6 months prior to when a GTO advised him. He was not able to obtain a loan for a vehicle because he did not have the payslips.

While not an excuse but perhaps an explanation in some of these cases, is the complexity of Industrial Relations and, the complicated features for wages and allowances. For a Small and Medium Enterprise (SME) that does not have the experienced staff to manage these issues and keep up with changes, errors will occur.

But this is no excuse for deliberate wage theft.

I draw attention to the very regulated and audited functions of Group Training. The genuine commitment of Group Training Organisations to the welfare and wellbeing of their apprentices, make such abuse far less likely. In many instances in the roles of GTOs, it would be commercially suicide not to adhere to operating practices that are legal, ethical and in good faith. GTOs that have been operating for decades would have never survived the broad-based scrutiny of Government(s), Unions, Host Employers and the apprentices; and their parents.

It is also a view that this “iceberg” of abuse skews the figures when comparative analysis is conducted between GTOs and non-GTOs around cancellations and completions.

Recommendations:

It is recommended that the Committee:

- a. Consider and seek to identify the potential and actual theft of wages of apprentices.
- b. Evaluate the effectiveness of legislation and the official monitoring practices for non-GTO employers employing apprentices.
- c. Acknowledge the significant compliance practices of Group Training Organisations.

Note: Written submissions should be emailed to eesbc@parliament.qld.gov.au or mailed to:
Committee Secretary
Education, Employment and Small Business Committee
Parliament House
George Street
Brisbane Qld 4000

The closing date for submissions is **4.00pm on 30 July 2018**.