

The Impact of Wage Theft on Queensland's Workers & Economy

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The McKell Institute is a progressive research institute dedicated to providing practical and innovative solutions to contemporary policy challenges.

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Foreword

Australia is a nation with a proud economic story to tell.

For a generation, its economy has stubbornly defied international headwinds and continued to grow. For the most part, Australians have got wealthier over the past few decades as a result.

Australia's unemployment rates are low. By global standards, its living standards are high.

It prides itself on its sense of egalitarianism rooted in a simple principle: that if you 'have a go', as Prime Minister Scott Morrison argues, you'll 'get a fair go'.

For many Australians, this may be the case. A majority of wage earners enjoy the fruits of an industrial relations framework that, more often than not, ensures they are fairly compensated for their time at work.

Additionally, the Superannuation Guarantee means that almost every full-time, part-time and casual worker in Australia should be entitled to a contribution to their retirement savings.

These headline attributes of the Australian economy may look healthy. But so too can they make policy makers complacent.

As this report demonstrates, the healthy economic indicators that have long defined Australia's economic narrative do not tell the full story.

Increasingly, many Australians who are giving their best go simply aren't being treated fairly in return. While workers are upholding their end of the bargain, too often, they are being let down – or exploited - by a sizeable minority of employers, and not adequately supported by Australian governments.

Wage theft is a prevalent scourge that has long been poorly addressed by authorities.

It is an insidious but often unrecognised crime. It often goes unnoticed, it often goes unpunished, but it always undermines the very tenets of Australia's sense of fairness. In many ways, it attacks at the core of Australia's social and economic compact – one that promises if you work hard, you'll be able to get ahead. It is also unfair to the majority of employers – from the smallest to the largest businesses – that do their best to comply with the law.

No jurisdiction is immune to wage theft – including Queensland. As this report documents, the Sunshine State is dramatically impacted by the practice. Not only does wage theft likely

impact over 437,000 individual Queenslanders (without considering non-payment of superannuation), it creates an enormous liability for the Queensland economy, both now, and over the longer term.

Wage theft occurs most often to those on lower wages, those in temporary work, or to migrant workers and backpackers. But while select groups may be more at risk of the direct impacts of wage theft, the crime inevitably effects all Queenslanders.

Wage theft eats directly into the disposable income of its victims, reducing aggregate demand and ultimately constraining economic growth in Queensland.

Wage theft also often manifests itself in the form of unpaid superannuation – the cost of which compounds year on year. Data from Industry Super Australia demonstrates that over 580,000 Queenslanders are likely to be underpaid superannuationⁱ. Accumulatively, this amounts to more than \$1.1 billion in forgone super within Queensland every year.

This report provides an important contribution to the emerging debate on wage theft and its impact on Queensland and Australia's economy.

Executive Summary

This report aims to quantify the likely impact of wage theft - in both the form of regular-wage theft and the non-payment of superannuation guarantee in Queensland – on Queensland workers and the Queensland economy.

Wage theft is a vastly under-reported but widespread economic liability. The limited research on the practice, defined as “employers pocketing a portion of [workers] wages by undercutting minimum entitlements under Australian labour law” by Berg and Farbenblum (2017)ⁱⁱ has demonstrated how widespread wage theft really is, particularly in the form of the non-payment of superannuation, and the underpayment of regular wages to low-income workers, often temporary migrant workers.

However, to date, there have been few attempts to quantify the economic impact of wage theft in Australia, for two key reasons. First, wage theft has only entered the Australian policy lexicon in recent years. As this report highlights, media stories using the term ‘wage theft’ were almost never used until 2016, with hundreds of stories now appearing yearly. This lack of awareness and urgency surrounding the issue likely limited related research more broadly, which is observable in the lack of literature on wage theft’s economic impact in Australia. Secondly, quantifying wage theft is inherently challenging due to a lack of available data. Despite its obvious significance, there are only a handful of reliable data sets that shine some light on the nature of wage theft in Australia, and even those only tell part of the story as wage theft, by its very nature, often is unreported and therefore not recorded.

Accordingly, this report uses the available data to explore the potential economic impact of wage theft in Queensland under varying scenarios.

Part 1 of this report first describes what wage theft is and how it manifests itself in the Queensland economy. The primary forms of wage theft are the underpayment of regular wages, and the underpayment or non-payment of the superannuation guarantee. This can occur in numerous ways, including pressuring workers not to claim overtime or paid meal breaks, or simply not paying staff current award rates. The non-payment of superannuation is particularly prevalent as it is easier for employers to get away with and harder for workers to monitor and therefore report.

Part 2 then collates the best data on wage theft available in Queensland: the results of 34 Fair Work Ombudsman (FWO) audit campaigns in the state since 2009. The FWO is responsible for investigating incidences of underpayment across Australia. It acts on this responsibility by both investigating ‘tip-offs’ from workers, as well as conducting random audits on businesses across Australia. In the 34 audits the FWO has made in Queensland since 2009, it audited 6731 businesses. Through its audits, 28 per cent of businesses were non-compliant with either

payment obligations or record keeping. The FWO also reimbursed 6958 workers a total of \$2,489,791 at an average reimbursement of \$358 per wage theft victim. While the FWO audits provide a vital insight into the non-compliance of Australian labour laws, Part 2 also describes how it has had its funding significantly reduced since 2013. While there were 28 FWO audit campaigns undertaken or completed in Queensland between 2009-2013, there have only been 6 that have been both commenced and concluded since. This reflects the lack of funding available to the FWO, which is thought to only have 38 inspectors on the ground in Queensland.

Using the aggregated data from all FWO audits in Queensland, Part 3 of this report then explores the potential economic costs if the FWO findings were applied economy wide. This report estimates that up to 437,000 workers in Queensland are likely to be victims of wage theft to some degree. Conservatively, the total lost wages are at least \$156.5 million annually. Assuming all wage theft victims were losing just 1 per cent of their income per year, this cost grows to \$244 million. If all wage theft victims were losing 5 per cent of their income per year, the cost rises markedly to \$1.2 billion in lost earnings.

Part 4 of this report then examines the available data to determine how much superannuation is not paid to Queensland workers. Industry Super Australia estimated that over 580,000 Queenslanders are underpaid superannuation every year, at an average underpayment of \$1915. This equates to more than \$1.1 billion per year in unpaid superannuation, which will inevitably cause major economic headaches as those reliant on these forgone superannuation contributions draw down more on age pensions instead of their own retirement savings.

Part 5 looks at how these various economic costs impact Queensland's economy more broadly. Conservative wage theft estimates would see consumer spending reduced in Queensland by more than \$100 million per year, with at least \$60 million in federally levied taxes being forgone in the state because of underpaid wages. And Part 6 briefly contextualises these damning statistics, demonstrating that wage theft is almost certainly costing Queensland more per year than other major economic liabilities, like road accidents, material theft of goods, and even the devastating Cyclone Yasi.

In concluding, this report reiterates an increasingly obvious reality: that wage theft is a serious problem, a major economic liability for individual workers, federal and state governments, and a manifestly unfair scourge that is widespread throughout Queensland and Australia, demanding serious policy intervention at both state and federal levels.

Key Findings

Finding 1: State and Federal Government data on wage theft is extremely inadequate

Finding 3: Over 437,000 Queenslanders – or 17.56 per cent of the workforce - are likely to be the victims of wage theft (not including superannuation)

Finding 3: Over 580,000 Queenslanders – or 23.4 per cent of the workforce - are likely to be underpaid superannuation, or not paid superannuation at all

Finding 4: The non-payment of the superannuation guarantee is likely costing Queensland's workers at least \$1.1 billion in superannuation per year

Finding 5: Tax Receipts in Queensland are negatively impacted by wage theft

Finding 6: Wage theft is most prevalent in the accommodation & food services; cleaning; construction and trades; horticultural and agricultural; and retail industries – but occurs throughout the economy

Finding 7: Wage theft likely costs more than the material theft of goods in Queensland.

Finding 8: Fair Work Ombudsman audits in Queensland have slowed significantly as the FWO's resources have been constrained

Part 1: Identifying Wage Theft

What is wage theft?

Wage theft can take a number of different forms but generally relates to employers deliberately not paying employees their full entitlements including superannuation, award and penalty rates, leave and other employee entitlements. Wage theft should be distinguished from accidental errors, where an employer makes a genuine one-off mistake in the provision of entitlements. Wage theft occurs when the employer knows, or should be expected to know, of the employees' rightful entitlements and yet does not afford the employee these full entitlements. Wage theft can also occur in less direct ways, such as through the termination of an enterprise bargaining agreement which may revert workers back towards a lower award wageⁱⁱⁱ.

How does wage theft occur?

The most common type of wage theft tends to be underpayment or non-payment of wages under a federal award, contract or certified agreement.^{iv} However, there are hundreds of ways wage theft can occur and many can slip under the radar of even the most diligent and highly educated employees. Here are just some of the ways wage theft has been reported to occur in Queensland:

1. Employees needing to “pay an upfront deposit” for a job^v
2. Employees needing to pay money back in cash to employers after receiving wages.^{vi}
3. Denying approval for paid professional development leave (an award entitlement)^{vii}
4. Pressuring workers not to record overtime^{viii}
5. Not paying overtime when it is claimed^{ix}
6. Not paying or underpaying superannuation^x
7. Non-provision of meal breaks^{xi}
8. Incorrectly classifying workers^{xii}
9. Unpaid redundancies^{xiii}
10. Working for “free” whilst training^{xiv}
11. Not paying staff to attend mandatory staff meetings^{xv}
12. Payment in the form of food and beverages, not wages^{xvi}

Who are the victims of wage theft in Queensland?

Instances of wage theft have been reported in all industries across Queensland and employees working in professional services are not immune. However, industries with a high incidence of reported cases include the retail, hospitality, fast-food (particularly in the franchise system), food processing, those working in convenience stores, car washes and petrol stations, those in cleaning, horticulture (especially fruit and vegetable picking and farm work) and agriculture; and tradespersons especially apprentices.^{xvii} In a recent Fair Work audit of Fortitude Valley food outlets, 60 per cent (44 of 73 businesses) were found to be in breach of workplace laws.^{xviii}

Whilst it is commonly assumed that wage theft is in the domain of unscrupulous and unethical employers in the private sector, it also occurs in the public sector^{xix}. In fact, in some sectors such as health, wage theft is rampant. A survey of 465 junior doctors across Queensland last year found that 50 per cent had been pressured not to claim overtime and 40 per cent feared it would impact their employment if they did.^{xxi} Of those that did claim overtime to which they were entitled, only 30 per cent were actually paid.^{xxii} Not only does this indicate that no sector is immune, but that no employee is immune, even with 5-10 years tertiary education, Queensland doctors are not being paid their full entitlements with many too scared to demand them.

One organisation that has extensive experience dealing with wage theft from Queensland workers is JobWatch. It is an employment rights community legal centre which has responded to 3914 calls from Queensland employees (from Jan 2017-July 2018) with workplace issues ranging from discrimination and bullying to unfair dismissal. Of these calls, underpayment was a pervasive issue (raised 912 times). The table below breaks down the industries in which these 912 issues were raised.

| | |
|---|----|
| Accommodations, cafes and restaurants | 47 |
| Agriculture, Forestry and Fishing | 15 |
| Communication Services | 4 |
| Construction | 46 |
| Cultural and recreation services | 10 |
| Education | 10 |
| Electricity, gas and water supply | 10 |
| Finance and Insurance | 8 |
| Government Administration and Defence | 2 |
| Health and community services | 35 |
| Manufacturing | 18 |
| Mining | 4 |
| Other services | 31 |
| Personal and other services | 37 |
| Professional, Scientific and Technical Services | 7 |
| Property and business services | 29 |
| Retail trade | 49 |
| Transport and storage | 28 |
| Wholesale trade | 9 |
| Not applicable | 2 |
| Unknown | 6 |

Figure 1.1: Self-Reported Cases of Underpayments in Queensland by Industry as collated by JobWatch – January 2017 to July 2018^{xxiii}

Why does wage theft occur in Queensland?

There are a number of reasons why wage theft occurs including: lack of penalties, employees being unaware of their rights and employees having limited access to redress. Declining levels of unionisation is contributing to rising levels of insecure work as well and leaving a gap in education and enforcement of employee entitlements.

Wage theft can occur because current penalties have not been a sufficient deterrent for employers to engage in wage theft. By contrast, the penalties employees face in seeking to address wage theft are a significant deterrent, with many reporting loss of employment following their complaint.^{xxiv}

Wage theft can occur because employees are unaware of their entitlements and therefore do not question employment conditions.^{xxv} However, some employers deliberately leave out items like hourly rates of pay, conditions of employment and correct classification levels in

contracts, or do not provide payslips and pay in cash making it very difficult for employees to know where they stand.

There is evidence that many employees feel limited in alternative employment options so accept poor employment conditions regardless. In fact, close to three quarters of underpaid backpackers and international students, are aware they are being paid below the award but believe that few people on their visa can expect to receive the award wage.^{xxvi}

Wage theft continues to occur because employees are limited in the action they can take, to stop it, particularly in instances where the employing company closes down or is deregistered.^{xxvii} There is a significant power imbalance between the employee and employer, meaning tactics such as avoidance and threats (including the loss of current employment and inability to work in the industry again) have been used effectively to stop the pursuit of wage theft cases. Without support from colleagues to make formal complaints, it is very hard for one employee to take action through formal channels and other employees are often hesitant to make complaints for fear of losing their jobs.

Complicated claims processes also provide a barrier to redress. Even where cases of wage theft are clearly evidenced by documentation and accounts, many employees have reported making complaints to Australian Securities and Investment Commission, the Australian Tax Office (ATO) and Fair Work Ombudsman (FWO) and Fair Work Commission without any success or support, particularly if it is an individual rather than a group making the complaint. Many have reported that Government authorities claimed not to have authority to investigate issuances of wage theft.

In some industries, wage theft has become part of the business model of certain employers. For instance, the body representing teachers in the Vocational Education and Training sector states: "Acceptance that professionals in these sectors will work unpaid hours is widespread and forms part of the business model for organisations hiring casual teachers, trainers and tutors under the Award."^{xxviii}

Identifying at-risk groups - which workers are subject to wage theft in Queensland?

Instances of wage theft have been reported by a diverse range of employees, however higher instances of reported cases tend to be by vulnerable employees who are: young, have a disability, migrants and international students^{xxix}. There is also evidence to suggest that migrants from Asian countries are more vulnerable than migrants from English speaking countries.^{xxx} One study found wage-theft was endemic amongst international students,

backpackers and temporary migrant workers.^{xxx} There are more reported instances of wage theft amongst employees who are employed as casuals or apprentices^{xxxii}

Attention towards wage theft has risen markedly in recent years

Wage theft as a concept has captured the public’s attention in recent years, with media organisations beginning to report more widely on the concept in 2017 and 2018. Media database analysis (*Figure 1.2*) demonstrate how the term ‘wage theft’ entered the Australian lexicon relatively recently. A decade ago the term was rarely mentioned in reporting. In 2018, the term appeared over 300 times in mainstream publications across Australia. The rise in attention is likely due to highly publicised individual cases of wage theft, such as the 7-Eleven exploitation scandal in 2015^{xxxiii}, as well as more recent attempts by government to explore the extent of the issue, like Queensland’s recent inquiry into wage theft.

| <i>Year</i> | <i>Number of Stories in Australian Mainstream Media</i> |
|-------------|---|
| 2008 | 2 |
| 2009 | 1 |
| 2010 | 1 |
| 2011 | 1 |
| 2012 | 0 |
| 2013 | 0 |
| 2014 | 0 |
| 2015 | 14 |
| 2016 | 25 |
| 2017 | 235 |
| 2018 | 321 |

Figure 1.2: Mentions of the term ‘wage theft’ in Australian mainstream media, 2008-2018. Source: McKell Institute Analysis

Part 2: Fair Work Ombudsman Audit Campaigns in

Queensland

For a problem of its scale, wage theft is unique in its hidden, behind-closed-doors nature. In many submissions to Queensland's inquiry into wage theft, the shortfall in available data on wage theft was noted. Accordingly, determining the true extent of wage theft in Queensland requires the development of scenarios based on the data that is available.

While a few specific surveys by labour unions and not-for-profit employee organisations help shine a light on cases of wage theft, the primary evidence of wage theft in any Australian jurisdiction is to be found in Fair Work Ombudsman audit campaigns^{xxxiv}. The most comprehensive primary data sets that identify the extent to which businesses are non-compliant with their obligations in Queensland are found in the 34 Fair Work Ombudsman audit campaigns that have occurred in Queensland since the FWO's formation in 2008 (See Appendix A).

The Fair Work Ombudsman's Action on Wage Theft in Queensland

Between 2008 – when the current Fair Work Ombudsman was formed – and today, there have been 34 audit campaigns by the FWO in Queensland. These campaigns vary in nature. Some target specific industries and locations within Queensland, while others are broader in scope or part of national campaigns. Through the data collected by the FWO, a detailed picture of the extent of non-compliant businesses operating in certain industry sectors within the state emerges. By aggregating the data, an estimate of overall non-compliance across all industries can be arrived at.

Of the 6731 businesses audited between 2009-2018, 1896 have been found in contravention of laws regarding remuneration and/or record keeping. This equates to 28.2 per cent of all businesses audited across all industries. During this period, \$2,489,791 has been recovered on behalf of 6958 victims – equating to about \$358 reimbursement per wage theft victim. The reimbursements ordered on the back of FWO audit campaigns only represent a small amount of total money recovered for workers. Unions have been successful in achieving reimbursements for their underpaid members. The Queensland Nurses and Midwives Union, for example, have recovered more than \$9 million for their members alone since 2012^{xxxv}. The Construction, Forestry, Mining and Energy, Industrial Union of Employees, Queensland, have remarkably recovered \$30 million on behalf of their members in the past decade, according to its submission to Queensland's wage theft inquiry^{xxxvi}. This demonstrates that the FWO data, while vital when assessing the scale of wage theft, does not illustrate its full scale, and

only provides a small example of the total amount that has been reimbursed to wage theft victims.

Examining the FWO data

While the FWO data from its audit campaigns provides a significant insight into the extent of wage theft in Queensland, the methodologies adopted by the Fair Work Ombudsman changed slightly over the ten-year period examined in this report. The most significant omission of data in earlier reports relates to the nature of non-compliance recorded by businesses. Whereas recent Fair Work Ombudsman campaign reports outline the nature of business' non-compliance, earlier reports do not. This makes it challenging to ascertain the extent to which businesses were non-compliant with wage requirements as opposed to record keeping. Later reports stipulate the number of wage contraventions and record keeping contraventions recorded by businesses. The below figure demonstrates the overall level of non-compliant businesses identified between 2009-2018 across all industry groups by the FWO. Of 6731 Queensland businesses audited between 2009-2018 by the FWO, 1896 were found to be non-compliant with either their wage requirements or record keeping requirements – often, both. This equates to 28 per cent of businesses audited being non-compliant overall in Queensland.

FWO Campaigns since 2009 have covered a wide range of industries

The Fair Work campaigns in Queensland over the past decade covered a diverse range of business environments. Audits campaigns focused both on niche industry sectors, such as stalls at the Ekka Royal Show during an audit in 2011^{xxxvii} and the Pest Control and Gardening Services campaign in 2013^{xxxviii}, to campaigns with broader remits, such as Far North Queensland (All Industries) Campaign in 2017^{xxxix} and the National Cleaning Industry (Queensland) campaigns between 2012-2015^{xl}. Accordingly, the aggregated data collected through analysing each campaign offers a broad overview of the extent of business compliance with labour laws in Queensland. While still imperfect, the Fair Work campaigns provide the most robust primary evidence of wage theft across Queensland industries. The rate of non-compliance is alarming, and demonstrates just how wide-spread breaches of regulation are within the Queensland economy.

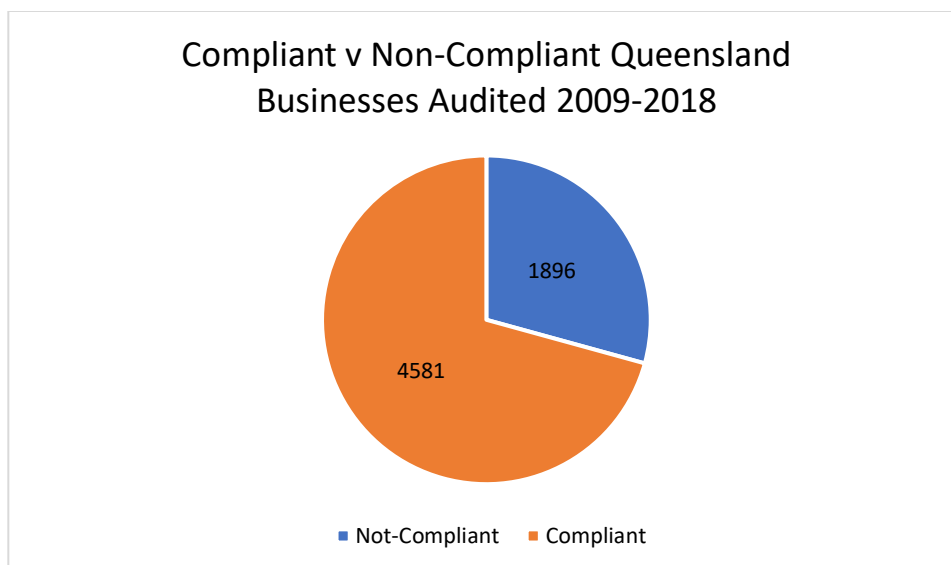


Figure 2.1: Compliant vs Non-Compliant Businesses in Queensland identified in Fair Work Ombudsman Audits, 2009-2018. Source: Fair Work Ombudsman, McKell Institute Analysis.

There is a correlation between FWO resources and its activity in Queensland

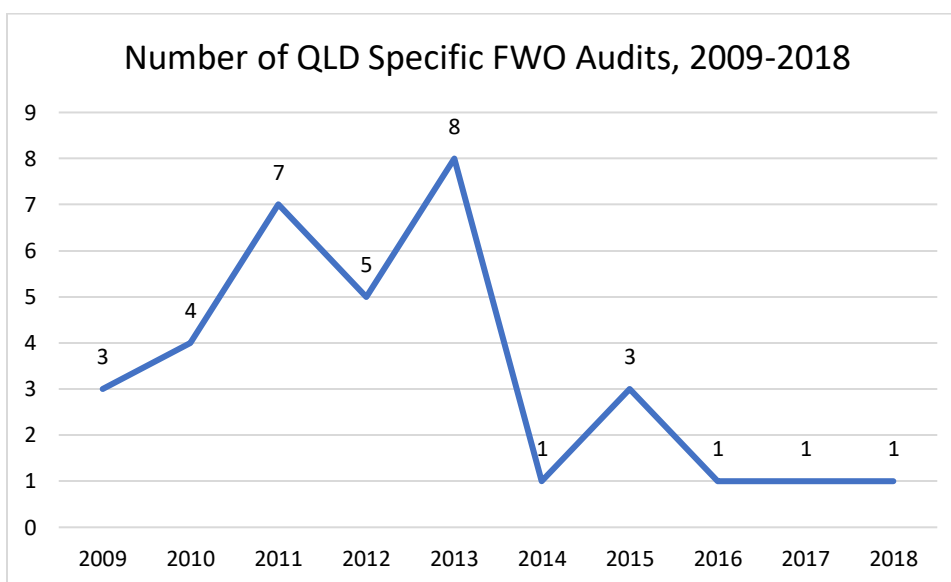


Figure 2.2: Number of Queensland focused Fair Work Ombudsman audits per year, time series, 2009-2018. Source: Fair Work Ombudsman, McKell Institute Analysis.

Since 2013, audit campaigns in Queensland have slowed considerably. Between 2009 and 2013, 28 audit campaigns that focused on Queensland were either completed or undertaken. Since 2013, only six audits have been completed or undertaken. The sharp decline in audit campaigns corresponds with two variables: the change of federal government in September 2013, and the subsequent reduction in funding allocated towards the Fair Work Ombudsman.

There is an observable correlation between the level of funding and resources made available to the Fair Work Ombudsman and the number of audit campaigns it has conducted within Queensland. Average annual FWO funding under the previous federal government came in at \$214.1 million, whereas since a change of government in September 2013, average federal funding has been \$151.8 million. Additionally, budget statements make clear that current funding for the FWO includes resources for the Registered Organisations Commission^{xli}, an entity designed to oversee organised labour rather than employers. What's clear in the data is that significant decline in FWO resources has impacted the ability of the Ombudsman to conduct thorough and regular investigations of workplaces.

| | <i>Year</i> | <i>FWO Resources (\$'000)</i> | <i>Number of QLD Audits</i> |
|--|--------------------------------|-----------------------------------|---------------------------------|
| | 2009-10 | \$ 197,921.00 | 3 |
| | 2010-11 | \$ 228,063.00 | 4 |
| | 2011-12 | \$ 197,828.00 | 7 |
| | 2012-13 | \$ 224,777.00 | 5 |
| | 2013-14 (CHANGE OF GOVERNMENT) | \$ 221,973.00 | 8 |
| | 2014-15 | \$ 205,806.00 | 1 |
| | 2015-16 | \$ 192,008.00 | 3 |
| | 2016-17 | \$ 112,786.00 | 1 |
| | 2017-18 | \$ 122,157.00 | 1 |
| | 2018-19 | \$ 126,226.00 | 1 |

Figure 2.3: Fair Work Ombudsman resources and number of Queensland focused FWO audits, 2009-2018.

The lack of funding available to the FWO may explain the scant resources it has on the ground in Queensland. In its submission to the Queensland Parliament's Inquiry into Wage Theft, the Queensland Office of Industrial Relations (OIR) outlined just how thinly stretched FWO auditors in Queensland are:

“Based on its knowledge of FWO operations, OIR estimates that some 38 FWO inspectors routinely operate in Queensland, including 13 based in regional areas. However, the scarcity of regional offices means that the coverage of FWO inspectors is severely limited outside of Brisbane, Cairns, the Gold Coast, Rockhampton and Toowoomba.”

- Queensland Office of Industrial Relations^{xlii}

| <i>Region of Queensland</i> | <i>Estimated Number of FWO Auditors</i> |
|------------------------------------|--|
| Metropolitan Queensland | 25 |
| Rural & Regional Queensland | 13 |
| In all Queensland | 38 |

Figure 2.4: Estimated number of FWO inspectors on the ground in Queensland.
Source: Queensland Office of Industrial Relations

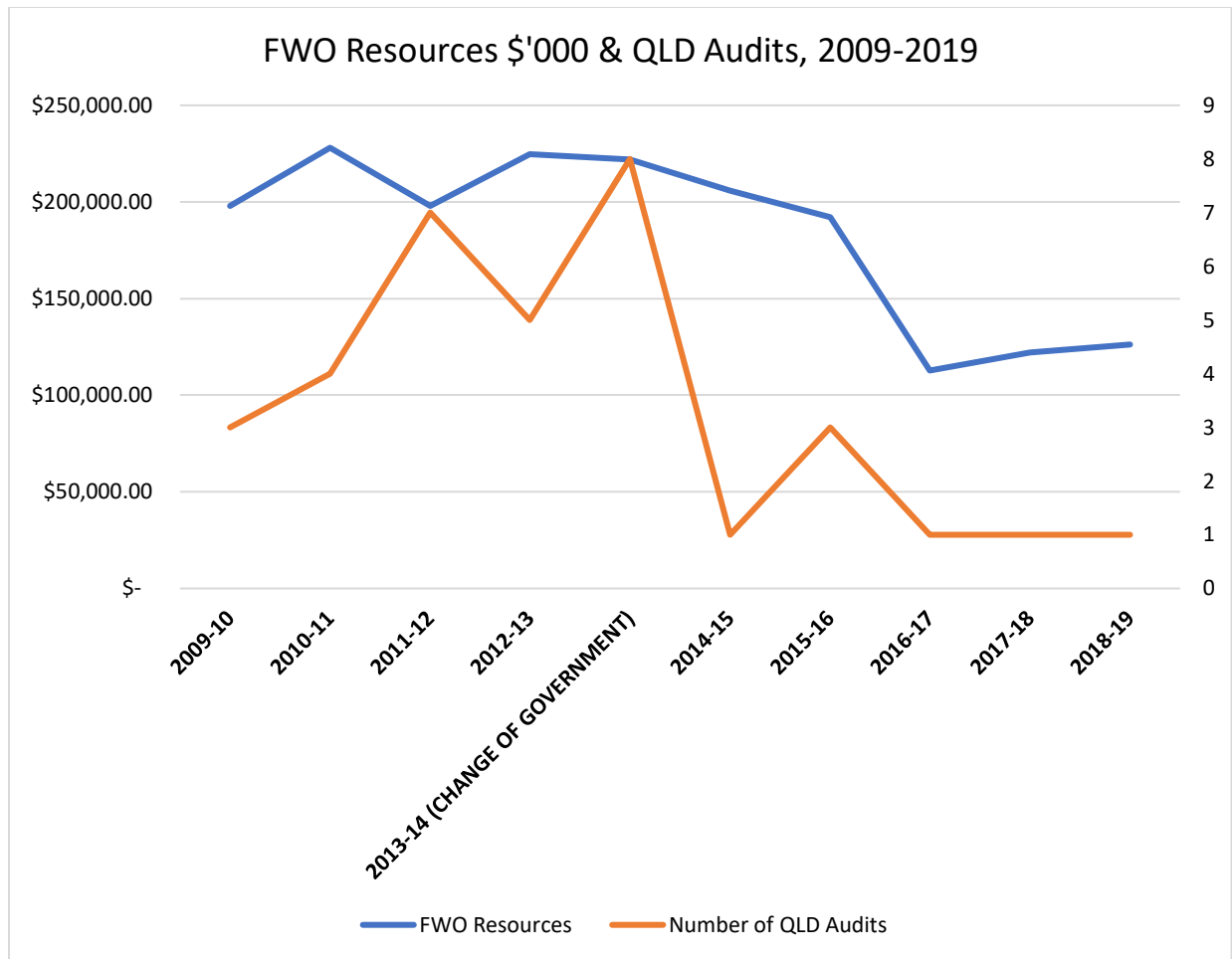


Figure 2.5: Queensland specific FWO audits alongside FWO resource allocation, 2009-2019.

Part 3: Estimating the Costs of Wage Theft on Queensland Workers

As noted previously in this report, an inherent challenge in quantifying the true extent of wage theft in Queensland or elsewhere in Australia is the limited nature of relevant data. To date, reliable data sets that monitor the extent to which workers are under paid is insufficient. This is due to a range of factors, perhaps none more obvious than the reality that some underpaid workers do not know they are being underpaid and therefore take no action to report it, with others being uncomfortable in reporting their underpayment.

Inspections of businesses do occur, however. Since 2009, the Fair Work Ombudsman has audited 6731 businesses across Queensland in a wide variety of industries. The data from these audits provides the most comprehensive overview of the extent of employer non-compliance with labour laws in Queensland. *Figure 3.1* tables the aggregate findings after analysing the 34 audit campaigns undertaken by the Fair Work Ombudsman over the past decade.

It finds that, of the 6731 businesses audited by the FWO, 1896 – or 28.2 per cent – were found to be in contravention of laws governing remuneration and record keeping. It is certain that not all of these cases were malicious. Several FWO reports note that employer non-compliance is often due to negligence and lack of awareness of changing remuneration laws and award rates. Similarly, not every one of the 1896 businesses were found to be underpaying their staff, with many having failed their record-keeping obligations. Having evolved in methodology over the decade, however, not every FWO audit campaign report tables the nature of business non-compliance.

Extrapolating from Fair Work Audits to Create Wage Theft Scenarios

To estimate the potential scale of wage theft in Queensland, this report extrapolated the aggregated FWO audit data across all Queensland industry. While the FWO audits have only covered 6731 businesses over a ten-year period, these businesses span a broad range of industries. Though wage theft and employer non-compliance was more prevalent in some industries than others, this report extrapolates the findings from analysis of the 34 Queensland focused FWO audit campaigns across the entire Queensland economy to get an understanding of the potential scale of the problem.

| | |
|---|--------------------|
| Number of Audits in Queensland Across all Industries Since 2009 | 34 |
| Avg. Number of Audits Per Year | 3.4 |
| Total Money Recovered | \$ 2,489,791.92 |
| Total Wage Theft Victims Money Reimbursed on Behalf Of | 6958 |
| Average Reimbursement Per Wage Theft Victim | \$358 |
| Average Total Reimbursement Per Audit | \$ 73,229.17 |
| Businesses Found to Have Contravened Law Since 2009-2018 | 1896 |
| Total Number of Businesses Audited -2009-2018 | 6731 |
| Number of Businesses Fully Compliant - 2009-2018 | 4581 |
| Percentage of Businesses Compliant - All Audits 2009-2018 | 68.06 |
| Percentage of Businesses Not-Compliant - All Audits 2009-2018 | 28.17 ¹ |
| Percentage of Businesses where compliance is inconclusive | 3.77 |
| Average Cost of Reimbursements Across All Non-Compliant Businesses - All Audits 2009-2018 | \$ 1,313.18 |
| Average number of wage theft victims per non-compliant business | 3.67 |

Figure 3.1: Data extracted from 34 Fair Work Ombudsman audits that have taken place in Queensland since 2009.

Estimating the total loss of income as a result of wage theft

| | |
|--|----------------------|
| Number of Total Employers in Queensland 2018 | 425,597 |
| Number of Non-Compliant Businesses in QLD Using FWO Audit % | 119,167.16 |
| Estimated Number of Wage Theft Victims Across All Non-Compliant Businesses | 437,323.36 |
| Minimum Amount Owing to Employees (based on FWO average reimbursements) | \$ 156,488,097.10 |
| Total Wages of Likely Wage Theft Victims at Median Wage of \$55,800 | \$ 24,402,643,744.63 |
| If 1 per cent of wages were suppressed | \$ 244,026,437.45 |
| If 3 per cent of wages were suppressed | \$ 732,079,312.34 |
| If 5 per cent of wages were suppressed | \$ 1,220,132,187.23 |
| If 10 per cent of wages were suppressed | \$ 2,440,264,374.46 |
| If 15 per cent of wages were suppressed | \$ 3,660,396,561.69 |
| If 20 per cent of wages were suppressed | \$ 4,880,528,748.93 |

¹ Note – totals do not add to 100 per cent. Several audit campaign reports list the number of audits completed, not but do not provide a conclusive ‘compliant/non-compliant’ result for every single business audited, likely due to incomplete auditing by report publication dates.

Figure 3.2: Estimated number of compliant and non-compliant businesses in Queensland, based on findings from 34 Fair Work Ombudsman Audits in Queensland from 2009-2018.

There are some limitations in using the Fair Work data as some audits are a result of tipoffs, therefore, the rate of non-compliance may be higher for businesses that are audited than the wider economy. On the other hand, Fair Work audits tend to target identifiable non-compliance with the law, for example, a business than incorrectly classifies employees. More discrete contraventions, such as a business where employees work overtime and are encouraged not to claim therefore leaving no record, are less likely to be accounted for making some of these estimates a very conservative starting point.

Figure 3.1 provides a comprehensive overview of the state of labour law non-compliance in Queensland. Recent ABS data shows there are 425,597 businesses operating in Queensland^{xliii}. From this foundation, this report applies the findings from *Figure 3.1* to Queensland's economy as a whole to generate a picture of the potential impact wage theft is having on Queensland's economy.

Analysis from the FWO audit campaigns found that a total of 6858 wage theft victims had money reimbursed over the past decade, at an average reimbursement of \$358. With 1896 non-compliant businesses found to be operating in Queensland, the average number of wage theft victims per non-compliant business is 3.67. This is based on the number of workers who received reimbursements after FWO audits.

68 per cent of businesses audited by the FWO were fully compliant, with 28.2 per cent non-compliant, for the remaining 3.8 per cent of businesses, the data was inconclusive². Applying these rates across the entirety of Queensland's economy, it can be estimated that there are 119,890 non-compliant businesses operating in Queensland, with another 289,661 likely to be fully compliant with all obligations (the FWO data was inconclusive about compliance with respect to 3.8 per cent of employers audited – extrapolated, this would represent 16,045 employers). It should be noted that, while the non-compliant rate tabled is high, this report understands not every act of non-compliance is one of malicious intent. Many occurrences of non-compliance are accidental. Nevertheless, the outcomes always adversely impact workers.

² Note - Totals don't add up to 100 per cent. This is due to the incomplete proceedings around many of the audited businesses in the FWO campaigns, which renders their compliance inconclusive at the time of publication.

| Fully Compliant Employers | Likely # Employers with Some Degree of Non-Compliance | Data inconclusive |
|----------------------------------|--|--------------------------|
| 289,661 | 119,890 | 16,045 |

Figure 3.3: Estimated number of compliant and non-compliant businesses in Queensland, based on findings from 34 Fair Work Ombudsman Audits in Queensland from 2009-2018. The ‘inconclusive’ represents the 3.77 per cent of audited businesses the FWO didn’t rule either ‘compliant’ or ‘non-compliant’ in the 34 audits conducted in Queensland between 2009-2018.

At a rate of 3.67 wage theft victims (a rate determined by the rate of workers who received reimbursement from the Fair Work Ombudsman after audits) per non-compliant business, this report estimates that up to 437,323 Queensland workers are likely being underpaid to some degree by their employer. As of the September 2018, there were 2,490,200^{xliv} employed persons in Queensland. It is therefore estimated that around 17.56 per cent of workers in Queensland are likely wage theft victims to some extent. The highly publicised incidences of wage theft in Australia have often involved enormous underpayments. But, as noted above, not all occurrences of wage theft carry that same degree of malice from employers. Often, as is repeatedly stated by the FWO in its audit reports, these incidences occur through businesses not keeping track of changing award rates or other responsibilities. The nature of the FWO data means there is no way of discerning the degree of non-compliance by each non-compliant business. *Figure 3.3*, therefore, tables the total number of likely wage theft victims, while acknowledging that the circumstances leading to their underpayment vary from malign to benign.

| Fully remunerated employees in Queensland | Likely wage theft victims in Queensland |
|--|--|
| 2,052,877 | 437,323 |
| 82.44 per cent | 17.56 per cent |

Figure 3.4: Fully remunerated employees vs likely wage theft victims in Queensland.

How much this may be costing Queensland workers

The limited available data means it is challenging to ascertain the exact level of underpayment occurring within each business. In lieu of such data, this report tables scenarios that aim to give a better understanding of the potential impact of wage theft in Queensland. The following scenarios range from extremely conservative estimates to less likely estimates. The most conservative estimate, Scenario 1, uses the average reimbursement figure of wage theft victims identified by the FWO (\$358), and applies this to all likely wage theft victims in Queensland. Under this scenario, \$156 million in wages would be owing to Queensland workers. While this base case is informed by real world reimbursements mandated by the FWO, it is an extremely conservative figure that assumes impacted victims have had less than 1 per cent of their wages withheld (assuming a median wage). While there is only limited literature on wage theft in Australia, studies demonstrate that victims tend not to report or seek to recover their loss in earnings – particularly temporary migrant workers, who make up 11 per cent of the Australian labour market^{xlv}.

“Among the over 2,250 survey participants who acknowledged that they had been underpaid while working on a temporary visa in Australia, more than nine in ten (91%) suffered wage theft in silence.”^{xlvi}

It can, therefore, be assumed that the money recovered through the FWO only represents the tip of the iceberg in terms of money owed to wage theft victims more broadly.

Other real-world evidence, such as the case studies cited below, suggests that many victims of wage theft lose a significantly larger percentage of their income, although it is likely that a majority of wage theft victims lose a modest amount of their income – often small enough not to notice. Scenario’s 2-6 model the total loss of income under varying average wage suppression rates. Scenario 2, for example, identifies the total lost wages if all wage theft victims lost 1 per cent of their income. Under this scenario, \$244 million in wages would be lost per year in Queensland. Scenarios 3-6 then explore other rates of wage suppression, with total lost wages ranging from \$732 million (3 per cent wage suppression) to \$4.88 billion (20 per cent wage suppression). All incomes are based on the median income in Queensland of \$55,800 p/a, and assess the loss of wages over a one-year period.

Scenario 1: All Queensland Wage Theft Victims Owed Average Reimbursements Ordered by the Fair Work Ombudsman

| | |
|------------------------------|------------------|
| Number of Wage Theft Victims | 437,323 |
| Amount Owing to Employees | \$156,488,097.10 |

Scenario 2: All Queensland Wage Theft Victims Suppressed 1 per cent of income

| | |
|--------------------------------|------------------|
| Number of Wage Theft Victims | 437,323 |
| 1 per cent of wages suppressed | \$244,026,437.45 |

Scenario 3: All Queensland Wage Theft Victims Suppressed 3 per cent of income

| | |
|--------------------------------|------------------|
| Number of Wage Theft Victims | 437,323 |
| 3 per cent of wages suppressed | \$732,079,312.34 |

Scenario 4: All Queensland Wage Theft Victims Suppressed 5 per cent of income

| | |
|--------------------------------|--------------------|
| Number of Wage Theft Victims | 437,323 |
| 5 per cent of wages suppressed | \$1,220,132,187.23 |

Scenario 5: All Queensland Wage Theft Victims Suppressed 10 per cent of income

| | |
|---------------------------------|---------------------|
| Number of Wage Theft Victims | 437,323 |
| 10 per cent of wages suppressed | \$ 2,440,264,374.46 |

Scenario 6: All Queensland Wage Theft Victims Suppressed 20 per cent of income

| | |
|---------------------------------|--------------------|
| Number of Wage Theft Victims | 437,323 |
| 20 per cent of wages suppressed | \$4,880,528,748.93 |

Case studies support the available data

The above data is supported by the increasing prevalence of wage theft case studies unearthed by media, non-government entities such as labour-unions and law firms, as well as government audits. While there are too many individual case studies to table in a single report, several recent cases demonstrated the nature of wage theft, and demonstrate the conservative nature of the above estimates.

7-Eleven

One of the most prominent cases in the recent past has been underpayment occurrences in 7-Eleven stores throughout Australia. Not only was there evidence of underpayments but fraudulent records were kept by the franchisees^{xlvii}. Estimates show that than 140 of the 620 7-eleven stores would “drown in red ink if they had to pay the legal wages”^{xlix}. In one incident, a worker was asked to train for a week without pay on the promise he would be hired. He wasn’t hired and was never paid for the 40-plus hours he worked at that store. One store owes him more than \$30,000 in unpaid wages. He quit after getting a back injury at work. He later confronted his boss for the money he was owed but the franchisee’s lawyer sent him a letter threatening to report him to immigration for working more than 20 hours a week, which is in breach of his visa conditions as a student^l.

Red Rooster

Investigations have revealed that Red Rooster franchisees in Brisbane have been underpaying staff, especially migrant workers being paid approximately \$8 an hour^{li}. Brisbane’s Camp Hill, Mt Gravatt, Cannon Hill, Inala, Underwood, Wishart and Forest Lake stores were at the centre of the review. An assistant manager claimed the franchisees targeted migrant workers, particularly from India.

"My actual pay rate that time, which I get now, my actual pay rate was \$28 and he was just paying me \$15."

Channel 7 reporters have been following this case which demonstrates how franchisees are quite often willing to exploit workers in order to increase their profit margin while the owner of the brand they are selling turns a blind eye^{lii}.

Night Star Cleaning

Labour-hire company Night Star Cleaning provided workers through a labour hire company to perform work at the Hans Primo Wacol plant in Southern Brisbane, cleaning the facility after each day of production. These workers mostly worked through the night. An investigation by the relevant union, the Australian Meat Industry Employees Union, found that workers:

Were paid a flat rate of \$18 per hour; worked predominately employed at night between the hours of 10pm to 6am; were paid approximately \$9 per hour under award rates; were not paid any superannuation; were not provided pay slips; were told they were working as a contractor but did not even have to provide an ABN number; payment was made into their accounts with no reference to who deposited the funds; no documentation exists at all between the employee and the employer, only phone numbers; were required to provide finger scanning at the site which provided the AMIEU with proof/evidence of the employee start and finish times.^{liii}

Case from the National Temporary Migrant Survey

Belgian-born Laurent Van Eesbeeck, 25, told Fairfax Media he was paid as little as \$5 per hour to pick cherry tomatoes in Bundaberg, Queensland in June this year and \$60 for eight hours of work picking strawberries in Caboolture, north of Brisbane in August. He made \$100 a day after tax for picking mandarins near Childers in Queensland, but said he had to live in a run-down caravan in a caravan park as a condition of the job.^{lv}

Recent research on wage theft corroborates estimates of its prevalence

While literature on wage theft in Australia remains in its infancy, the few major studies tracking its prevalence demonstrate the significance of its impact on Australia's economy. Berg and Farbenblum led a major survey of temporary migrant workers which identified the extent to which that section of the labour market was being victimised. Their first major work in 2017 surveyed over 4000 migrant workers for the first time, finding that a third of surveyed workers were being paid \$12 an hour or less, and that underpayment was "was especially prevalent in food services, and especially severe in fruit and vegetable picking."^{lvi}

Recent Audits Demonstrate How Wage Theft Remains Prevalent

In July 2018, a snap audit across hospitality businesses in Melbourne, Sydney and Brisbane determined that 72 per cent of businesses were not fully compliant with the law. Further, 38 per cent of these businesses were found to be underpaying their staff^{lvii}. As highlighted in this report, there are two common forms of wage theft – the suppression of regular wages, and the non-payment of the superannuation guarantee. An ATO report recently documented the extent to which businesses do not pay the Superannuation Guarantee. In 2016-17, the ATO identified 7,548 businesses not paying the superannuation guarantee within Queensland^{lviii}, though it is likely that this figure only represents a small percentage of overall non-compliance, particularly when compared with estimates put forward by Industry Super Australia.

Part 4: The underpayment of superannuation in Queensland

Wage theft often occurs in the form of the non-payment of the superannuation guarantee

Australia's superannuation system is one of the most robust and best performing retirement savings scheme globally. Despite some discrepancy in the performance of different superannuation funds, average long-term annual rates of return are around 7.5 per cent. Today, the total superannuation pool is well over \$2 trillion – about 25 per cent larger than Australia's GDP. But while Australia's superannuation framework may be enviable, its success depends on employers contributing to their employee's superannuation, as mandated by law. Unfortunately, one of the most common forms of wage theft is employer non-compliance of the superannuation guarantee (SG).

“Most of the complaints we receive about SG non-payment come from small business employees and low wage workers with largely insecure working arrangements. Many of these callers are also paid on a cash-in-hand basis and are generally underpaid. Many of our callers are not financially literate and find it difficult to understand, let alone pursue unpaid superannuation entitlements”

– JobWatch submission into the Senate Inquiry into the Superannuation Guarantee Non-Payment, 2017. ^{lix}

The impact of wage theft extends beyond the immediate reduction in living standards for its victims. It also has a profound long-term impact on the financial state of individuals who have been denied full payment of the super guarantee.

The superannuation guarantee dictates that all Australian workers employed on casual, full time and part times bases receive an employer contribution to their superannuation account to the equivalent of 9.5 per cent of their wage. The superannuation guarantee is designed to not only provide individuals with retirement adequacy, but also reduce the financial burden on future governments that would, without compulsory superannuation, be liable to finance the retirement of millions of additional Australians through the age pension. Therefore, every cent of superannuation that is stolen from workers not only impacts the individual worker, but also the Australian tax payer in the long term.

Estimating how much Queensland workers are underpaid superannuation

The ATO, which is responsible for enforcing compliance with the superannuation guarantee, has acknowledged it is unable to monitor employer violations of the superannuation guarantee in real time:

“The ATO does not currently have any real time visibility over an employer’s SG obligations to their employees. As indicated there are reporting reforms that will commence in late 2018 that will increase the regularity of reporting from superannuation funds on the payment of SG payments to their members. However, currently the ATO only receives information on superannuation guarantee payments received by superannuation funds on an annual basis.”

“Current reporting arrangements mean there can be a lag of up to 14 months in the reporting of contributions that employers have paid. This delay reduces the effectiveness of the ATO’s compliance work and ability to monitor non-payment of SG.”

- Australian Tax Office response to the Inquiry into Wage Theft in Queensland, July, 2018.

Accordingly, estimating the extent to which superannuation is not paid in Queensland requires broader analysis. Industry Super Australia (ISA), the peak body of the non-profit superannuation industry, conducts regular detailed analysis of ATO data to arrive at estimates of how many workers are not being paid superannuation. Its December 2016 report, *Overdue: Time for Action on Unpaid Super^{dx}* provides a comprehensive overview of the nature of SG non-payment across Australia. It found that in 2013-14, approximately 2.4 million workers across Australia were not paid their full super entitlements. Nationwide, this equated to a \$3.6 billion loss:

| | |
|---|---------------|
| Total Workers underpaid super | 2.4 million |
| Total unpaid super, nationally | \$3.6 billion |
| % of SG entitled workers missing out on super | 30 per cent |
| Average SG non-payment | \$1489 |

Figure 4.1: Non-payment of superannuation guarantee Australia wide, 2013-14.
Source: Industry Super Australia

The ISA research also highlighted those most vulnerable to the non-payment of superannuation, arguing that:

“Younger workers, low-income earners and workers in the construction, hospitality and cleaning industries are most likely to miss out on superannuation.”.

The report also spoke to how difficult it is for employees to track their superannuation payments. While wages are usually paid on a weekly, fortnightly, or monthly basis, the report notes, superannuation contributions tend to be paid quarterly. This makes it challenging for employees to confidently track their entitlements, and assess whether or not their employer is living up to their end of the bargain. Considering the inability of the ATO to monitor the non-payment of superannuation in anything close to real time, the onus falls onto workers to proactively monitor and report any shortfalls in their super entitlements.

Supplementary research by the ISA has further examined the shortfall in superannuation payments at a state-by-state level. The 2017 report, *Unpaid Super: Getting Worse While Nothing Is Done* has estimated that more than 580,000 Queenslanders who are entitled to the SG are not being paid their full entitlements^{lxi}. It is estimated that employees in Queensland are missing out on more than \$1.1 billion in superannuation contributions annually.

| | |
|--|------------------|
| Workers Underpaid Superannuation | 583,150 |
| Average Underpayment Across Queensland | \$1915 |
| Estimated Total Non-Payment of SG | \$ 1,116,732,250 |

Figure 4.2: Non-Payment of Superannuation Guarantee in Queensland (2015-16).
Source: Industry Super Australia

Whether or not a worker is entitled to the SG from their employer depends on their employment status. Currently contract workers generally do not receive specific SG payments from their contractor. In any case, of the 2,490,200 individuals working in Queensland in 2018, it is estimated that 23.42 per cent of them were not receiving the superannuation contributions to which they were entitled:

| | Number | Per cent |
|--|-----------|----------|
| Total Employed Persons in Queensland | 2,490,200 | 100 |
| Estimated Number of Employees Paid Full SG | 1,907,050 | 76.58 |
| Estimated Number of Employees Not Paid Full SG | 583,150 | 23.42 |

Figure 4.3: Employees receiving full superannuation guarantee vs employees being underpaid superannuation, estimated. Source: Industry Super Australia

In short, almost one quarter of Queensland workers - according to Industry Super Australia's detailed analysis of the non-payment of superannuation – are estimated to not be receiving their full entitlements at work.

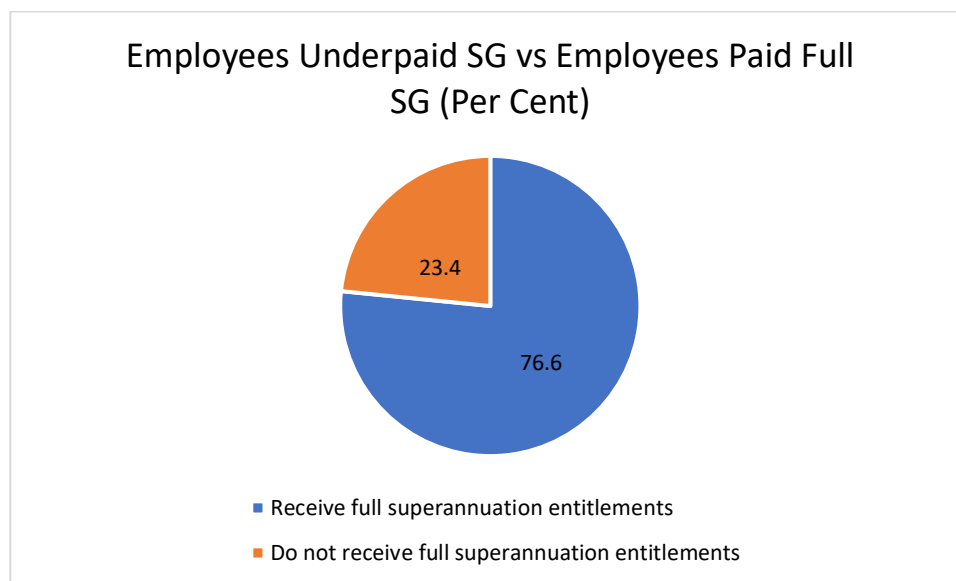


Figure 4.3: Employees receiving full superannuation guarantee vs employees being underpaid superannuation, estimated. Source: Industry Super Australia, McKell Institute Analysis.

Compound impact of lost superannuation on individuals

The non-payment of superannuation of course has a long-term, compounding impact. For every dollar not paid into a worker's superannuation, many more dollars are lost in the long term due to that money not being invested and put away for retirement. It is estimated that, amongst those not receiving the superannuation guarantee, the average annual loss in superannuation in Queensland is around \$1915. While a notable figure in its own right, this sum compounds over a lifetime to add up to substantial losses. Rate of return on Australian superannuation has, over the long term, averaged around 7.5 per cent. Applying this rate of return to the average lost superannuation for Queensland wage theft victims, *Figure 4.4* demonstrates the impact just a year's non-payment of superannuation can have on the retirement savings of a worker. The average \$1915 forgone superannuation contributions for wage theft victims in Queensland compounds over 10 years to almost \$4,000. Over the

entirety of a working life³, this seemingly modest sum could have accrued to more than \$70,000 in today's dollars, assuming long-term rate of returns in superannuation continued.

| | |
|----------------|----------|
| 1 Year | \$1915 |
| 10 Year | \$3947 |
| 20 Year | \$8,132 |
| 40 Year | \$34,555 |
| 50 Year | \$71,218 |

Figure 4.4: Compounded loss to individuals superannuation balance over various time periods, based upon average estimated superannuation underpayment in Queensland. Source: Industry Super Australia, McKell Institute Analysis.

Compound impact of lost superannuation across Queensland economy

The impact of more than \$1.1 billion not being paid into Queenslanders' superannuation has a long-term detrimental impact on aggregate superannuation savings in the state. In effect, not paying superannuation now is 'kicking the can down the road', with the worst economic impacts from this form of wage theft not being felt for decades to come. *Figure 4.5* demonstrates the compounding effect of one year's estimated non-payment of superannuation in Queensland.

| | |
|----------------|------------------|
| 1 Year | \$1,116,732,250 |
| 10 Year | \$2,301,620,414 |
| 20 Year | \$4,743,712,317 |
| 40 Year | \$20,150,583,584 |
| 50 Year | \$41,530,988,763 |

Figure 4.5: Compounded loss to superannuation savings over various time periods, based upon total annual estimated superannuation underpayment in Queensland. Source: McKell Institute Analysis.

The Australian National Audit Office believes non-compliance of the super guarantee is 'endemic'.

³ Assuming a younger worker aged 20 who works until the age of 70.

While the figures arrived at in this report demonstrate the alarming scale of non-payment of superannuation, the scale presented in this report is corroborated by evidence found in reports within government. The Australian National Audit Office has made clear the extent to which it believes the non-payment of superannuation is occurring. In a 2015 audit report, *Promoting Compliance with Superannuation Guarantee Entitlements*, it highlighted the extent to which non-payment was occurring:

“The ATO’s own internal risk assessment indicates that as many as 11 to 20 per cent of employers could be non-compliant with their SG obligations and that non-compliance is ‘endemic’, especially in small businesses and industries where a large number of cash transactions and contracting arrangements occur. Importantly, this non-compliance primarily affects lower paid employees and those [that] are most likely to rely on the age pension in later years”.

- Australian National Audit Office, June 2015^{lxii}

Regular wage theft victims and victims of the non-payment of superannuation likely overlap

In Australia, compliance with regular wages is monitored by the Fair Work Ombudsman while the non-payment of superannuation is monitored by the Australian Tax Office. This has resulted in data for both crimes being disparate in its nature. It is a certainty that regular wage theft victims, outlined in Part 3 of this report, and victims of the non-payment of superannuation, outlined in Part 4, overlap extensively. The estimated total of regular wage theft victims (437,323) is fewer than those estimated to have been underpaid superannuation. While there is certainly overlap in these two groups, the fact that superannuation is being underpaid at a higher frequency than regular wages is a logical outcome, given the more hidden nature of the payment of superannuation.

Part 5: The long-term impact of wage theft on individuals and Queensland's economy

Employees who have been involved in cases of wage theft have reported a range of negative impacts including increased levels of stress, fear, emotional distress, a loss of faith in government bodies responsible for protecting employees, family hardship, extensive time away from family to work longer hours or a second job and financial stress.^{lxiii} In some industries, such as health where wage theft is wide-spread, it is not only impacting on employees but on patients' health outcomes. Employees are being advised to work overtime and not record those hours, meaning senior management and human resources may be unaware of the pressure and unsafe working practices that doctors are operating under. Wage theft also has a devastating impact on the Queensland economy.

All organisations that work with individuals who experience wage theft agree that instances of wage theft are under reported, with instances of reported wage theft representing just the 'tip of the iceberg'.^{lxiv} With most employees either, unaware, aware but feel unable to act or have tried to take action but were unsuccessful in their attempt. This means assessing the economic impact is difficult, and any estimate is likely to be very conservative, not encapsulating the true extent of the problem.

There are a range of ways that wage theft can manifest itself in terms of detrimental economic impact, this includes:

1. Greater reliance on unemployment and other welfare benefits when employees are unable to find employers in their industry who are willing to pay award wages.
2. Lowering the standards of business. For example, the Restaurant and Catering Industry Association argues that business that engage in wage theft significantly disadvantages and penalises legitimate business operators who act in accordance with their various legal and regulatory obligations.^{lxv}
3. Lower tax revenue, resulting in State and Federal Governments having a smaller budget with which to provide essential services like health, education, transport or requiring Governments to withhold a greater percentage of personal income tax than would be the case if all taxpayers were receiving their full entitlements.
4. Lower superannuation balances, resulting in increased reliance on Government pension, which similarly results in less money to pay for essential services and higher reliance on other taxpayers to fund these services.

How much Wage Theft in Queensland Impacts Tax Receipts

| | |
|---|---------------------------|
| Current housing costs (selected dwelling) | <i>No GST</i> |
| Domestic fuel and power | 34.78 |
| Food and non-alcoholic beverages | <i>Some GST, Excluded</i> |
| Alcoholic beverages | 31.45 |
| Tobacco products | 11.34 |
| Clothing and footwear | 40.13 |
| Household furnishings and equipment | 52.54 |
| Household services and operation | 44.57 |
| Medical care and health expenses | <i>No GST</i> |
| Transport | 204.95 |
| Communication | 47.31 |
| Recreation | 163.32 |
| Education | <i>No GST</i> |
| Personal care | 27.62 |
| Miscellaneous goods and services | 90.64 |
| <i>Total goods and services expenditure on g/s liable for GST</i> | <i>748.65</i> |
| <i>Overall Expenditure</i> | <i>1,358.92</i> |
| <i>Spending on goods liable for GST as % of Overall Expenditure</i> | <i>55.09</i> |

Figure 5.1: Breakdown of household expenditure in Queensland on GST liable goods and services. Source: ABS Household Expenditure Survey, 2015/16 (Released 2018) / McKell Institute Analysis.

The typical Queensland household spends 55.09 per cent of its income on goods and services that are carry the GST. Using this is a base, wage theft's impact on revenue can be determined. It is clear that lower wage earners are typically those impacted by the scourge

An increase in FWO oversight could pay for itself through increased tax receipts

| | 1% wage theft | 5% wage theft | 10% wage theft | 20% wage theft |
|--------------------------------------|-----------------|-------------------|-------------------|-------------------|
| Loss in Income Tax Revenue (19c/\$1) | \$46,365,023.11 | \$ 231,825,115.57 | \$ 463,650,231.15 | \$ 927,300,462.30 |
| Loss in GST | \$13,641,077.85 | \$ 68,205,389.27 | \$ 136,410,778.53 | \$272,821,557.06 |
| Total | \$60,006,100 | \$300,030,504.84 | \$600,061,009 | \$1,200,122,019 |

Figure 5.2: Impact of wage theft on income tax revenue, and in lost GST revenue.

Source: McKell Institute Analysis

This report's most conservative estimates of the extent of wage theft in Queensland demonstrate the significant impact the practice has on federal tax receipts within the state. While the impact on tax receipts tabled in *Figure 5.2* doesn't impact the Queensland Government's budget directly, it does so indirectly as federally levied income taxes and GST are re-directed to varying degrees back towards the states. *Figure 5.2* demonstrates that if the more than 437,000 wage theft victims (wages other than superannuation) in Queensland were losing just 1 per cent of their income to wage theft, this could adversely impact tax receipts by \$60 million per year. Assuming this a similar level of wage theft was occurring across other jurisdictions, a significant and necessary increase in funding for the Fair Work Ombudsman could be offset by an increase in both income tax and GST revenue across all jurisdictions that may emerge with stricter workplace oversight.

Wage theft significantly impacts consumer spending in Queensland

| | 1% wage theft | 5% wage theft | 10% wage theft | 20% wage theft |
|--|------------------|------------------|--------------------|-----------------|
| Annual loss in consumer expenditure in QLD | \$136,410,778.53 | \$682,053,892.66 | \$1,364,107,785.32 | \$2,728,215,570 |

Figure 5.3: Estimated reduction in consumer spending in Queensland under varying wage theft scenarios. Source: McKell Institute Analysis.

The impact of wage theft extends beyond the impact on the individual victim. The loss in income inevitably reverberates around the Queensland economy, constraining overall consumer spending. *Figure 5.3* tables the loss in consumer spending under varying wage theft scenarios. It is widely acknowledged that the most common victims of wage theft are younger

and lower income workers – often workers who spend a majority of their income in their communities rather than saving or investing their income. It can be assumed that most of the income that is lost because of wage theft is therefore income that will not be spent in a victim’s community. If the 437,000 likely wage theft victims were subject to a 1 per cent reduction in their income, this could constrain consumer spending in the Queensland economy by more than \$136 million. This re-emphasises the reality that wage theft is a broad economic issue. It is clearly unfair for workers who find themselves victimised. But it is also manifestly unfair for businesses who pay their workers fairly, who suffer the two-fronted impacted of competing against businesses who underpay their staff, and suffering through constrained consumer spending that is the result of such wide spread wage theft.

Part 6: Putting Wage Theft in Context

Comparing the Cost of Wage Theft to Other Policy Issues in Queensland

For too long, wage theft was not described as a crime in the same vein as more traditional forms of theft. But as the estimates in this report have identified, wage theft has as much of an economic impact on Queensland as other crimes, and other major policy issues that have enormous social and economic impacts.

This report has estimated the immediate material cost of theft of regular wages to Queensland workers to be anywhere between \$155 million at the most conservative estimate to \$1.2 billion if all wage theft victims were losing 5 per cent of their income. Strikingly, these figures compare with the material costs of more traditional theft in Queensland during 2014/15 (the most recent estimate by the National Retail Association), which stood at \$421 million^{lxvi}. Simply put – it is likely the wage theft is costing Queenslanders more than physical, real-world theft of material goods.

Cost of Wage Theft compared to other major costs in Queensland

To put the \$155 million - \$1.2 billion year regular wage theft figure in context, it is worth placing it alongside other the material costs of other major economic events and social ills in Queensland. Cyclone Yasi, a devastating natural disaster that hit the state in 2011, was estimated to have inflicted \$800 million in material damage to Queensland^{lxvii}. The annual economic cost of road fatalities costs a similar amount as the material damage bill of Cyclone Yasi, at approximately \$804 million in 2016/17^{lxviii}. The annual wage theft figure is also more than three times larger than the worst ever case of fraud in Queensland (and Australia), a \$135 million scheme that saw two men imprisoned for more than a decade^{lxix}. The non-payment of superannuation alone is estimated to cost Queenslanders more than any of these major economic costs.

Wage theft is of course a distinct problem in contrast to the costs tabled above. However, simply because wage theft is a hidden crime – one that sometimes its victims are even unaware of – doesn't dilute its enormity. At half a billion dollars a year, the economic costs of wage theft in Queensland are real, serious, and consequential – and the appropriate policy responses must be adopted to bring about an end to the practice.

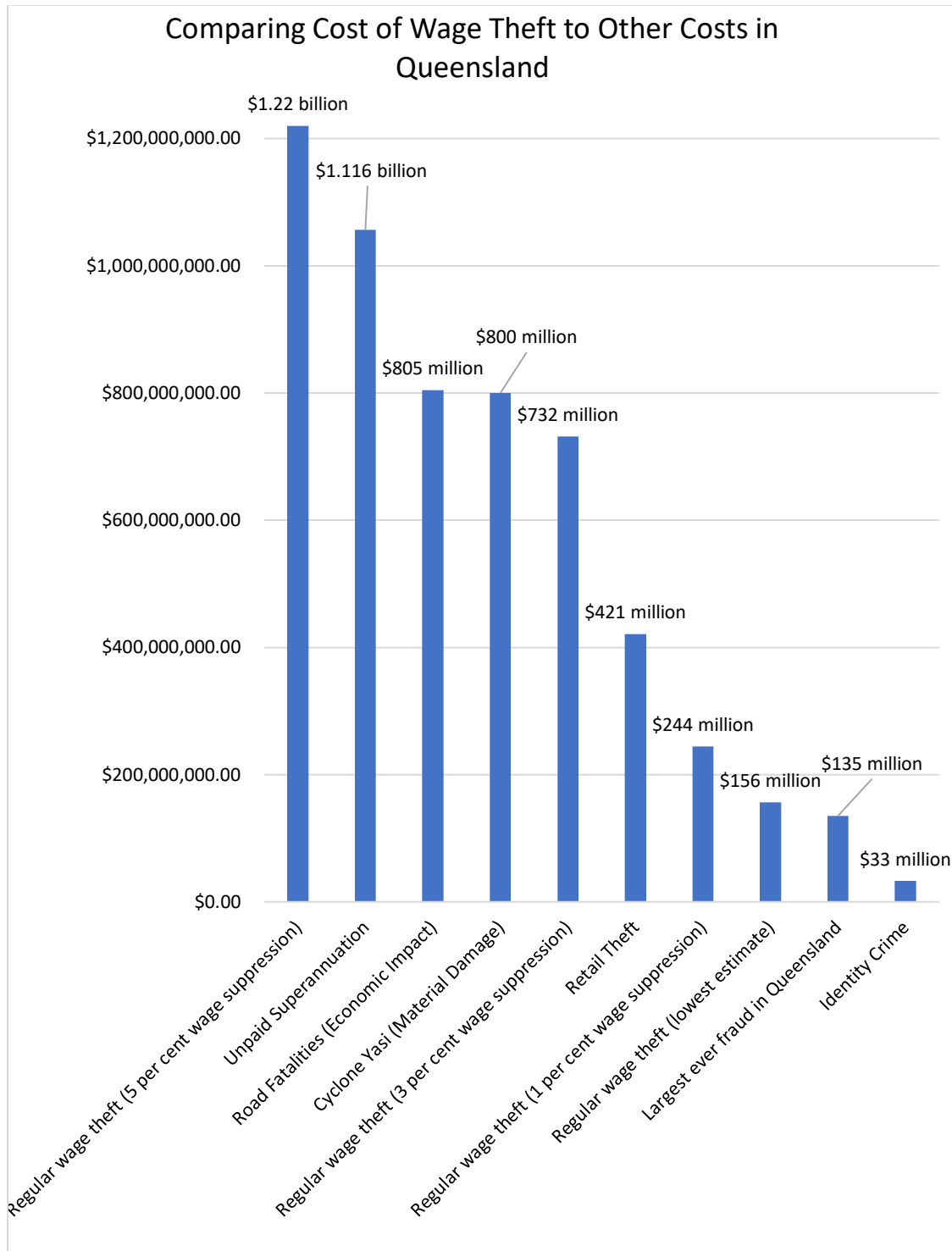


Figure 6.1: Comparing wage theft and the non-payment of superannuation in Queensland with other economic costs

| | |
|--|-----------------|
| Regular wage theft (5 per cent wage suppression) | \$1,220,132,187 |
| Unpaid Superannuation | \$1,116,732,250 |
| Road Fatalities (Economic Impact) | \$804,691,294 |
| Cyclone Yasi (Material Damage) | \$800,000,000 |
| Regular wage theft (3 per cent wage suppression) | \$732,079,312 |
| Retail Theft | \$421,000,000 |
| Regular wage theft (1 per cent wage suppression) | \$244,026,437 |
| Regular wage theft (lowest estimate) | \$156,488,097 |
| Largest ever fraud in Queensland | \$135,000,000 |
| Identity Crime ^{lxx} | \$33,105,182 |

Figure 6.2: Comparing wage theft and the non-payment of superannuation in Queensland with other economic costs

Increasing tax revenue by lowering wage theft could pay for hundreds of teachers, nurses and doctors in Queensland

| | Additional GPs | Additional RNs | Additional Teachers |
|---------------------------------|-----------------------|-----------------------|----------------------------|
| 1 per cent wage theft scenario | 452 | 700 | 743 |
| 3 per cent wage theft scenario | 1,356 | 2,101 | 2,230 |
| 5 per cent wage theft scenario | 2,260 | 3,502 | 3,717 |
| 10 per cent wage theft scenario | 4,519 | 7,003 | 7,435 |
| 15 per cent wage theft scenario | 6,779 | 10,505 | 11,152 |
| 20 per cent wage theft scenario | 9,038 | 14,006 | 14,869 |

Figure 6.3: Estimating the number of GPs, registered nurses, or teachers that could be funded through the estimated lost tax revenue under varying wage theft scenarios – federally levied taxes only. Source: McKell Institute Analysis

There is a considerable economic cost to inaction on wage theft at both state and federal levels. Part 5 of this report has demonstrated the impact on tax revenue of wage theft at various levels. *Figures 5.2 and 5.3* demonstrate that the lost tax revenue from a conservative wage theft scenario – that 1 per cent of all wage theft victims' wages are suppressed – costs of

\$60 million. It's important to note that this figure does not consider taxes levied solely within the state of Queensland, but instead focuses on federally levied income tax and GST, much of which is ultimately redistributed to state budgets. However, wage theft's clear impact on consumer expenditure would suggest additional tax burdens on the state of Queensland caused by such wide spread wage theft. With less money to spend, victims of wage theft have less income available to spend goods subject to state-based taxation, like property or vehicles, though this is challenging to quantify.

Figure 6.3 outlines how many key service personnel could be employed by Queensland if the estimated loss in taxation from each wage theft scenario was hypothecated towards employing GPs, registered nurses, or teachers. The total loss in tax revenue in the conservative estimate – that just 1 per cent of wage theft victims' wages are being suppressed - is slightly over \$60 million. This equates to around 450 GPs salaries, 700 registered nurses' salaries, or 743 additional teachers' salaries in Queensland. If the loss in tax revenue was even greater than that, the impact is clearly more significant. If, for example, most wage theft victims in Queensland were losing 5 per cent of their income to wage theft, the loss in tax revenue of ~\$300 million could either pay for more than 2000 GPs, 3500 registered nurses, or 3700 extra teachers.

What *Figure 6.3* demonstrates is just how impactful inaction on wage theft is on everyone – not just its direct victims. The loss of tax revenue due to wage theft is revenue that can no longer be oriented towards essential services for all Queenslanders.

Conclusion

This report has explored the economic impact of wage theft on Queensland's workforce and economy overall. Though few studies demonstrated the broader economic ramifications of wage theft on any single jurisdiction, this report has used primary data collected by Fair Work Ombudsman audit campaigns to determine the widespread nature of wage theft within Queensland.

The findings in this study re-emphasise an increasingly obvious reality: that wage theft is a significant scourge, one that is vastly underreported and therefore difficult to solve. The lack of available data means that the precise extent of wage theft's economic impact is difficult to ascertain, with modelled scenarios like those put forward in this report one of few ways to determine how impactful wage theft is on the economy.

The scenarios in this report have demonstrated that, even under a set of conservative assumptions, it is likely that wage theft impacts over 437,000 workers in Queensland to varying degrees. When looking specifically at data on the non-payment of superannuation, it is likely that over 500,000 workers are affected.

The impact of such widespread wage theft should not be underestimated. It has serious consequences for those directly impacted – but also for the economy now, and over the longer term. The underpayment of wages impacts consumers' ability to spend, and therefore constrains aggregate demand. This also minimises federally levied tax receipts within the state of Queensland. It's also clear that, when placed alongside other major economic costs in Queensland, like natural disasters and other crimes, wage theft is of equal economic consequence.

This report has also demonstrated that the FWO's resource constraints have led to a weakening of its ability to effectively oversee the compliance of Australian labour laws within the state of Queensland. Effectively, the 'cop on the beat' of wage non-compliance in Australia is vastly under-resourced, limiting its efficacy.

This report does not offer a suite of reform options. However, it does outline the scale of the challenge within Queensland, and provide a new evidence base from which future policy seeking to overcome this endemic challenge can be explored. Above all else, this report has made one thing clear: wage theft can no longer be ignored. Its impact is too significant to be designated a second-tier public policy issue. Now is the time both state and federal governments consider the best ways to address this problem to ensure all Australians are treated fairly within the workplace.

Appendix A: FWO Audit Campaigns in Queensland, 2009-2018^{lxxi}.

| | |
|---|-------------|
| Fortitude Valley Audit 2018 | |
| Source: FWO, 2018. | |
| | |
| Audited Employers | 73 |
| Compliant | 44 |
| Non-Compliant | 29 |
| Number of Breaches in Total | 76 |
| % Breaches Underpayment | 33 |
| Total Payment Breaches across audit (all businesses) | 25 |
| Money Recovered | \$64,941.00 |
| Number of Employees Money Recovered on Behalf Of | 180 |
| Money Recovered Per Employee | \$360.78 |
| Number of Businesses Money Recovered from | 25 |
| Money Recovered Per Business | \$2,597.64 |

| | |
|---|--------------|
| Central Queensland Regional 2016 | |
| Source: FWO, 2018. | |
| | |
| Audited Employers | 232 |
| Compliant | 50 |
| Non-Compliant (Payment) | 50 |
| Number of Breaches in Total | 117 |
| % Breaches Underpayment | 55 |
| Total Payment Breaches across audit (all businesses) | 64.35 |
| Money Recovered | \$110,087.00 |
| Number of Employees Money Recovered on Behalf Of | 316 |
| Money Recovered Per Employee | \$348.38 |
| Number of Businesses Money Recovered from | 51 |
| Money Recovered Per Business | \$2,158.57 |

| | |
|---|--------------|
| All Queensland - Hospitality 2015 | |
| Source: FWO, 2017. | |
| | |
| Audited Employers | 299 |
| Compliant | 151 |
| Non-Compliant | 148 |
| Number of 'individual errors' | 225 |
| Number of Businesses in which errors were identified | 148 |
| % of 'errors' being underpayment of some sort | 69 |
| Incidents of underpayment | 102.12 |
| Money Recovered | \$355,980.00 |
| Number of Employees Money Recovered on Behalf Of | 846 |
| Money Recovered Per Employee | \$420.78 |
| Number of Businesses Money Recovered from | 121 |
| Money Recovered Per Business | \$2,941.98 |

| | |
|---|--------------|
| Far North Queensland - Regional, All Industries 2017 | |
| Source: FWO, 2017. | |
| | |
| Audited Employers | 266 |
| Compliant | 177 |
| Non-Compliant | 89 |
| Businesses with Payment 'errors' | 56 |
| Money Recovered | \$142,953.00 |
| Number of Employees Money Recovered on Behalf Of | 136 |
| Money Recovered Per Employee | \$1,051.13 |
| Number of Businesses Money Recovered from | 38 |
| Money Recovered Per Business | \$3,761.92 |

| National Hospitality Industry Campaign 2012-2015 - QLD Results (Takeaway Food) | |
|---|--------------|
| Source: FWO, 2016. | |
| | |
| Audited Employers | 123 |
| Compliant | 45 |
| Non-Compliant | 78 |
| Businesses with Payment 'errors' | 57 |
| Money Recovered | \$132,433.00 |
| Number of Employees Money Recovered on Behalf Of | 218 |
| Money Recovered Per Employee | \$607.49 |
| Number of Businesses Money Recovered from | 53 |
| Money Recovered Per Business | \$2,498.74 |

| National Building and Construction Campaign 2014/15 - QLD Results | |
|--|-------------|
| Source: FWO, 2015. | |
| | |
| Audited Employers | 191 |
| Compliant | 121 |
| Non-Compliant | 70 |
| Number of Individual 'errors' | 88 |
| Businesses with Payment 'errors' | 42 |
| Money Recovered | \$48,327.00 |
| Number of Employees Money Recovered on Behalf Of | 44 |
| Money Recovered Per Employee | \$1,098.34 |
| Number of Businesses Money Recovered from | 28 |
| Money Recovered Per Business | \$1,725.96 |

| The Motor Vehicle Retailing Campaign - 2015, QLD Results | |
|---|-------------|
| Source: FWO, 2015 | |
| | |
| Audited Employers | 203 |
| Compliant | 195 |
| Non-Compliant | 4 |
| Businesses with Payment 'errors' | 3 |
| Money Recovered | \$83,934.00 |
| Number of Employees Money Recovered on Behalf Of | 33 |
| Money Recovered Per Employee | \$2,543.45 |
| Number of Businesses Money Recovered from | 2 |
| Money Recovered Per Business | \$41,967.00 |

| National Children's Services Campaign - 2013/14 QLD Results | |
|--|------------|
| Source: FWO, 2015 | |
| | |
| Audited Employers | 124 |
| Compliant | 110 |
| Non-Compliant | 14 |
| Businesses with Payment 'errors' | 6 |
| Money Recovered | \$9,536.00 |
| Number of Employees Money Recovered on Behalf Of | 13 |
| Money Recovered Per Employee | \$733.54 |
| Number of Businesses Money Recovered from | 6 |
| Money Recovered Per Business | \$1,589.33 |

| National Cleaning Industry Follow Up Campaign - 2012-13 (released 2015) | |
|---|--------------|
| Source: FWO, 2015. | |
| | |
| Audited Employers | 160 |
| Compliant | 115 |
| Non-Compliant | 45 |
| Individual 'contraventions' | 64 |
| Number that were penalty rate contraventions | 15 |
| <i>Number that were hourly pay rate contraventions</i> | 25 |
| Businesses with Payment 'errors' | 35 |
| Money Recovered | \$111,206.00 |
| Number of Employees Money Recovered on Behalf Of | 163 |
| Money Recovered Per Employee | \$682.25 |
| Number of Businesses Money Recovered from | 32 |
| Money Recovered Per Business | \$3,475.19 |
| | |

| National Pharmacy Campaign 2012-13 QLD Results | |
|---|-------------|
| Source: FWO, 2013. | |
| | |
| Audited Employers | 157 |
| Compliant | 138 |
| Non-Compliant | 19 |
| Individual 'contraventions' | 13 |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | 13 |
| Money Recovered | \$17,729.00 |
| Number of Employees Money Recovered on Behalf Of | 20 |
| Money Recovered Per Employee | \$886.45 |
| Number of Businesses Money Recovered from | 13 |
| Money Recovered Per Business | \$1,363.77 |

| | |
|---|------------|
| NSW/QLD/VIC Horse Racing Industry Audit Program 2013 | |
| Source: FWO, 2013. | |
| | |
| Audited Employers | 21 |
| Compliant | 16 |
| Non-Compliant | 5 |
| Individual 'contraventions' | n/a |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$3,049.00 |
| Number of Employees Money Recovered on Behalf Of | 4 |
| Money Recovered Per Employee | \$762.25 |
| Number of Businesses Money Recovered from | 4 |
| Money Recovered Per Business | \$762.25 |

| | |
|---|------------|
| Queensland Pest Control and Gardening Services Campaign 2013 | |
| Source: FWO, 2013 | |
| | |
| Audited Employers | 224 |
| Compliant | 212 |
| Non-Compliant | 11 |
| Individual 'contraventions' | n/a |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$9,695.00 |
| Number of Employees Money Recovered on Behalf Of | 16 |
| Money Recovered Per Employee | \$605.94 |
| Number of Businesses Money Recovered from | 11 |
| Money Recovered Per Business | \$881.36 |

| National Hospitality Campaign (Accommodation, pubs, taverns, bars) 2012-15 | |
|---|-------------|
| Source: FWO, 2013 | |
| | |
| Audited Employers | 113 |
| Compliant | 87 |
| Non-Compliant | 26 |
| Individual 'contraventions' | n/a |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | 14 |
| Money Recovered | \$30,437.15 |
| Number of Employees Money Recovered on Behalf Of | 61 |
| Money Recovered Per Employee | \$498.97 |
| Number of Businesses Money Recovered from | 14 |
| Money Recovered Per Business | \$2,174.08 |

| National Hair and Beauty - 2013, QLD Results | |
|---|-------------|
| Source: FWO, 2013 | |
| | |
| Audited Employers | 212 |
| Compliant | 124 |
| Non-Compliant | 88 |
| Individual 'contraventions' | n/a |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | 60 |
| Money Recovered | \$65,048.19 |
| Number of Employees Money Recovered on Behalf Of | 132 |
| Money Recovered Per Employee | \$492.79 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|--------------|
| Queensland Retail Hardware - 2013 | |
| Source: FWO, 2013 | |
| | |
| Audited Employers | 368 |
| Compliant | 229 |
| Non-Compliant | 139 |
| Individual 'contraventions' | 153 |
| Number that were penalty rate contraventions | 5 |
| <i>Number that were hourly pay rate contraventions</i> | 72 |
| Businesses with Payment 'errors' | 60 |
| Money Recovered | \$139,703.00 |
| Number of Employees Money Recovered on Behalf Of | 191 |
| Money Recovered Per Employee | \$731.43 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|-----|
| Queensland Real Estate Industry 2013 Follow Up | |
| Source: FWO, 2013 | |
| | |
| Audited Employers | 279 |
| Compliant | 230 |
| Non-Compliant | 49 |
| Individual 'contraventions' | n/a |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | n/a |
| Number of Employees Money Recovered on Behalf Of | n/a |
| Money Recovered Per Employee | n/a |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|-------------|
| QLD Clothing Manufacturing Audit Program 2011-12 | |
| Source: FWO, 2013 | |
| | |
| Audited Employers | 171 |
| Compliant | 121 |
| Non-Compliant | 50 |
| Individual payment 'contraventions' | 33 |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$50,526.00 |
| Number of Employees Money Recovered on Behalf Of | 84 |
| Money Recovered Per Employee | \$601.50 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|------------|
| QLD Aged Care Audit Program 2012 | |
| Source: FWO, 2012 | |
| | |
| Audited Employers | 204 |
| Compliant | 197 |
| Non-Compliant | 7 |
| Individual payment 'contraventions' | 33 |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$8,809.00 |
| Number of Employees Money Recovered on Behalf Of | 55 |
| Money Recovered Per Employee | \$160.16 |

| | |
|--|-----|
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|--------------|
| QLD Brisbane suburban food courts campaign 2012 | |
| Source: FWO, 2012 | |
| | |
| Audited Employers | 121 |
| Compliant | 54 |
| Non-Compliant | 67 |
| Individual payment 'contraventions' | 33 |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$117,952.77 |
| Number of Employees Money Recovered on Behalf Of | 326 |
| Money Recovered Per Employee | \$361.82 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|--------------|
| QLD Accommodation industry campaign 2012 | |
| Source: FWO, 2012 | |
| | |
| Audited Employers | 189 |
| Compliant | 141 |
| Non-Compliant | 48 |
| Individual payment 'contraventions' | 64 |
| Number that were penalty rate contraventions | 11 |
| <i>Number that were hourly pay rate contraventions</i> | 30 |
| Businesses with Payment 'errors' | 48 |
| Money Recovered | \$156,503.00 |
| Number of Employees Money Recovered on Behalf Of | 309 |

| | |
|--|----------|
| Money Recovered Per Employee | \$506.48 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|-------------|
| National Clerical Workers campaign 2011-12 - QLD results | |
| Source: FWO, 2012 | |
| | |
| Audited Employers | 584 |
| Compliant | 415 |
| Non-Compliant | 169 |
| Individual payment 'contraventions' | 69 |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$46,752.00 |
| Number of Employees Money Recovered on Behalf Of | 143 |
| Money Recovered Per Employee | \$326.94 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|------------|
| QLD EKKA (ROYAL SHOW) AUDIT 2011 | |
| Source: FWO, 2011 | |
| | |
| Audited Employers | 56 |
| Compliant | 49 |
| Non-Compliant | 7 |
| Individual payment 'contraventions' | n/a |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$9,587.81 |
| Number of Employees Money Recovered on Behalf Of | 87 |

| | |
|--|----------|
| Money Recovered Per Employee | \$110.20 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|--------------|
| QLD Pharmacy Industry Audit 2011 | |
| Source: FWO, 2012 | |
| | |
| Audited Employers | 575 |
| Compliant | 320 |
| Non-Compliant | 255 |
| Individual payment 'contraventions' | 298 |
| Number that were penalty rate contraventions | 3 |
| <i>Number that were hourly pay rate contraventions</i> | 197 |
| Businesses with Payment 'errors' | - |
| Money Recovered | \$194,905.00 |
| Number of Employees Money Recovered on Behalf Of | 1334 |
| Money Recovered Per Employee | \$146.11 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|-------------|
| National retail industry campaign - QLD results | |
| Source: FWO, 2011 | |
| | |
| Audited Employers | 477 |
| Compliant | 362 |
| Non-Compliant | 105 |
| Individual payment 'contraventions' | 52 |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$45,659.00 |
| Number of Employees Money Recovered on Behalf Of | 66 |

| | |
|--|----------|
| Money Recovered Per Employee | \$691.80 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|-----|
| QLD Real estate industry regional (2011) | |
| Source: FWO, 2011 | |
| | |
| Audited Employers | 156 |
| Compliant | 75 |
| Non-Compliant | 52 |
| Individual payment 'contraventions' | n/a |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | n/a |
| Number of Employees Money Recovered on Behalf Of | n/a |
| Money Recovered Per Employee | n/a |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|-------------|
| QLD Manufacturing (metal finishing) 2011 | |
| Source: FWO, 2011 | |
| | |
| Audited Employers | 413 |
| Compliant | 306 |
| Non-Compliant | 106 |
| Individual payment 'contraventions' | 76.32 |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$91,258.00 |

| | |
|---|----------|
| Number of Employees Money Recovered on Behalf Of | 203 |
| Money Recovered Per Employee | \$449.55 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|------------|
| QLD Fitness Industry Program 2011 | |
| Source: FWO, 2011 | |
| | |
| Audited Employers | 106 |
| Compliant | 88 |
| Non-Compliant | 17 |
| Individual payment 'contraventions' | 9.01 |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$5,991.00 |
| Number of Employees Money Recovered on Behalf Of | 11 |
| Money Recovered Per Employee | \$544.64 |
| Number of Businesses Money Recovered from | 9 |
| Money Recovered Per Business | n/a |

| | |
|---|-------------|
| National Cleaning Services 2010-2011 | |
| Source: FWO, 2011 | |
| | |
| Audited Employers | 89 |
| Compliant | 62 |
| Non-Compliant | 27 |
| Individual payment 'contraventions' | 18 |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$38,031.00 |

| | |
|---|----------|
| Number of Employees Money Recovered on Behalf Of | 209 |
| Money Recovered Per Employee | \$181.97 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|-------------|
| QLD - Food Court Audit Program 2010 | |
| Source: FWO, 2011 | |
| | |
| Audited Employers | 138 |
| Compliant | 94 |
| Non-Compliant | 9 |
| Individual payment 'contraventions' | 28 |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$45,257.00 |
| Number of Employees Money Recovered on Behalf Of | 177 |
| Money Recovered Per Employee | \$255.69 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|-----|
| QLD - South East Tiling Industry 2010 | |
| Source: FWO, 2011 | |
| | |
| Audited Employers | 12 |
| Compliant | 11 |
| Non-Compliant | 1 |
| Individual payment 'contraventions' | 3 |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |

| | |
|---|------------|
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$2,283.00 |
| Number of Employees Money Recovered on Behalf Of | 3 |
| Money Recovered Per Employee | \$761.00 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| Horticulture Industry Shared Compliance Program 2010 - QLD Results | |
|---|-------------|
| Source: FWO, 2010 | |
| | |
| Audited Employers | 71 |
| Compliant | 53 |
| Non-Compliant | 17 |
| Individual payment 'contraventions' | 9 |
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$47,212.00 |
| Number of Employees Money Recovered on Behalf Of | 372 |
| Money Recovered Per Employee | \$126.91 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| National Hair and beauty campaign - 2009 | |
|---|-----|
| Source: FWO, 2009 | |
| | |
| Audited Employers | 123 |
| Compliant | 87 |
| Non-Compliant | 36 |
| Individual payment 'contraventions' | 29 |
| Number that were penalty rate contraventions | 2 |

| | |
|---|-------------|
| Number that were hourly pay rate contraventions | 7 |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$54,857.00 |
| Number of Employees Money Recovered on Behalf Of | 106 |
| Money Recovered Per Employee | \$517.52 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|--------------|
| QLD Club Employees - 2009 | |
| Source: FWO, 2009 | |
| | |
| Audited Employers | 80 |
| Compliant | 21 |
| Non-Compliant | 59 |
| Individual payment 'contraventions' | n/a |
| Number that were penalty rate contraventions | n/a |
| Number that were hourly pay rate contraventions | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$206,369.00 |
| Number of Employees Money Recovered on Behalf Of | 1100 |
| Money Recovered Per Employee | \$187.61 |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

| | |
|---|-----|
| National Food Services Campaign 2009 | |
| Source: FWO, 2009 | |
| | |
| Audited Employers | 121 |
| Compliant | 81 |
| Non-Compliant | 29 |
| Individual payment 'contraventions' | n/a |

| | |
|---|-------------|
| Number that were penalty rate contraventions | n/a |
| <i>Number that were hourly pay rate contraventions</i> | n/a |
| Businesses with Payment 'errors' | n/a |
| Money Recovered | \$42,781.00 |
| Number of Employees Money Recovered on Behalf Of | n/a |
| Money Recovered Per Employee | n/a |
| Number of Businesses Money Recovered from | n/a |
| Money Recovered Per Business | n/a |

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