

Labour Hire Risks

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For some farmers engaging a Labour Hire Provider (LHP) is an unavoidable necessity, particularly at harvest time. It's vital to understand the processes in engaging a LHP to ensure fair and ethical practices for workers.

Engaging a Labour Hire Provider (LHP) may take some of the stress away from sourcing staff, but it does not mean that labour laws do not apply to your business. Farmers need to exercise care when engaging a LHP and then monitor the LHP to ensure they're doing the right thing by their employees.



Due Diligence: your business should apply a process of due diligence before engaging a LHP

One consideration for users of LHP's is to not engage LHP's that are unlicensed. Queensland, Victoria, and South Australia now have laws that require the licensing of LHPs.

Some questions to ask of your LHP before engaging them include:

- Will you subcontract any of my work?
- How many employees do you plan to use for my work?
- Do you pay your employees the correct wages?
- What Award or Enterprise Agreement will you be applying?
- Do you keep employee records and provide payslips?
- Have you been investigated by the Fair Work Ombudsman? What was the outcome?

How to identify a responsible company

A responsible LHP will:

- Have Workplace Health and Safety policies and procedures, and a process for induction and supervision of employees
- Have a system in place for checking that employees have the right to work in Australia
- Maintain good time and wage records and provide payslips to employees
- Have written employment agreements and only employ people through their TFN (not personal ABN's)
- The LHP is registered (ABN or ASIC) and has been in business for a while

Some "red flags" to consider when vetting a LHP include:

- The inability to provide a Certificate of Currency for insurance such as workers compensation and public liability
- The LHP has been prosecuted for breaches of WHS, Fair Work or Migration Laws
- The LHP can't identify the correct industrial instrument (Award) and pay rates
- The LHP won't rule out subcontracting to another LHP without consent
- The LHP has quoted rates that may not enable obligations to employees to be met

Get it in writing

The cost of labour is likely to be one of the most significant expenses farmers will bear. With so much at stake, it's good business practice to have a written and legally enforceable agreement.

A good agreement will require the LHP to provide evidence that it is meeting its legal obligations and should ensure that there is no sub-contracting without consent.

Ongoing Monitoring

Managing the risks associated with outsourcing labour requires that farmers should check that the LHP is doing the right thing.

Farmers should ask for evidence that workers are being paid correctly and should not ignore any complaints made by employees of the LHP.

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