

ETI PRESS RELEASE

Food industry must act now to prepare for gangmaster licensing



Release date 14.30 Monday 13 March 2006

The Ethical Trading Initiative (ETI) has welcomed the news that the Government has today (Monday 13th March 2006) announced that the new gangmaster licensing regime – the Gangmasters Licensing Act - will apply to the provision of labour across the entire food sector¹ and urges the industry to act now to prepare for licensing.

From October this year, labour providers will need a licence if they supply labour to any farm, packhouses or food processing and manufacturing facility

Says ETI director Dan Rees, “The Government’s announcement is exactly what the food industry wanted – a level playing field across the entire sector with the licensing applying to businesses that supply an estimated 600,00 workers to the sector. Licensing imposes new checks on employers to verify that workers are employed legally; for example, paid the minimum wage, work reasonable hours and in safe conditions.

“This announcement is a “wake-up call” to all labour providers in the food industry and those that use their services. From 1st October 2006 it will be an offence for any labour provider to operate without a licence and from 1st December 2006 it will be illegal for any business in the sector to contract the services of an unlicensed gangmaster.

“We encourage labour providers to put their houses in order now, so they can rectify any issues before licensing comes into force. And labour users should ensure that their labour providers know about this legislation and are intending to apply for a licence.”

The campaign for the licensing and registration scheme was spearheaded by the ETI–initiated Temporary Labour Working Group (TLWG) which was established in 2002. The intention is to prevent tragedies such as the Morecambe Bay disaster on 5th February 2004, when 23 Chinese migrant workers drowned picking cockles.

¹ All labour providers that supply permanent, temporary and contract labour to other businesses in agriculture, horticulture and the whole of the food packaging and processing industry are included.

The group runs a voluntary audit programme to help labour providers improve their practices and it has been the lobby for applying the Act to the entire sector. Last month (February 2006) 25 industry leaders sent an open letter to the Prime Minister on the issue.

“Our thanks go to the leading UK food retailers (including Asda, Tesco, Marks & Spencer, Sainsbury’s and Waitrose), trade unions, labour providers and farmers who worked with us to ensure that **all** workers within the UK food supply chain benefit from the new Act” said Rees.

- ends -

Further information Dan Rees/Julia Hawkins ETI, 0207 404 1643
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Notes to editors

1. Critical timeline for labour providers follows

Backgrounder

Release Date

14 30 Monday 13th March 2006

Critical time line for labour providers to adhere to Gangmasters Licensing Act

10th March 2006

- 800 labour providers sent full information about licensing and what it means for them

13th March 2006

- Labour providers should act now and apply for a TLWG audit. Visit www.lpcode.co.uk to register and for further information on how to prepare for licensing
- Labour providers are also urged to join the Association of Labour Providers which provides a valuable source of independent advice for the industry. Visit www.labourproviders.org.uk

6th April 2006

- Labour providers can apply from today for a licence from the Gangmasters Licensing Authority (GLA)- the statutory body set up to oversee licensing - at www.gla.gov.uk and should do so early

12th May 2006

- Labour providers who have had a TLWG audit before 12th May 2006 can use this as part of their licence application. If the GLA verifies their audit has been successful, the labour provider will receive a discount of £250 off the licence fee and the inspection fee required by the GLA as part of the application process will be waived

1st October 2006

- All labour providers must be licensed - it will be an offence for any labour provider to operate without a licence

1st December 2006

- From 1st December 2006 it will be illegal for any business in the sector to contract the services of an unlicensed gangmaster

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1. If a labour provider **has had a successful Temporary Labour Working Group audit** and applies before 31 May 2006 they will receive a discount of £250 off the application fee. So if business turnover is less than £1m, the labour provider will effectively get a free licence.

Fee structure for licensing post audit

Size of business	Fee Band	Application Fee £
£10m+	A	4,000
£5-10m	B	2,000
£1-5m	C	750
>£1m	D	250

2. *Fee structure for GLA licence application inspection*

If applicants **have not had a TLWG audit**, they will be required to have a GLA application inspection. The costs for this are based on turnover but are similar to those of the TLWG audit. This inspection will be based on the licensing standards which will be published shortly on the GLA website (www.gla.gov.uk). The application inspection fee bands are:

Size of business	Fee Band	Application Inspection Fee £
£10m+	A	2,500
£5-10m	B	2,100
£1-5m	C	1,850
>£1m	D	1,600