

## Fair Work Ombudsman compliance partnership with Woolworths a new benchmark in supply chain governance

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A new standard in labour supply chain governance has been set with the signing of a Proactive Compliance Deed between Woolworths Ltd and the Fair Work Ombudsman, covering the supermarket giant's procurement of trolley collection services.

The deed commits Woolworths to monitoring and regulating its network of trolley services to ensure contractors at its sites are paying their workers correctly and meeting all workplace obligations.

This includes requiring contractors to keep accurate employment and shift records by utilising a time keeping system that includes geofencing capability and uses either a biometric identifier or unique code for each employee.

Under the deed Woolworths is also required to audit the employee pay records of businesses tendering for trolley collection contracts, and must audit all contractors providing trolley collection services on its sites annually.

Any trolley collector who is deemed to have been underpaid since 1 July 2014 will also be back-paid their due entitlements either by their direct employer or, where this is not possible, through ex-gratia payments made by Woolworths.

Fair Work Ombudsman Natalie James said the deed will help address the unlawful practices that have led to widespread exploitation and underpayment of workers within Woolworths' trolley collection supply chain.

The regulator's [June 2016 Inquiry Report into the procurement of trolley collection services at Woolworths sites \(www.fair-work.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/june-2016/20160625-woolworths-trolley-mr\)](http://www.fair-work.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/june-2016/20160625-woolworths-trolley-mr) uncovered patterns of serious non-compliance amongst contractors with 79 per cent of sites found to have compliance issues.

"Our Inquiry found that Woolworths' existing governance systems were not effective in addressing these issues, contributing to a culture of non-compliance by its contractors," Ms James said.

"I am pleased that Woolworths has demonstrated its positive commitment to improving its management of contractors by entering into this compliance partnership with the Fair Work Ombudsman."

Ms James said that by increasing accountability along the entire length of the trolley collection supply chain, the deed aimed to ensure the rights and entitlements of vulnerable workers were safeguarded.

"The deed reinforces that while it is primarily the direct employer's responsibility to ensure its workers are receiving their proper entitlements, in a supply chain the accountability goes all the way to the top," Ms James said.

Under the deed, Woolworths agrees to the following key measures:

Ensuring employees records are accurately maintained by requiring contractors and subcontractors to:

- Issue employees with photo identification through Woolworths' Contract Management system;
- Ensure employee records are maintained accurately;
- Implement a timekeeping system requiring employees to log start and finish times using a biometric identifier or unique code and which includes geofencing capability; and
- Issue payslips within one business day of the payment of wages.

Rectifying underpayments by requiring the primary contractor to back-pay the individual when an underpayment has been substantiated or, when this has not occurred within 20 days, through an ex gratia payment by Woolworths.

Auditing contractors annually through interviews with employees on site and office staff, and examination of employee pay records to ensure compliance with workplace laws. Importantly, these audits will be conducted by independent expert auditors such as external accounting professionals and employment law specialists.

Further, all tenderers for the provision of trolley collection services at Woolworths Sites who have not been audited within the previous 12 months will be required to undergo a prequalification audit.

Building a culture of compliance by requiring all contractors engaged for trolley collection services on Woolworths sites to:

- Sign a compliance commitment document certifying that the contractor will comply with workplace laws;
- Register with the FWO 'My Account' Portal; and
- Agree to make payments to employees by electronic funds transfer and not cash, except in exceptional circumstances.

Establishing an Internal Compliance Team to conduct unannounced compliance checks of contractors.

Promoting accountability at all levels of the supply chain by requiring the primary contractor to enter into a written contract with the subcontractor including the terms above and provide copies of the contract and evidence of compliance to Woolworths.

Yearly reviews of contracting arrangements and enhanced due diligence for new contract arrangements to ensure that contract prices are likely to be sufficient for contractors to meet minimum lawful employee entitlements, including the monitoring of primary contractors' subcontracting arrangements.

Promoting the Speak Up Service which allows contractors, employees and members of the public to lodge complaints or report potential non-compliance by trolley collection services at Woolworths sites, and the provision of an interpreter service for Korean, Hindi and Arabic speakers. Woolworths agrees to investigate and, where practicable, resolve complaints in a timely manner.

Providing ongoing training to ensure all employees and employers on Woolworths sites are aware of their workplace rights and obligations.

The deed took effect on 22 September 2017.

Ms James said the signing of the deed was a significant milestone following a decade of work by her agency and its predecessors in addressing the exploitation of vulnerable workers in the trolley collection sector.

The FWO has commenced 17 legal proceedings against trolley collection businesses since 2007.

In October 2014, Coles entered into an enforceable undertaking ([www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2014-media-releases/october-2014/20141007-coles-eu-presser](http://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2014-media-releases/october-2014/20141007-coles-eu-presser)) with the Fair Work Ombudsman in order to rectify high levels of non-compliance found within its network of trolley collection services.

This followed the signing of a compliance deed ([www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2014-media-releases/august-2014/20140829-trolley-collectors](http://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2014-media-releases/august-2014/20140829-trolley-collectors)) between the Fair Work Ombudsman and United Trolley Collections (UTC) Pty Ltd, Coles' primary trolley collection service provider, committing UTC to ensuring its subcontractors comply with workplace laws.

"In our experience many workers engaged as trolley collectors are more vulnerable to exploitation by unprincipled contractors as they are often young, from migrant backgrounds and are relatively low-skilled employees," Ms James said.

"With Australia's two largest supermarket retailers now accepting a moral and ethical responsibility for ensuring the trolley collectors on their sites are being treated fairly regardless of who their employer is, we hope that rampant underpayment of this vulnerable cohort becomes a thing of the past."

Woolworths Head of Facilities Management Trent Mason said the company had worked collaboratively with the Fair Work Ombudsman throughout this process and had already implemented many of the obligations set by the Deed.

"Woolworths will continue to assume overall responsibility for its trolley collection services including continuing to ensure contractors fully comply with Australian workplace laws across its network of sites," Mr Mason said.

"Compliance with all relevant laws and contractual obligations by service providers is a fundamental part of working alongside Woolworths."

Earlier this year, the Fair Work Ombudsman launched a range of resources to help prevent the exploitation of workers in contracted labour supply chains. Four practical guides to help businesses monitor and manage their contract relationships are available at [www.fairwork.gov.au/supplychain](http://www.fairwork.gov.au/supplychain) (<http://www.fairwork.gov.au/supplychain>).

Employers and employees who have any uncertainty or questions about their workplace rights and obligations are encouraged to visit the Fair Work Ombudsman website at [www.fairwork.gov.au](http://www.fairwork.gov.au) or call the Fair Work Infoline on 13 13 94 for advice.

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Download the [Woolworths Ltd Proactive Compliance Deed \(DOCX 180.7KB\)](http://www.fairwork.gov.au/ArticleDocuments/762/woolworths-proactive-compliance-deed.docx.aspx) ([www.fairwork.gov.au/ArticleDocuments/762/woolworths-proactive-compliance-deed.docx.aspx](http://www.fairwork.gov.au/ArticleDocuments/762/woolworths-proactive-compliance-deed.docx.aspx)) (PDF 1.6MB) ([www.fairwork.gov.au/ArticleDocuments/762/woolworths-proactive-compliance-deed.pdf.aspx](http://www.fairwork.gov.au/ArticleDocuments/762/woolworths-proactive-compliance-deed.pdf.aspx))

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