

## Underpayments drop as trolley collection undertaking continues

7 February 2018

The Fair Work Ombudsman has welcomed findings of improved wage compliance and accountability in Coles' trolley collection network, with 91 per cent of the supermarket giant's stores now with 'in-house' trolley collection.

The third annual report on Coles Supermarkets Australia Pty Ltd's Enforceable Undertaking (EU) with the Fair Work Ombudsman shows significant reductions in complaints about wages among trolley collectors throughout its extensive network.

Fair Work Ombudsman Natalie James said Coles should be commended for the positive results, with substantial reductions in underpayments meaning trolley collectors are getting the fair deal they deserve.

"The report outlines clear improvements across a range of areas, indicating that Coles is making real headway in stamping out underpayments across its trolley collection network," Ms James said.

"Coles made a commitment in 2014 to take responsibility for workplace compliance for trolley collectors in its supply chain. The benefits are being felt by the workers and taxpayers, who have been spared the cost of having Fair Work inspectors investigating the network."

In October 2014 the Fair Work Ombudsman announced that Coles, in entering into an EU, had acknowledged its ethical and moral responsibility to ensure entities and individuals involved in its trolley collection supply chain were providing equal, fair and safe work opportunities by complying with workplace laws.

In accordance with the terms of the EU, Coles has submitted its third annual report on progress made against each of the undertakings.

The report states that in the third year of the EU:

- The number of stores with 'in-house' trolley collectors has increased from 655 to 736, out of 805 stores nationally, equating to 91.4 per cent.
- The number of identified underpayments from calls to the dedicated hotline for Coles trolley collectors (set up as a requirement under the EU) decreased to one, compared with five the previous year;
- The value of underpayments identified from calls to the hotline decreased to \$2670, from \$17,169 the previous year, a decline of more than 80 per cent; and
- The number of calls to the hotline decreased from 11 to 3.

The strong one-year results build on the continued improvements in compliance seen since the signing of the EU.

Year	Coles stores with only in-house trolley collectors	Percentage of Coles stores with only in-house trolley collectors	Complaints referred to Coles hotline for trolley collectors	Underpayments identified from calls to the hotline	Average time to investigate complaint
31 December 2014	438	circa 55%	N/A	N/A	N/A
2015 end EU year 1	558	71%	21	\$40,441	19 days
2016 end EU year 2	655	84%	11	\$17,169	27 days

Year	Coles stores with only in-house trolley collectors	Percentage of Coles stores with only in-house trolley collectors	Complaints referred to Coles hotline for trolley collectors	Underpayments identified from calls to the hotline	Average time to investigate complaint
2017 end EU year 3	736	91%	3	\$2670	12 days

"It is encouraging to see sustained improvement in workplace compliance when it comes to trolley collection at Coles sites. It is critical that Coles continues to monitor the systems it has now established to ensure that rampant underpayments and non-compliance do not return to its network," Ms James said.

The EU continues to operate until the end of 2018, after a final annual report and audit report are provided by Coles to the Fair Work Ombudsman. The EU will conclude earlier if Coles has brought all trolley collection services 'in-house'.

In 2012, the FWO commenced legal proceedings against two sub-contractors operating at several Coles sites, alleging they had underpaid 10 trolley collectors more than \$200,000. One of Coles' completed commitments in the EU was to pay the 10 collectors the amounts owed by their former employers, who went into liquidation without making back-payments.

The decision to insource trolley collection services was made by Coles. While the Fair Work Ombudsman does not hold a view on the merits of outsourcing versus insourcing of trolley collection services, the third annual report notes the number of existing Coles stores with outsourced trolley collection decreased from 111 to 69, out of 805 stores.

"We recognise that insourcing all labour might not be the right fit for all businesses so we have developed practical supply-chain guides ([www.fairwork.gov.au/find-help-for/contracting-labour-and-supply-chains](http://www.fairwork.gov.au/find-help-for/contracting-labour-and-supply-chains)) to help entities ensure contractors engaged in their networks are complying with workplace laws," Ms James said.

Where Coles' trolley collectors are not direct employees, they are engaged by United Trolley Collection (UTC), which in turn engages separate trolley collection businesses. UTC entered into a Proactive Compliance Deed with the Fair Work Ombudsman in May 2014 ([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)) .

Ms James said the latest annual report further proved the effectiveness of EUs as an enforcement tool.

"EUs have allowed us to achieve strong outcomes against companies that have breached workplace laws or had supply chain practices that were highly vulnerable to exploitation and the underpayment of workers," Ms James said.

"EUs allow these strong outcomes without the need for civil court proceedings, which require a greater investment of taxpayer resources and can significantly extend the time it takes for workers to receive their entitlements."

In 2016-17, more than \$5.2 million in underpaid wages and entitlements was returned to employees across the nation as a result of their employers entering into EUs with the Fair Work Ombudsman, an increase of more than one-third from the year before.

The Fair Work Ombudsman's Anonymous Report function enables members of the community to provide information confidentially and anonymously at [www.fairwork.gov.au/tipoff](http://www.fairwork.gov.au/tipoff) (<http://www.fairwork.gov.au/tipoff>) .

In October last year, Woolworths Ltd entered into a Proactive Compliance Deed with the Fair Work Ombudsman that commits the company to monitoring its network of trolley services to ensure contractors at its sites are paying their workers correctly.

Employees and employers who want to check their obligations and entitlements under Australia's workplace laws can seek free advice and assistance at [www.fairwork.gov.au](http://www.fairwork.gov.au) or call the Fair Work Infoline on 13 13 94. A free interpreter service is available on 13 14 50 and information on the website is translated into 40 different languages.

Resources on the website include a Pay and Conditions Tool (PACT) that employers can use to determine the pay rates applicable to their employees, including base pay rates, allowances, overtime and penalty rates.

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Read the [Status of the EU between FWO and Coles Supermarkets - 3rd annual report \(www.fairwork.gov.au/reports/coles-eu-report---3rd-annual-report/default\)](http://www.fairwork.gov.au/reports/coles-eu-report---3rd-annual-report/default) (PDF 391.8KB) ([www.fairwork.gov.au/ArticleDocuments/1244/status-of-the-enforceable-under-taking-between-fwo-and-coles-3rd-annual-report.pdf.aspx](http://www.fairwork.gov.au/ArticleDocuments/1244/status-of-the-enforceable-under-taking-between-fwo-and-coles-3rd-annual-report.pdf.aspx))

Media inquiries:

Matthew Raggatt, Senior Media Adviser

Mobile: 0466 470 507

[matthew.raggatt@fwo.gov.au](mailto:matthew.raggatt@fwo.gov.au) (<mailto:matthew.raggatt@fwo.gov.au>)

**Page reference No: 8023**

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