

## Fair Work Ombudsman Inquiry uncovers rampant exploitation of Woolworths cleaners

14 February 2018

Cleaning contractors at 90 per cent of Woolworths' Tasmanian supermarket sites were not complying with workplace laws, a Fair Work Ombudsman Inquiry has found.

This is one of the findings of the regulator's [report \(www.fairwork.gov.au/reports/inquiry-into-the-procurement-of-cleaners-in-tasmanian-supermarkets\)](http://www.fairwork.gov.au/reports/inquiry-into-the-procurement-of-cleaners-in-tasmanian-supermarkets) detailing its Inquiry into the procurement of cleaners in Tasmanian supermarkets, released today.

The Inquiry was commenced in late 2014 in response to intelligence received by the Fair Work Ombudsman that supermarket cleaners in the state were being significantly underpaid.

The report reinforces the importance of the Fair Work Ombudsman's ongoing focus on businesses improving its supply chain governance after successive inquiries have revealed a correlation between multiple levels of subcontracting and workplace breaches.

Fair Work Ombudsman Natalie James said that the Inquiry report shows how alarming levels of exploitation can occur where supply chains involving vulnerable workers are not adequately monitored.

The Inquiry looked into contracting arrangements for cleaners at all 31 of Woolworths' Tasmanian sites, as well as seven Coles sites (44 per cent of Coles' Tasmanian sites) and 17 IGA sites (21 per cent).

The Inquiry's focus on Woolworths sites was due to it being the only retailer of the three operating in Tasmania outsourcing its day-to-day cleaning services.

"Our Inquiry found deficiencies in Woolworths' governance arrangements with regard to its procurement and oversight of cleaning contracts, resulting in serious exploitation occurring at multiple levels of its cleaning supply chain," Ms James said.

"We uncovered breaches across 90 per cent of Woolworths' Tasmanian sites, including cases of contractors paying cleaners as little as \$7 per hour for training and \$14 per hour for work – well below their legal entitlements."

Ms James said that cleaners were often paid in unrecorded cash-in-hand payments with no payslips provided.

"Overall, record-keeping by contractors engaged at Woolworths' sites was abysmal: at 84 per cent of sites workplace records were inaccurate or not kept at all.

"The impact of record keeping failings is exacerbated by the use of cash payments which, while lawful, make it difficult to determine with any certainty the extent of underpayment of wages by the contractors.

"Such blatant and widespread breaches of workplace laws are clearly unacceptable, and echo the findings of our previous inquiries into supply chains employing low-skilled and vulnerable workers," Ms James said.

To date, the Inquiry has identified more than \$64,000 in underpayments, with more than \$21,000 of these having been rectified. However, poor record-keeping; incomplete, inaccurate or false records; and a lack of cooperation from vulnerable workers impeded the Fair Work Ombudsman's ability to quantify the true amount of underpayments.

To date, the Fair Work Ombudsman has [initiated two litigations \(www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/june-2016/20160623-hwang-litigations\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/june-2016/20160623-hwang-litigations) as a result of the Inquiry and has also referred three contractors to the Australian Taxation Office concerning cash payments and misleading or false tax declarations.

Investigations into a number of businesses that supply cleaning services to Woolworths in Tasmania remain ongoing.

In recent years the Fair Work Ombudsman has conducted inquiries into labour procurement arrangements of the [Baiada Group \(http://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/november-2016/20161128-baiada-media-release\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/november-2016/20161128-baiada-media-release), [procurement of housekeepers by four and five-star hotel groups \(www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/may-2016/20160520-hotel-housekeepers-inquiry\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/may-2016/20160520-hotel-housekeepers-inquiry) and [trolley collection services procurement by Woolworths \(www.fairwork.gov.au/about-us/news-and-media-releases/2017-media-releases/october-2017/20171011-woolworths-pcd-trolley-collectors-release\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/2017-media-releases/october-2017/20171011-woolworths-pcd-trolley-collectors-release).

The Fair Work Ombudsman entered into a Proactive Compliance Deed with Woolworths last year under which the supermarket giant

has committed to monitor and regulate its trolley collection network to ensure workers at its sites nationwide are receiving their correct pay and entitlements. This followed the Fair Work Ombudsman finding similarly serious non-compliance in the trolley collecting supply chains managed by Woolworths.

The deed requires Woolworths to undertake a number of measures aimed at ensuring compliance amongst its trolley collection contractors, including conducting regular audits, implementing improved records and identification systems and promoting its Speak Up service to enable workers at their sites to lodge complaints.

Following its latest Inquiry, the Fair Work Ombudsman recommends that the deed be expanded to also cover Woolworths' cleaning supply chain.

In particular, the agency recommends that Woolworths commit to back-paying underpaid cleaners who have not had those underpayments rectified by the relevant contractor; and conduct regular audits of its contractors to ensure compliance with workplace laws.

"While we acknowledge that Woolworths has since taken steps to improve compliance within its labour supply chain, it is clear from our findings that at the time of the Inquiry a culture of non-compliance was prevalent amongst contractors on its sites," Ms James said.

"While it is primarily the direct employer's responsibility to ensure its workers are receiving their proper entitlements, once again I must emphasise that responsibility in a supply chain involving vulnerable workers goes all the way to the top.

"I am pleased that since the commencement of the Inquiry, Woolworths has implemented improvements in its governance arrangements and is continuing to work constructively with my agency to make further positive changes."

The Fair Work Ombudsman is calling on Woolworths, Coles and IGA to become members of the Cleaning Accountability Framework [\(http://www.cleaningaccountability.org.au/\)](http://www.cleaningaccountability.org.au/), an industry led initiative which promotes the adoption of best practice throughout the cleaning supply chain to improve labour and cleaning standards in Australia.

"Major companies must take the lead in promoting a culture of compliance with workplace laws, beginning with their own contracting networks. Through joining the Cleaning Accountability Framework and certifying its supermarket sites, the major retailers can lead the sector in modelling best practice" Ms James said.

#### Issues identified at Woolworths sites

The Inquiry found that Woolworths' approach to procurement and oversight of its cleaning contracts at the time had contributed to a culture of non-compliance within its supply chain.

While Woolworths' agreements with its contractors only allowed for one level of subcontracting, the Inquiry found that Woolworths failed to regularly check that this requirement was being followed.

In addition, Woolworths failed to monitor its contractors to ensure policies around identification cards, use of visitor books and auditing were being followed, exposing cleaners to potential work health and safety risks and exploitation by subcontractors.

Cleaning performance of contractors, on the other hand, was regularly checked and scored by Woolworths.

"Woolworths should have been putting the same effort into monitoring its contractors' compliance with workplace laws as it did into scrutinising the cleanliness of their stores," Ms James said.

"It is not enough for businesses to simply have governance systems in place if they do not follow up to check that contractors within their networks are complying with those systems.

"Businesses need to step up and be active in their responsibility to ensure that workers in their supply chains are being paid appropriately and treated fairly."

#### Nature of cleaning work

The Inquiry report details the physically demanding and highly scrutinised nature of the work undertaken by supermarket cleaners across the industry, with cleaners telling Fair Work Inspectors that they were often not allocated enough time to complete the tasks as directed to the standard required.

The Inquiry was informed of one alarming case where cleaners had been locked in a store overnight to complete a strip and polish and were unable to leave until the duty manager arrived at the store the next day.

While the store was not connected to the three supermarkets subject to the Inquiry, a common contractor was involved. The Fair Work Ombudsman referred the matter to Worksafe Tasmania.

Ms James noted that the cleaning sector often attracts overseas workers with limited English-language skills and little experience working in Australia, who can be vulnerable to exploitation and can be reluctant to speak up if something is wrong.

A number of overseas workers interviewed as part of the Inquiry told inspectors that they felt they would lose their job if they spoke out about their employer and would struggle to find more work.

“We see too many cases of vulnerable workers engaged in low-skilled work in supply chains of major companies being exploited,” Ms James said.

“The community expects large reputable businesses to make sure that the rights and entitlements of workers within their supply chains are safeguarded.

“We will be continuing to shine a light on this issue and urge businesses to step up and commit to working with us to stamp out cases of worker exploitation occurring in their networks.”

The Fair Work Ombudsman has a range of resources to help businesses monitor and manage their contract relationships. Four practical guides are available at [www.fairwork.gov.au/supplychain](http://www.fairwork.gov.au/supplychain) ([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)) .

Employers and employees can visit [www.fairwork.gov.au](http://www.fairwork.gov.au) or call the Fair Work Infoline on 13 13 94 for free advice and assistance about their rights and obligations in the workplace. A free interpreter service is available on 13 14 50.

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[Inquiry into the procurement of cleaners in Tasmanian supermarkets report \(www.fairwork.gov.au/reports/inquiry-into-the-procurement-of-cleaners-in-tasmanian-supermarkets\)](http://www.fairwork.gov.au/reports/inquiry-into-the-procurement-of-cleaners-in-tasmanian-supermarkets) (PDF 1.8MB) ([www.fairwork.gov.au/ArticleDocuments/1161/a-report-on-the-fair-work-ombudsmans-inquiry-into-the-procurement-of-cleaners-in-tasmanian-supermarkets.pdf.aspx](http://www.fairwork.gov.au/ArticleDocuments/1161/a-report-on-the-fair-work-ombudsmans-inquiry-into-the-procurement-of-cleaners-in-tasmanian-supermarkets.pdf.aspx))

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