

Café franchisor improves workplace compliance

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The Fair Work Ombudsman has published a report on its compliance partnership with Minor DKL Food Group Pty Ltd (MDKL), which owns the Coffee Club, Ribs & Rumps, Coffee Hit and Veneziano Coffee Roasters brands.

Around 350 outlets operate under MDKL's brands and most are franchise outlets. Coffee Club and the Veneziano Coffee Roasters operate nationally, while Ribs & Rumps outlets are in NSW and Queensland, and Coffee Hit is in Victoria, Qld and WA.

In 2015, MDKL voluntarily entered into a compliance partnership with Fair Work Ombudsman as part of our broader attempts to improve workplace compliance in larger employers.

During the two-year partnership, MDKL provided education, training, additional support and resources to its franchisees in accordance with the terms of the proactive compliance deed which underpinned the partnership.

The report shows how the number of requests for assistance received by the Fair Work Ombudsman involving MDKL declined as the partnership progressed, from 15 matters in the first year of the partnership to one in the second.

During the partnership, MDKL conducted two rounds of audits to check its franchisees' compliance with workplace laws. Results of the second audit showed a marked improvement in compliance levels.

Fair Work Ombudsman Sandra Parker said a compliance partnership publicly signals a company's commitment to ensuring its franchisees comply with workplace laws.

"Our partnership with MDKL sets a positive example for the hospitality industry, which continues to be a key focus for the Fair Work Ombudsman as it employs a significant proportion of vulnerable workers including young people and migrants."

"The decline in requests for assistance to the FWO from MDKL workers across their franchising network demonstrates the effectiveness of the training and education measures implemented under the Proactive Compliance Deed," Ms Parker said.

"It is in franchisors' best interest to proactively promote compliance across their business. Not only is this good business and ethical practice, but recent law changes mean they can be held liable for workplace breaches by franchisees in their networks."

During the partnership, and with the assistance of MDKL head office, the FWO investigated the underpayment and exploitation of a visa worker engaged by a Coffee Club franchisee. The findings of the investigation prompted the FWO to commence legal proceedings against the employer. The Federal Circuit Court ordered (<https://www.fairwork.gov.au/about-us/news-and-media-releases/2017-media-releases/june-2017/20170619-coffee-club-penalty>) more than \$180,000 in penalties against a former Coffee Club franchisee for an unlawful cashback arrangement. MDKL subsequently terminated the franchise relationship.

The activity report is available at www.fairwork.gov.au.

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Download the [Minor DKL Food Group Pty Ltd Compliance Partnership Report \(PDF 363.7KB\)](https://www.fairwork.gov.au/ArticleDocuments/762/mdkl-proactive-compliance-deed-report.pdf.aspx) (<https://www.fairwork.gov.au/ArticleDocuments/762/mdkl-proactive-compliance-deed-report.pdf.aspx>) ([DOCX 135.4KB](https://www.fairwork.gov.au/ArticleDocuments/762/mdkl-proactive-compliance-deed-report.docx.aspx)) (<https://www.fairwork.gov.au/ArticleDocuments/762/mdkl-proactive-compliance-deed-report.docx.aspx>).

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