

Thales signs court-enforceable undertaking

30 August 2019

A major manufacturing company has back-paid workers more than \$7 million in wages, superannuation and interest, after entering into a Court-Enforceable Undertaking with the Fair Work Ombudsman.

Fair Work Inspectors investigated Thales Australia Limited (Thales) after the company self-disclosed last year that it had paid annual salaries below what employees were entitled to under the applicable enterprise agreements.

This error led to Thales underpaying basic employee entitlements, including minimum wages, overtime, annual leave entitlements and superannuation, and resulted in record-keeping breaches.

Thales has subsequently back-paid a total of \$7.44 million to 407 current and former employees that were underpaid between 2011 and 2018.

Affected employees have been back-paid individual amounts ranging from \$2,593 up to \$158,978. The back-payment figures include rectification of underpaid wages and entitlements, as well as interest and lost earnings on superannuation.

Fair Work Ombudsman Sandra Parker said that the regulator considered an EU appropriate after Thales back-paid workers and dedicated significant resources to overhauling its workplace practices.

“This outcome sends a strong message to employers that if you don’t prioritise workplace compliance, you risk underpaying staff on a large scale and facing a massive back-payment bill,” Ms Parker said.

“Under the Court-Enforceable Undertaking, Thales must apologise to its highly-skilled and committed employees for significantly underpaying their lawful entitlements. The company must also implement a new payroll system to improve its wages and record-keeping practices, which will ultimately benefit thousands of its current and future employees,” Ms Parker said.

Fair Work Inspectors found that the underpayments primarily occurred because Thales did not take sufficient steps to check that the salary contracts it entered into with employees were above the minimum salaries listed in the enterprise agreements and awards that covered them.

Some employees were underpaid as a result of Thales inadvertently classifying and paying them at a lower level than they were entitled to.

Affected employees included middle managers, professionals, administrative employees, salaried manufacturing and technical employees.

Under the EU, Thales is required to commission audits of employees’ pay and conditions by an external auditor later this year and again next year and report the results to the FWO.

Thales has admitted to breaching workplace laws. In addition to back-paying staff, Thales will also make a gesture of contrition through a \$200,000 payment to the Commonwealth Government’s Consolidated Revenue Fund.

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Download the [Thales Australia Limited Enforceable Undertaking \(DOCX 183.1KB\)](http://www.fairwork.gov.au/ArticleDocuments/1505/thales-australia-limited-enforceable-undertaking.docx.aspx) (www.fairwork.gov.au/ArticleDocuments/1505/thales-australia-limited-enforceable-undertaking.docx.aspx) (PDF 620.3KB) (www.fairwork.gov.au/ArticleDocuments/1505/thales-australia-limited-enforceable-undertaking.pdf.aspx)

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