

Qantas signs Court-Enforceable Undertaking

13 March 2020

Qantas Airways Limited (Qantas) has entered into a [Court-Enforceable Undertaking \(www.fairwork.gov.au/about-us/our-role/enforcing-the-legislation/enforceable-undertakings/2019-2020-enforceable-undertakings\)](http://www.fairwork.gov.au/about-us/our-role/enforcing-the-legislation/enforceable-undertakings/2019-2020-enforceable-undertakings) (EU) with the Fair Work Ombudsman and will back pay hundreds of workers millions of dollars.

The FWO investigated Qantas after the airline self-reported that it had incorrectly paid some of its marketing and administrative staff in accordance with the terms of individual contracts of employment, rather than the relevant enterprise agreements that covered and applied to them.

As a result, employees did not receive the minimum terms of the relevant enterprise agreements, including minimum wages, overtime, annual leave entitlements and superannuation, which led to underpayments and record-keeping breaches.

To date, Qantas has back paid \$7.1m to 638 employees who were underpaid between June 2011 and June 2019. Head office staff in corporate and administration roles were affected.

The airline has paid interest on all back payments using an interest rate six per cent above the RBA cash rate, and an additional payment of \$1,000 to affected workers, at a total of \$2 million.

Fair Work Ombudsman Sandra Parker said that the regulator considered an EU appropriate after Qantas proactively notified the FWO and fully cooperated with the investigation.

“Qantas has come forward and admitted to breaching the Fair Work Act for several years and significantly underpaying hundreds of its employees several million dollars,” Ms Parker said.

“The EU creates a robust process where an independent expert will verify that employee back payments are correctly calculated and paid by Qantas. Three further pay audits will also be conducted by an independent auditor, which will benefit Qantas’ current and future employees.”

“This independent analysis will reduce the burden on the Fair Work Ombudsman, and subsequent cost to the taxpayer, for ensuring that Qantas back pays its staff correctly.”

Under the EU, Qantas will set up an independent employee hotline and complaints system within 30 days. The airline will directly apologise to affected employees and place public notices on its intranet, [website](https://www.qantas.com.au/)  (<https://www.qantas.com.au/>) and Facebook page for one month, as well as in national newspapers.

The Court-Enforceable Undertaking commits Qantas to calculating and rectifying any further underpayments by 24 April 2020. Qantas will then make a contrition payment to the Commonwealth’s Consolidated Revenue Fund equal to 5.5 per cent of its underpayments.

Under the EU, an expert will conduct its own review of the underpayments, which is due to be completed by 14 October 2020, and report its results directly to the FWO. Any further underpayments identified by the expert will be back-paid with interest, an additional payment of \$2,000 to affected employees and attract a higher contrition payment of 7 per cent.

“Viewed together, the back payment bill, interest paid on underpayments, additional payments made to impacted staff and contrition payment impose a significant cost on Qantas. These additional measures, along with the cost of an independent expert and future audits, help to level the playing field for businesses who have complied with workplace laws,” Ms Parker said.

For free workplace advice contact the Fair Work Ombudsman on 13 13 94 or fairwork.gov.au

Download:

- [Qantas Enforceable Undertaking, including Schedule A and Schedule B \(PDF 44.5MB\) \(https://www.fairwork.gov.au/ArticleDocuments/1505/qantas-airways-limited-enforceable-undertaking.pdf.aspx\)](https://www.fairwork.gov.au/ArticleDocuments/1505/qantas-airways-limited-enforceable-undertaking.pdf.aspx)
- [Qantas Enforceable Undertaking \(DOCX 173.2KB\) \(https://www.fairwork.gov.au/ArticleDocuments/1505/qantas-airways-limited-enforceable-undertaking.docx.aspx\)](https://www.fairwork.gov.au/ArticleDocuments/1505/qantas-airways-limited-enforceable-undertaking.docx.aspx)
- [Schedule A and Schedule B, Qantas Enforceable Undertaking \(XLSX 108.1KB\) \(https://www.fairwork.gov.au/ArticleDocuments/1505/qantas-airways-limited-enforceable-undertaking-schedules-A-and-B.XLSX.aspx\)](https://www.fairwork.gov.au/ArticleDocuments/1505/qantas-airways-limited-enforceable-undertaking-schedules-A-and-B.XLSX.aspx)

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