

Security company penalised

16 March 2020

The Fair Work Ombudsman has secured penalties totalling \$68,560 against the former directors of a Coffs Harbour security contractor found to have underpaid 14 employees almost \$94,000.

The Federal Circuit Court found that Northcoast Security Services Group Pty Ltd (Northcoast Security), which has since been liquidated, contravened the Fair Work Act, and fined former company directors Kuldeep Chouhan and Ricky John Nelson, \$32,560 and \$36,000 respectively, for their involvement in the company's underpayment of its workers.

The Court also ordered that both pay compensation of \$128,678 in respect of underpayments and interest owing, noting that that they managed the operations of Northcoast Security and were responsible for the loss sustained by the workers.

The workers were paid flat rates as low as \$18 an hour, with the exception of public holidays, while under the Security Services Award 2010, were entitled to around \$40 an hour for some weekend, night and overtime work.

The company also underpaid broken shift allowances and made unauthorised deductions from employee wages to pay for uniforms and security equipment.

The Fair Work Ombudsman had previously informed Mr Chouhan about the need to pay employees their full lawful entitlements and commenced proceedings in 2014 after security guards contacted the regulator for help.

During the proceedings, Northcoast Security argued that the workers were actually employed by two labour hire entities, however the Fair Work Ombudsman rejected this argument and the Court agreed that Northcoast Security did employ the workers and had contravened the Fair Work Act.

The employees were issued rosters by Mr Chouhan, wore shirts bearing the logo of Northcoast Security and completed timesheets headed with the company's name.

Fair Work Ombudsman Sandra Parker said the penalties and compensation imposed by the Court reflected the deliberate nature of the contraventions.

"Labour hire is a legitimate way to source staff, as long as they are paid correctly. Unfortunately some employers seek to use this arrangement unlawfully, to ignore award entitlements and get a competitive advantage over businesses that operate according to the law," Ms Parker said.

"This judgment should serve as a warning to employers that they will get caught and face significant consequences for their actions, such as orders for significant compensation."

In setting the penalties, Judge Manousaridis said that the penalty should "signal to employers, and to persons involved in the management of companies that employ persons, that there will be a significant penalty to pay if they do not comply, or take steps necessary to ensure they comply" with the Fair Work Act.

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