

Toys”R”Us back-pays \$1 million to 1000 staff

30 January 2011

National retail giant Toys”R”Us has promised to set up a whistleblower hotline for its staff to complain about wages and conditions after an investigation by the Fair Work Ombudsman found the company was underpaying its employees.

Fair Work Ombudsman Executive Director Michael Campbell says the company must publicise the hotline to all staff and ensure it investigates any concerns raised by employees about underpayment of wages or other entitlements.

Mr Campbell says Toys”R”Us has also pledged a \$300,000 donation towards the cost of education and training needs of young and vulnerable workers and the protection of their rights at work.

“The conditions are part of an Enforceable Undertaking that Toys”R”Us has signed after the Fair Work Ombudsman agreed to discontinue legal action against the company,” he said.

“The Fair Work Ombudsman announced in January last year that it was prosecuting Toys”R”Us for breaches of workplace law, but accepts that the contraventions were inadvertent and not deliberate.

“Toys”R”Us voluntarily back-paid more than 1000 of its workers a total of \$998,000 in March, 2009.

“The workers, mostly casuals under 25 - including many teenagers - worked at stores in South Australia, Victoria, NSW, Western Australia and the ACT.

“They were underpaid entitlements including the minimum hourly rate and penalty rates for weekend, public holiday and night shifts between 2007 and 2009 because of invalid workplace agreements that failed to meet approval and lodgement requirements.”

Mr Campbell says the Enforceable Undertaking – a mechanism now being used by the regulator as an alternative to civil penalty proceedings – achieves strong commitments from Toys”R”Us.

The Enforceable Undertaking also requires Toys”R”Us to:

- Apologise to all current and past employees,
- Appoint external professional service providers to audit the company’s pay and conditions, record-keeping and staff complaint procedures within three months and again within 18 months,
- Send its payroll and/or human resources staff to accredited training courses for the next three years,
- Ensure that it complies at all times with federal workplace relations law and co-operates with the Fair Work Ombudsman in any future investigations, and
- Posts a copy of the Enforceable Undertaking and a signed copy of its letter of apology on its Australian website.

In its letter of apology to staff, Toys”R”Us says the underpayments occurred as a result of “inadequate processes” and “inadequate governance measures” and expresses its “sincere regret”.

The letter is signed by the company’s executive vice-president Deborah Derby and Australian managing-director Tom Via.

“Since the contraventions took place, new management has been appointed to human resources and Toys”R”Us has taken a number of steps to ensure that this does not occur again,” the letter says.

The Fair Work Ombudsman has a number of tools on its website - www.fairwork.gov.au - to assist employees and employers to check minimum rates of pay, including PayCheck, PayrollCheck and a Pay Rate Calculator.

Online resources also include payslip and record-keeping templates, a self-audit checklist and fact sheets.

The ‘Industries’ section on the Fair Work Ombudsman’s website provides information specifically tailored for employers and workers in the retail, cleaning, clerical, hair and beauty, security and horticulture industries.

Small to medium-sized businesses without human resources staff can also ensure they are better equipped when hiring, managing and dismissing employees by using free template employment documentation with step-by-step instructions or accessing a series of Best Practice Guides.

Employers or employees seeking assistance or further information can also contact the Fair Work Infoline on 13 13 94 from

8am-6pm weekdays. For translations, call 13 14 50.

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Fair Work Online: www.fairwork.gov.au

Fair Work Infoline: 13 13 94

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Contact the Translating and Interpreting Service (TIS) on 13 14 50

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Call through the National Relay Service (NRS):

For TTY: 13 36 77. Ask for the Fair Work Infoline 13 13 94

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