

Coles accepts “ethical and moral responsibility” to help end exploitation of vulnerable trolley collectors

7 October 2014

Coles is the first major supermarket chain to publicly declare it has an “ethical and moral responsibility” to join with the Fair Work Ombudsman and stamp out exploitation of vulnerable trolley collectors.

Coles has given an undertaking to the Fair Work Ombudsman that it will revamp its trolley collection services, admitting its former practices were highly vulnerable to exploitation and poor employment practices, including underpayment of wages.

The Fair Work Ombudsman recently stepped up its efforts to protect trolley collectors, warning the supermarket giants they could no longer turn a blind eye to a “persistent problem”.

In the past six years, the Fair Work Ombudsman has recovered more than \$433,000 in underpaid wages and entitlements for 528 trolley collectors throughout Australia.

Deputy Fair Work Ombudsman (Operations) Michael Campbell today welcomed Coles’ decision to sign an Enforceable Undertaking and uphold the workplace rights of trolley collectors at all its supermarket sites.

He hoped others would follow Coles’ lead, observing that Fair Work inspectors had found some trolley collectors being paid as little as \$5 an hour for their physically demanding and often dangerous work.

The Fair Work Ombudsman formally raised concerns with Coles late in 2011 about the exploitation and underpayment of trolley collectors employed by some of its sub-contractors at its sites.

In 2012, the Fair Work Ombudsman commenced legal proceedings against two sub-contractors operating at several Coles sites, alleging they had underpaid 10 trolley collectors over \$200,000.

Coles Supermarkets Australia Pty Ltd was also named as a respondent to the litigations.

The Fair Work Ombudsman alleged that Coles knew that trolley collection employees at its sites were not being paid the correct minimum wages and conditions and that the company failed to take effective action to require its trolley service providers to comply with workplace laws.

Mr Campbell announced today that the Fair Work Ombudsman would discontinue the legal proceedings as a result of Coles’ preparedness to sign an Enforceable Undertaking in accordance with Section 715 of the Fair Work Act, 2009 and back-pay the 10 trolley collectors almost \$221,000.

“Taxpayers should not have to foot the bill for ensuring compliance by major companies like Coles, so it is pleasing that the company has agreed to accept this responsibility and take immediate action,” Mr Campbell said.

As part of the Enforceable Undertaking, Coles will also establish a \$500,000 fund that will be used to back-pay any other trolley collectors at its supermarkets who are subsequently found to have been underpaid.

In a keynote address in August titled “Risk, Reputation and Responsibility”, Fair Work Ombudsman Natalie James signalled to the supermarket giants that she would hold them accountable for business practices which undermined compliance with federal workplace laws.

She flagged increasing use of Section 550 of the Fair Work Act to go up and down the supply chain to scrutinise sub-contracting arrangements, warning that companies found to be profiting from underpaying their employees faced a “very real risk to reputation and impact on their bottom line”.

“If a business is interested in looking down the supply chain and taking responsibility for what is going on within it, then the Fair Work Ombudsman would love to have a conversation about how we can help,” she told an Australian Labor and Employment Relations Association (ALERA) conference.

In signing an Enforceable Undertaking, Coles concedes there was a lack of visibility and transparency surrounding its former contract arrangements for trolley collection services.

“The model was vulnerable to the exploitation and underpayment of employees of trolley collection contractors and sub-contractors,”

Coles states.

The company has announced that it has since brought trolley collection services “in-house” at more than 400 stores and that this will be extended to all supermarkets throughout Australia within two years.

Coles has set up a special “hot line” in its head office for store managers to escalate any ongoing complaints or concerns from trolley collectors about their wages and conditions. Managers will also undertake workplace relations training.

Coles will investigate and finalise all complaints within 28 days and provide ongoing reports to the Fair Work Ombudsman about its findings and the outcomes.

Over the next two years, Coles will randomly audit the wages of at least 20 per cent of trolley collectors employed by more than 60 sub-contractors of its primary trolley collection service provider, United Trolley Collections (UTC).

United Trolley Collections has already entered into its own Pro-active Compliance Deed with the Fair Work Ombudsman and is committed to taking all “reasonable steps” to ensure its sub-contractors are compliant with workplace laws.

Under the Enforceable Undertaking, Coles further acknowledges that:

- It is responsible for compliance with all aspects of the law across its business operations, and
- It has an ethical and moral responsibility to ensure all entities and individuals directly involved in the conduct of its business comply with the law and meet community and social expectations to provide equal, fair and safe work opportunities.

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Find out more:

- [Push to End Exploitation of Trolley Collectors \(www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2014-media-releases/august-2014/20140829-trolley-collectors\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2014-media-releases/august-2014/20140829-trolley-collectors)

Download:

- [Coles Australia Pty Ltd Enforceable Undertaking \(DOCX 239.6KB\) \(www.fairwork.gov.au/ArticleDocuments/837/coles-supermarket-australia-enforceable-undertaking.docx.aspx\)](http://www.fairwork.gov.au/ArticleDocuments/837/coles-supermarket-australia-enforceable-undertaking.docx.aspx) (PDF 2.6MB) (www.fairwork.gov.au/ArticleDocuments/837/enforceable-undertaking-coles-supermarkets-australia.pdf.aspx)

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