

Melbourne hairdressers fined \$70,000 for underpaying young apprentice \$8625

27 October 2014

The operators of a chain of Melbourne hairdressing salons have been fined a total of \$70,224 for underpaying a young apprentice \$8625 – with a Judge saying the penalties send a message that “it does not pay to underpay workers”.

Melbourne men Paul Mark Salter and George Dimaris have each been fined \$10,032 and their company Cuts Only The Original Barber Pty Ltd has been fined a further \$50,160.

Judge Heather Riley imposed the fines, in the Federal Circuit Court in Melbourne, after the men admitted their company underpaid a 21-year-old apprentice at the GP Studio salon, at the Chadstone shopping centre, in 2012.

The penalties are the result of litigation by the Fair Work Ombudsman.

Judge Riley said there was a considerable need for deterrence of underpayments in the hair and beauty industry.

“It is important that a message be sent, both to the respondents and the industry generally that failure to pay workers their correct entitlements is not economic,” Judge Riley said.

“The penalties should be set at a level that means that it does not pay to underpay workers.

“Employers should be discouraged from calculating that they will be able to get away with underpayments often enough for it to be worth their while financially.”

The apprentice was underpaid her minimum hourly rate, overtime rates, annual leave entitlements and penalty rates for weekend and public holiday work.

Fair Work inspectors commenced an investigation after she lodged a complaint in late 2012 – and she was back-paid by Cuts Only The Original Barber only after the Fair Work Ombudsman commenced legal action.

Judge Riley dismissed the respondents’ claim that they had been misinformed about their payment obligations, finding that the case involved deliberate underpayment of a young employee who was vulnerable because of the need to finish her apprenticeship.

“The respondents persisted in seeking to excuse their behaviour with weak evidence about being misinformed,” Judge Riley said.

“They do not appear to have accepted that it was their responsibility to ascertain the correct information.”

The apprentice had also previously lodged an underpayment complaint in 2011, which resulted in Cuts Only The Original Barber back-paying her \$2000.

Judge Riley noted that Cuts Only The Original Barber, which operates 17 salons, and associated companies had been the subject of 10 underpayment complaints between 2006 and 2012, each resolved by way of payment to employees.

Fair Work Ombudsman Natalie James said the fact that the company had been advised a number of times of the need to pay employees their lawful minimum entitlements was a key factor in the decision to commence legal action.

“We like to work with employers to resolve inadvertent underpayments when they occur but we will not tolerate repeat and deliberate underpayments of employees,” Ms James said.

“These operators had been clearly put on notice and they chose not to comply.”

Ms James said the involvement of a young worker was a concerning aspect of the case.

“Young workers can be vulnerable if they are not fully aware of their workplace rights or are reluctant to complain, so we have a very low tolerance for employers who show disregard for young employees’ rights,” she said.

Employers and employees seeking advice or assistance should visit www.fairwork.gov.au or contact the Fair Work Infoline on 13 13 94.

A free interpreter service is available by calling 13 14 50.

Helpful online tools include PayCheck Plus to assist business owners and employees to determine the correct award and minimum

wages for their industry, templates for pay slips and time-and-wages records and a range of fact sheets on workplace entitlements.

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