

## Woolworths' supply chain in spotlight, with allegations of cleaners being short-changed

23 June 2016

NOTE: Following an appeal, all penalties and findings of breaches against Pioneer Facility Services and Pioneer Contracting Services have been set aside and the Fair Work Ombudsman's proceedings against Pioneer Facility Services and Pioneer Contracting Services have been dismissed. The findings and penalties against OzKorea and Mr Hwang are not affected by the appeal. Please see the [media release relating to the appeal \(www.fairwork.gov.au/about-us/news-and-media-releases/2019-media-releases/august-2019/20190816-pioneer-matter-dismissed-media-release\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/2019-media-releases/august-2019/20190816-pioneer-matter-dismissed-media-release) for more information.

Just weeks after expressing concern about the ongoing exploitation of vulnerable trolley collectors at Woolworths supermarkets, the Fair Work Ombudsman is seeking to shine a light on alleged underpayments in another of the company's supply chains.

The Fair Work Ombudsman today announced it is taking legal action after finding four cleaners at Woolworths supermarkets in Tasmania were allegedly short-changed more than \$21,000 as a result of contractors and sub-contractors flouting workplace laws.

The Fair Work Ombudsman has been investigating Woolworths' arrangements for cleaners at its Tasmanian supermarkets since September, 2014 and the findings are expected to be published late this year.

A separate Inquiry into the procurement of trolley collection services by Woolworths has finished and the findings and recommendations will be published shortly.

The Fair Work Ombudsman recently commenced legal proceedings against two of Woolworths' trolley collection providers:

Media release: [Trolley collector allegedly underpaid \\$26,000 \(www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/may-2016/20160523-green-world-litigation\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/may-2016/20160523-green-world-litigation) .

Media release: [Trolley-collection company faces Court \(www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/may-2016/20160517-civic-national-litigation\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/may-2016/20160517-civic-national-litigation) .

Fair Work Ombudsman Natalie James flagged in a keynote address late last month that she would use "all the levers available to us to protect vulnerable workers at the bottom of supply chains".

"Outsourcing is a legitimate business arrangement - but in my experience, in highly competitive markets for low-skilled work, it also increases the risk that workers will be underpaid, sometimes quite deliberately," Ms James said.

(A view from the top - building a culture of compliance in Australia's labour supply chain - address by Natalie James to ALERA, 27 May, 2016: Visit [Speeches \(www.fairwork.gov.au/about-us/news-and-media-releases/speeches/speeches\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/speeches/speeches) )

In its latest proceedings, the Fair Work Ombudsman is taking Federal Circuit Court action against major national cleaning company Pioneer Facility Services Pty Ltd, which formerly held contracts with Woolworths to provide cleaning services at numerous supermarkets throughout Australia, as well as a subsidiary company, Pioneer Contracting Services Pty Ltd.

Also facing Court is Sung Gun Hwang and his company OzKorea Pty Ltd, who formerly sub-contracted to provide cleaning services at four supermarket sites in Tasmania at Deloraine, Georgetown, Riverside and Mowbray.

Mr Hwang and OzKorea allegedly directly employed and underpaid the four workers, including three Korean nationals, between January, 2014 and January, 2015.

The Fair Work Ombudsman alleges that Pioneer Facility Services and Pioneer Contracting Services were accessories to the underpayments because they knew or should have known the sub-contract prices were not sufficient for Mr Hwang and OzKorea to meet minimum employee entitlements.

Pioneer Facility Services and Pioneer Contracting Services allegedly made no effort to check whether Mr Hwang and OzKorea paid their employees correctly.

The underpaid workers, including young international students aged under 20, allegedly received flat rates of \$14 to \$15 an hour.

Under the Cleaning Services Award they were allegedly were entitled to be paid \$22 to \$23 for normal hours and penalty rates ranging from \$26 to \$47 for weekend, overtime and public holiday work.

Mr Hwang allegedly provided Fair Work inspectors with false time-and-wages records purporting to show employees had been paid higher rates than was actually the case.

Workplace laws relating to payment of loadings, minimum engagement periods, pay-slips, engaging employees in writing and frequency of pay were allegedly also contravened.

Ms James says a decision was made to commence legal action because of the involvement of vulnerable workers and the employer's failure to rectify the alleged underpayments.

OzKorea faces maximum penalties of up to \$54,000 for some contraventions and \$27,000 for others and Mr Hwang faces maximum penalties of between \$5400 and \$10,800.

The Fair Work Ombudsman is also seeking Court Orders requiring Mr Hwang and OzKorea to fully rectify the alleged underpayment of the four employees.

A directions hearing is listed in the Federal Circuit Court in Hobart on August 4.

In a separate matter, the Fair Work Ombudsman last month commenced legal action against Pioneer Personnel Pty Ltd, which is also a subsidiary of Pioneer Facility Services, and Pioneer Personnel sole director Aaron Leigh Dickinson.

In that matter, it is alleged that Pioneer Personnel contravened the Fair Work Act by short-changing nine employees it supplied to clean Myer stores at Chadstone, Doncaster and the CBD in Melbourne; the CBD in Hobart and Maroochydore on Queensland's Sunshine Coast in 2014.

The total alleged underpayments are more than \$18,000, see: [Cleaners at Myer stores allegedly underpaid \(www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/may-2016/20160530-pioneer-personnel-litigation\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/may-2016/20160530-pioneer-personnel-litigation) .

The Fair Work Ombudsman also recently called on cleaning contractors to pay greater attention to wage rates after another of the Agency's national campaigns found cleaning businesses continuing to short-change their workers. See: [Cleaning industry compliance needs to improve \(www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/may-2016/20160513-cleaning-compliance-campaign-presser\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/may-2016/20160513-cleaning-compliance-campaign-presser) .

In May, the Agency released its findings into the procurement of house-keeping services by three major chains operating 4 and 5-star hotels. See: [Statement on outcome of Inquiry into the housekeeping services of 4 and 5-star hotels \(www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/may-2016/20160520-hotel-housekeepers-inquiry\)](http://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2016-media-releases/may-2016/20160520-hotel-housekeepers-inquiry) .

Ms James says the Fair Work Ombudsman has been working with key industry participants as part of a Cleaning Accountability Framework to promote a culture of compliance with workplace laws.

Ms James encouraged employers with concerns about whether their workplace practices were appropriate to visit [www.fairwork.gov.au](http://www.fairwork.gov.au) or call the Fair Work Infoline on 13 13 94 for advice.

An interpreter service is available by calling 13 14 50, and information on the website is translated into 27 languages.

Follow Fair Work Ombudsman Natalie James on Twitter [@NatJamesFWO](https://twitter.com/NatJamesFWO) (<http://twitter.com/NatJamesFWO>) , the Fair Work Ombudsman [@fairwork\\_gov\\_au](https://twitter.com/fairwork_gov_au) ([http://twitter.com/fairwork\\_gov\\_au](http://twitter.com/fairwork_gov_au)) or find us on Facebook [www.facebook.com/fairwork.gov.au](http://www.facebook.com/fairwork.gov.au) (<http://www.facebook.com/fairwork.gov.au>) .

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Media inquiries:

Annie Lawson, Media Adviser

Mobile: 0466 522 004

[annie.lawson@fwo.gov.au](mailto:annie.lawson@fwo.gov.au) (<mailto:annie.lawson@fwo.gov.au>)

## Contact us

Fair Work Online: [www.fairwork.gov.au](http://www.fairwork.gov.au)

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