Australian Financial Review, Australia
20 Feb 2020, by David Marin-Guzman

General News, page 1 - 890.00 cm²
National - circulation 38,015 (MTWTF--)

ID 1236628580 BRIEF AMMA INDEX 1

Wesfarmers faces 'Bundy clock' solution

David Marin-Guzman
Workplace correspondent

Wesfarmers chief executive Rob Scott has declared businesses have no choice but to return to clocking-on systems for managers if they want to deal with the "incredible complexity" of pay rules in the workplace.

The retail giant joined other major businesses that have been forced to overhaul processes to cope with new timesheet rules for salaried staff, which payroll specialists have described as the most onerous and far-reaching workplace requirements in a decade.

New award rules coming into effect on March 1 will force employers across a dozen industries to record the start and finish times as well as unpaid breaks of salaried staff, from administrative employees to law graduates to accountants.

Mr Scott revealed yesterday that a detailed audit across the group's businesses had found Target stores had underpaid salaried staff $9 million over 10 years.

The underpayments were primarily due to managers working long hours or penalty-rate periods that reduced their hourly rate below the award minimum.

Salary underpayments have already resulted in $20 million in backpay at Coles, up to $300 million at Woolworths and were among the primary reasons behind the $7.8 million wage underpayment bill across George Calombaris' restaurant empire.

Mr Scott said businesses had had to introduce "very significant changes in processes" to reduce underpayment risks and the "only way" to deal with the issue was returning salaried staff to clocking-on systems.

"Unfortunately, I don't think there's a

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Wesfarmers faces timesheet solution

way around that. In order for everyone to fulfil their obligations there must be some form of clock on, clock off if there are to be review and cross-checks of salary and award levels," he said.

"[That's the case] particularly in some roles where people are actually putting in the extra hours for a range of reasons, [such as] their own desire to develop their career, the demands of the businesses or seasonal issues."

Ben Thompson, lawyer and CEO of people management platform Employment Hero, said the new rules were "the most onerous and widespread change to Australian employment law since 2009 when the Fair Work Act was introduced".

"The overarching takeaway is that nearly 1 million Australian businesses will be affected, meaning most business owners are at risk of serious consequences if they do not comply," Mr Thompson said.

Australian Payroll Association chief executive Tracy Angwin agreed, saying businesses without capacity to record hours had been forced to purchase whole new workplace systems to adapt.

"It's a complete overreaction. It's hitting an ant with a sledgehammer."

Ms Angwin said the association's white-collar clients were concerned the rules would change the culture of trust and flexibility in the workplace.

"All of a sudden these employees, who up until now have been trusted to manage their own time, have been asked to fill out timesheets. There's a cultural shift there where employees feel like now I'm being clock watched."

The oil and gas sector, where engineers and technicians on $150,000 a year will be forced to clock on and off, is also struggling with changing their systems.

The Australian Mines and Metals Association said many of its members had been forced to resort to manual timesheets as their existing swipe in/swipe out systems only indicated site access, not hours.

AMMA chief executive Steve Knott said the rules were "creating administration for administration's sake".

"Employers are having to overhaul their payroll processes and spend thousands on new systems and legal advice on the construction of new employment contracts," he said.

He said most parts of the resources and energy industry had moved away from time-stamping practices in the 1970s and 1980s.

"Through this decision the Fair Work Commission is dragging us back to the 1970s, asking employers to look over the shoulders of their people and note their exact start and finish times, paid and unpaid meal breaks."

However, University of Melbourne law professor John Howe rejected the criticisms and said the changes just made explicit general obligations to ensure salaried staff were not underpaid.

"They've always been there," he said. "[Employers] will now just have to make more effort to show they're complying."

Mr Scott told reporters the spate of underpayments in big retailers "reflects the incredible complexity of the systems we're dealing with".

"But complexity is no excuse, we need to get this right."

Asked about the government's proposals for new underpayment penalties, including disqualifying company directors, Mr Scott said he believed the current system could work.

"I'm not sure more punitive penalties are going to change behaviour at all," he said. "I think we're aware it's being an issue and corporate Australia is get-

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ting on with fixing it up."

Shop Distributive and Allied Employees Association national secretary Gerard Dwyer said the Target announcement showed "underpayment of wages is now a full-blown epidemic".

"As [Industrial Relations Minister Christian] Porter notes, it is not good enough for big companies with sophisticated accounting systems to claim complexity is the problem," he said.

"They have no trouble calculating how little tax they should pay down to the cent. It should be just as easy for them to pay their workers what they have earned."

With Hannah Wootton

Mike Whyte, a director of Melbourne-based BundyPlus, one of the country's last Bundy clock manufacturers, says there's been a spike in inquiries since worker underpayment incidents by employers. The company offers biometric clocks with fingerprint scanning and a mobile app so workers can record their hours and location on their phone. ▶ **News p6** PHOTO: ARSINEH HOUSPIAN

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Pay maze

Underpayment of employees by big business

Company	Total underpayment	Reason given	Number of staff affected	Duration of problem (years)
Woolworths	$200m - $300m	Underpaying managers on annualised salaries	5,700	9
Super Retail Group	$43m	"Ultimately this is a breakdown in processes and controls". Salaried staff underpaid	4,500	6
Michael Hill Jewellers	$10m to $25m	"We misapplied it, we'll apply it correctly moving forward"	2,000	6
ABC	$23m	"An error in how penalty rates should have been calculated"	2,500	6
Coles	$15m	"Unintentional" underpayment of salaried managers	~600	6
CBA	$10m to $15m	"These errors relate to our previous HR and payroll systems"	8,000	Unknown
Wesfarmers Industrial & Safety	$15m	"These were inadvertent errors"	6,000	9
Target	$9m	Underpayment of salaried staff	Unknown	10
George Calombaris' Made Establishment	$7.8m	Primarily underpaying staff on annualised salaries	542	6
Thales	$7.6m	Primarily underpaying staff on annualised salaries	407	7
Bunnings	$3.8m	Not paying super on overtime for part-timers	40,890	8
Sunglass Hut	$2.3m	"Inadvertent contravention" of award's overtime entitlements	620	6
Qantas	Avg $8000/worker	"An error, plain and simple"	55	Unknown

SOURCE: FINANCIAL REVIEW

Wesfarmers CEO Rob Scott: "We need to get this right." PHOTO: TREVOR COLLENS