

Media Release

15 April 2010

Hobart security company owners fined \$136,900 for underpaying workers

Two Hobart security company owners with a history of underpaying workers have been fined a record \$136,900 for their latest breach.

Neil Stewart Ruut and his wife Cindy Michelle Ruut, of Blackmans Bay in Hobart, jointly received the fine in the Federal Magistrates Court.

Federal Magistrate Frank Turner imposed the fine after the Ruuts admitted they were involved in their company, Security Protection Services Pty Ltd, underpaying 47 workers a total of \$170,000 from March 2006 to June 2008.

Federal Magistrate Turner found the Ruuts were involved in 148 contraventions of workplace laws.

The Ruuts' fine, which they must pay within 60 days, is the result of a prosecution by the Fair Work Ombudsman.

It is the biggest fine the Agency has secured against individuals, although the Agency has secured bigger fines against companies.

Security Protection Services went into liquidation in January this year, preventing the Fair Work Ombudsman from continuing its prosecution against the company.

Fair Work Ombudsman Tasmanian Director Glenn Jordan says the case sends a message that ripping-off employees is a serious offence that will not be tolerated.

"We are committed to pursuing individuals who engage in this sort of conduct and holding them to account, even if their company folds," Mr Jordan said.

In his judgment on the case, Federal Magistrate Turner said businesses operated by the Ruuts have "had extensive involvement in breaching employee entitlements in the security industry".

He said security companies Neil Ruut had been involved with had been the subject of four separate underpayment proceedings in the Tasmanian Industrial Commission in the past 15 years, with each case involving the Commission ordering that underpaid workers be back-paid thousands of dollars.

Federal Magistrate Turner said Cindy Ruut had less involvement than her husband in these cases - but said the husband and wife were "equally responsible" for the underpayment of the Security Protection Services employees.

"Past cases remove the ability to claim that the underpayments were accidental or made without knowing of the care required," Federal Magistrate Turner said.

"There is no proof that the underpayments were deliberate but they were at the very least careless, they appear to have occurred wantonly."

The Fair Work Ombudsman started investigating Security Protection Services in October 2007 after receiving a complaint from an employee of the company.

Inspectors found the company had been paying employees a flat rate for all hours worked, resulting in underpayments of their casual loadings, minimum shift pay, leave loading, weekend and public holiday rates, overtime and shift allowances.

Federal Magistrate Turner criticised the Ruuts for leasing a Landcruiser and BMW at a total cost of more than \$170,000 after inspectors alerted them to the underpayments.

“Instead of attempting to rectify the underpayments, (Mr and Mrs Ruut) chose to enter into motor vehicle leases,” Federal Magistrate Turner said. Security Protection Services rectified only \$36,000 of the underpayment of the workers before going into liquidation, leaving \$134,000 outstanding.

Mr Jordan says if it is assessed that the outstanding entitlements can not be recovered through the liquidation process, the Fair Work Ombudsman will consider applying for a Court Order this month for the fines imposed on the Ruuts to be paid to the Security Protection Services workers who are still owed money.

The biggest amount still owing to an individual worker is \$22,000. The Fair Work Ombudsman recently completed audits of 256 security industry businesses as part of a national campaign and found 126 (49 per cent) were not complying with workplace laws and that workers had been underpaid \$453,000.

Sixteen Tasmanian security businesses were audited as part of the campaign, with inspectors finding 10 (62 per cent) were non-compliant and that workers had been underpaid a total of \$42,000.

The Fair Work Ombudsman promotes harmonious, productive and co-operative workplaces. It also monitors compliance and investigates breaches of national workplace laws.

Employers or employees seeking assistance should contact the Fair Work Infoline on 13 13 94 or visit www.fairwork.gov.au For translations call 13 14 50.

NOTE

- The previous biggest fine the Fair Work Ombudsman has secured against an individual was in the case of Adelaide company Saya Cleaning, where sole director Yousef Jelil was fined \$48,000 and the company was fined \$240,000. The combined \$288,000 fine remains the highest secured in an individual case.
- The biggest fine the Fair Work Ombudsman has secured in Tasmania is against TKM Investments Pty Ltd, where the company was fined \$201,300 and company director Grania Kathleen Loone was fined \$40,260.