

The Payroll and Rostering Mistakes That Could Cost More Than \$100 Million

By John Girardi

In September 2025, the Federal Court delivered a landmark decision that sent shock waves through the world of Human Resources. In that case, the rostering arrangements for salaried employees at Woolworths and Coles were found to have resulted in many of these employees being underpaid, even though they appeared to be on good salaries. The ramifications of this decision is likely to cost hundreds of millions of dollars in back payments.

This isn't a supermarket problem. It's a compliance risk that all business owners need to be aware of.

With salaried employment contracts, salaries are usually stated in annual terms. For example, an employee might be paid an annual salary of \$80,000 plus superannuation. The salary is designed to compensate the employee for things like overtime rates, shift penalties, and annual leave loading. It doesn't mean the employee isn't paid these entitlements – legally they have to be paid – but they are rolled up into the salary.

Having worked in the Human Resources field for more than 30 years, I've assisted many employers with drafting salaried employment contracts. When I've thought about these contracts and how they work, I've always thought in terms of the annual amount paid to the person. But this recent Federal Court decision makes it clear that we need to think of the salaries paid to employee in terms of the pay periods they are paid in. For example, if you pay your employees fortnightly, you need to think of the salary in terms of what it covers for each and every fortnight.

The Federal Court decision makes it clear that employees must receive their full award entitlements in each pay period—not averaged out over the year.

The Federal Court rejected the idea that the salary paid over an entire year could be used to pay for any shortfall that occurred in any single pay period (i.e. in each pay fortnight or in each pay week).. This means that if an employee works a lot of extra hours in a particular pay period, for example because you are short staffed, the pay they receive for that pay period needs to at least be equal to or above what they would have been paid under the Award. You can't rely on the fact that they are ahead of the Award when looked at for the entire year.

Each pay period needs to stand alone. Employees must be paid at least as much as, or more than, they would have been paid if paid at Award rates, including overtime and shift penalties, in every pay period. Basically, overpayments in one pay period cannot be used to fix underpayments in another pay period.

Why This Matters in the Automotive Industry

This goes directly to common industry practice in many industries, including the automotive industry, such as:

- Flat hourly rates for technicians
- Salaries for service advisors
- "All-in" salary packages for managers

Many of these arrangements rely—often unknowingly—on the exact logic that the Federal Court has rejected.

The Death of "Set and Forget" Salaries

A key problem identified in this case was that employers did not track or reconcile what employees actually worked against what they were paid. There was a lot of criticism of the record keeping, which made it difficult to determine if underpayments had occurred.

What became clear is that, if challenged, employers need to have records that can defend against an underpayment claim. They need to be able to show:

- A. The hours worked and how these hours are categorised, such as ordinary hours, additional hours, and hours attracting penalty rates.
- B. If challenged, the employer will need to show how the hours worked would have been paid if strictly following the Award, compared to how they were actually paid – so that any underpayment can be clearly identified.

The Court found that employers cannot pay a fixed salary, then ignore the actual hours worked and assume that the salary will cover everything.

Record-Keeping: The Silent Liability

One of the most overlooked parts of the decision relates to record-keeping.

The Court identified failures in:

1. recording overtime hours properly;
2. recording penalty rates and allowances; and
3. maintaining accessible, interpretable payroll records.

Critically, rosters and clock-in data were not enough to defend against the claims of underpayments. Records must clearly show how entitlements were calculated – basically the records need to be categorised into ordinary hours, shift hours, and overtime hours, etc.

Importantly, where there are failures in record-keeping, the employer faces a reverse burden of proof—meaning that the employer must disprove the underpayment claims. Basically the claims of underpayment will be accepted unless the employer has records that help disprove the underpayment claims.

What Business Owners and Managers Should Do Now

This decision is likely to be appealed, but in the meantime, in light of this decision, employers should:

1. Audit your salary arrangements

You should ensure that your salaries are covering award entitlements in each pay period and take special notice of the weeks where employees are working additional hours for no extra payments.



Smarter Battery Fitment Solutions

Century Yuasa Batteries (CYB) has announced a major enhancement to its industry-leading Battery Lookup System, partnering with Haynes Pro to deliver an advanced level of battery fitment intelligence that better supports technicians, fitment specialists, and parts professionals.

For decades, accurate battery fitment has been the cornerstone of workshop efficiency and customer satisfaction. Yet as vehicles become more complex – particularly with the rise of hybrid, plug-in hybrid, and electric vehicles (EVs) – the need for precision guidance and up-to-date data has never been greater.

Haynes Pro, part of the Infopro Digital Automotive Group, is widely respected for its OE-sourced technical data used by thousands of workshops worldwide. Their catalogues span ICE, hybrid, and EV segments – including newer European models – offering an ideal fit for CYB’s goal to future-proof its Battery Lookup System.

“This isn’t just a backend upgrade,” said Andrew Bottoms, Marketing Manager at Century Yuasa Batteries. “Users will immediately notice the difference in both

speed and usability. The previous reliance on PDF downloads is gone – replaced with dynamic, browser-based instructions that load instantly on desktop and mobile devices.

“The interface has been refreshed with step-by-step guidance and procedure-specific reference images, making the process more intuitive for users of all experience levels. Whether fitting a battery in a family sedan or navigating reinitialisation procedures of electrical components after battery reconnection in a Euro hybrid, the instructions are clearer and more actionable.”

“By partnering with Haynes Pro, CYB can provide a more intelligent user experience with greater vehicle coverage,” he added.

Unlike many other web-based battery finder platforms, Century Yuasa’s Battery Lookup System stands apart as a complete fitment solution, which allows users to quickly and accurately identify vehicles using rego, VIN, or make and model search. Once selected, it presents all compatible battery replacement options along with an estimated fitment time, helping technicians plan and manage jobs more efficiently.



More importantly, it also provides the necessary detailed fitment instructions, including steps for reinitialising electrical systems and programming the battery management system, to ensure every installation is completed to a professional standard.

“Century’s Battery Lookup System is just one example of how they are making it easier for workshops to deliver quality service with confidence. From intelligent data integration to real-time support, Century Yuasa remains committed to empowering their trade partners with practical tools that streamline everyday operations.”

To see the upgrade in action, contact your Century Yuasa representative on 1300 362 287.

Of course this is one of the main purposes of salaries. Salaried employees are expected to work “reasonable additional hours” for no additional payment. They are paid what should be “good salaries”, that compensate them for working additional hours. However, it is a good idea to do some spot checks from time to time, to make sure that the additional hours your employees are working are not making them worse off when compared to what they would have been paid if paid strictly according to the Award.

And you need to look at each pay period individually.

2. Fix record-keeping gaps

Importantly, if you receive an underpayment claim, your rostering and pay records need to be able to clearly identify where overtime, shift penalties, allowances, and loading would have been paid. You need this information to be able to demonstrate that the salaries you are paying are in excess of the Award.

3. The particular problem of Leave Loading

An important thing to check is Leave Loading. Many employers do not pay Leave Loading as a separately identifiable amount. This is not a problem, providing that 1) your salary is high enough to cover the leave loading, and 2) you have a clause in the employment contract that makes this clear. Under the Vehicle Repair, Services and Retail Award 2020, you have an obligation to pay Leave Loading to employees when they take annual leave.

A potential problem is that the salary you pay may cover all Award entitlements in all pay periods, except in the pay periods when the employee takes annual leave. Leave Loading is 17.5%, which means in the weeks where an employee takes annual leave, they need to either 1) be paid the Award rate plus 17.5%, or 2) be paid a salary that is equal to or exceeds this amount in the pay periods that the employee is on annual leave.

The Federal Court decision is sobering and has caused many of us to think differently about salaried employment, and to wonder if everybody should be on employment contracts that specify hourly rates. For me, salaried employment is always worth it, but we just need to be more mindful about how salaries work and about how we keep records that justify the salaries we are paying.

About John Girardi

John Girardi is a Human Resource consultant who runs Girardi Human Resources. He works with a number of employers in the automotive industry to provide outsourced human resource support, including providing Fair Work advice, drafting employment contracts, performance management, management training, and recruitment.



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