

## Media Statement – MAdE Establishment

3 April 2017

The MAdE Establishment Group has confirmed it has paid \$2.6 million to 162 of its 430 team members this week after a recent external analysis it commissioned confirmed that employees had been incorrectly paid.

MAdE Establishment commissioned the analysis earlier this year after management found discrepancies with the payroll process determining how employees were classified and how overtime was calculated. The historically poor processes in classifying employees led to more than half the affected team members being underpaid and almost half being overpaid their base salary.

However, the analysis identified that all 162 of the impacted team members had not been paid all overtime payments they were entitled to receive.

After an internal review, MAdE Establishment asked professional services firm KPMG, to conduct an analysis, which confirmed a number of team members had been incorrectly paid. MAdE Establishment has now correctly classified all team members who were affected and all entitlements owed to the 162 current and past employees have been calculated and were paid today.

MAdE Establishment CEO Troy McDonagh said to avoid any confusion or dispute, the calculation of payments had been based on employees working a regular 38-hour week, and all overtime calculated at the highest overtime rate of 200%. The company has gone back to 2011 to calculate money owed.

"The payments of money owed to employees varied with the average back-payment to employees just over \$16,000.

"The company prides itself on providing a great learning and working environment for hundreds of people who share its passion for food and family. We are committed to fixing the issue immediately," Mr McDonagh said.

MAdE Establishment Group Director and founder George Calombaris said: "Our amazing team members are the key to our success. I am so sorry we have messed up and let you down on a fundamental issue, which is to ensure our people are paid their full entitlements.

"I am devastated by what has happened, and we have been working extremely hard to fix this. I want to be clear that getting it right means ensuring that every single one of our team members is paid what they are entitled to under the industry award, and that any outstanding money owed to staff is rectified as our highest priority."

Mr Calombaris said the group had grown enormously over the past six years and its internal systems in human resources and payroll were clearly inadequate in dealing with the increased complexity and size of the business.

He also said the company had been alerted by the FWO to an issue with an employee's payments in 2015, which should have resulted in resolution of the system issues sooner. "Regrettably, our attention to detail at that time wasn't at a level it should have been, but we now have a CEO and a Human Resources Manager in place, supported by good processes and systems to properly support the business." Mr Calombaris said.

Mr McDonagh commenced as CEO in October 2016 following a partial change in ownership of MAde Establishment that saw Light Warrior, the private investment company of former Swisse Wellness CEO Radek Sali, become a significant shareholder.

As a result of the change of ownership, Light Warrior appointed two directors to MAde Establishment, Radek Sali and Adam Gregory, with Mr Sali becoming Chairman of the Group.

Mr McDonagh said the payment issue related to permanent staff employed at The Press Club, Gazi, and Hellenic Republic. The problem does not extend to employees at Jimmy Grants.

“Today we advised the Fair Work Ombudsman of the issue, our intention to pay our affected team members today, and that we will work collaboratively with FWO through this process,” Mr McDonagh said.

MAde Establishment has started a process to repay former employees and will be asking former team members who were permanent employees at The Press Club, Gazi, or Hellenic Republic and believe they may have been impacted to contact the company via email at [hrenquiries@madeestablishment.com.au](mailto:hrenquiries@madeestablishment.com.au).

For all inquiries please contact:

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#### About MAde Establishment

MAde Establishment is a dynamic collection of the best restaurants in Melbourne headed by a group of forward thinking restaurateurs. Headed by four directors including renowned chef George Calombaris, the people behind MAde Establishment are more than just colleagues, they are family. The team of chefs, sommeliers, restaurant managers and wait staff work tirelessly to ensure customers get the best restaurant experience – and also have fun in the process. MAde’s philosophy is fantastic food and superior service, using only the highest quality ingredients, the best floor staff to provide service that is second to none. The atmosphere and food differs between restaurants, but the extraordinary hospitality and outstanding quality remain the same. MAde Establishment delivers nothing less.

## Media Statement – MAdE Establishment

12 September 2017

MAdE Establishment has sent a letter to former employees to inform them that all existing claims for outstanding payments would be settled by Friday October 13<sup>th</sup>, 2017.

In April, the company reported to the Fair Work Ombudsman that historically poor processes had led to classifying employees so approximately half the affected team members were underpaid their base salary, approximately half were overpaid their base salary, and others received incorrect entitlements under the Award.

The same day the company paid \$2.6 million to 162 current employees and began a process of reconciling and paying what was owed to former employees.

The letter written by MAdE Establishment CEO Troy McDonagh said that the company would also settle any new claims within four weeks.

Mr McDonagh wrote:

“That process to reconcile and settle claims has been ongoing, with payments to groups of former employees being progressively paid on a weekly basis. The process of identifying, reviewing, reconciling and paying former employees has been complicated and time-consuming, with the review going back six years and in some cases requiring checks across multiple restaurants with varying systems and varying quality of record keeping.”

“The time taken to assess each claim properly and accurately is substantially greater than what we had first anticipated and has required us to continue to commit additional resources into ensuring we correctly reconcile claims as quickly as possible. Having said this, we understand the frustration of those still waiting.”

“To help reduce confusion or dispute, the calculation for all our workers - current and former - has been based on employees working a regular 38-hour week, and all payments calculated assuming each hour above this is calculated at the highest overtime rate of 200%.”

“As we have previously stated, we deeply regret that current and former employees were incorrectly paid.”

“Since commencing as CEO in late 2016, our team has worked hard to improve all our systems and processes to ensure we have a great environment where every single employee is treated fairly and paid what they are entitled to under the Award.”

“We now have the right systems in place that ensure our current employees are paid correctly and will continue to be paid correctly.”

“We thank you for your patience. If you know any former staff member over the past six years who has not been in touch tell them to contact us at [hrenquiries@madeestablishment.com.au](mailto:hrenquiries@madeestablishment.com.au).”

The letter told the former workers that the company had communicated the Friday October 13, 2017 timeline to the Fair Work Ombudsman and will keep them updated on its progress.

## Media Statement – MAdE Establishment

19 October 2017

MAdE Establishment has confirmed all claims for outstanding payments by employees and former employees were settled in full by Friday 13 October 2017.

Further, the MAdE Establishment team is working with a small number of former employees in response to inquiries they have submitted regarding their situation.

In April, the company reported to the Fair Work Ombudsman that historically poor processes had led to the incorrect classification of employees, resulting in approximately half the affected team members being underpaid their base salary, approximately half being overpaid their base salary, and some receiving incorrect entitlements under the Award.

MAdE Establishment CEO, Troy McDonagh, reiterated the company's remorse for underpaying staff, and reaffirmed its commitment to seeing the issue fully resolved for all affected parties.

"As we have previously stated, we deeply regret that current and former employees were incorrectly paid," he said. "While the full settlement of all claims is an important milestone, we remain focused on ensuring any new claims are settled within four weeks of being received."

"I am proud that as a company we took full responsibility for the issue, and we now have the right systems in place that ensure our current and future employees are paid correctly," he said. "We will continue to cooperate fully with the Fair Work Ombudsman as they complete their inquiry."

Former staff members who were permanent employees of The Press Club, Gazi or Hellenic Republic who believe they may have been impacted are encouraged to contact MAdE Establishment at [hrenquiries@madeestablishment.com.au](mailto:hrenquiries@madeestablishment.com.au)

### For all media inquiries please contact:

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