

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.

For all inquiries please contact:

Dan Brown
Marketing Manager MAde Establishment Group
danb@madeestablishment.com.au
0499 202 434

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.