



# Australian Red Cross – Payroll remediation

**Client:**

Australian Red Cross

**Client challenge:**

A wage underpayment issue which over a period of 10 years affected thousands of former and current staff members.

**Grant Thornton services:**

Management Consulting including payroll remediation, payments reconciliation and change management.

The Australian Red Cross is a household name that identified significant payroll discrepancies in 2018, resulting in the underpayment of staff over an extended period.

Grant Thornton was engaged by the Australian Red Cross to support the delivery of a significant program aimed at rectifying the remuneration for both past and present staff members.

The project consisted of a diverse range of activities across three primary work streams:

- Employee remuneration recalculations
- Remediation payments and communications
- Payroll compliance & assurance

**Client challenge:**

The Australian Red Cross is a not-for-profit organisation providing crisis-relief and care to vulnerable people.

Red Cross faced a significant challenge with a wage underpayment issue involving over 20 modern industrial awards and Enterprise Agreements (EA) that affected ~10,000 people over a period of ten years.

With less than 50 per cent of the necessary data, the organisation had to reconstruct a decade's worth of payroll data by person, by day, and by award, while simultaneously developing and implementing internal controls to ensure ongoing compliance.

The final stages of the remediation program, which spanned 4+ years, involved calculating individual remediation amounts, verifying their accuracy through testing, communicating with approximately 10,000 current and former employees, and the processing of payments to those impacted. The mandated timeframes by the Fair Work Ombudsman's Enforceable Undertaking (FWO EU) imposed significant time pressures, which the client lacked the internal capacity and capability to meet.

**The Grant Thornton solution:**

The project was a complex advisory piece with high risk, requiring a high level of trust and expertise.

Grant Thornton delivered comprehensive technical support for the remediation calculations, offered strategic oversight to ensure compliance with legal requirements, and provided program management leadership to help achieve the successful completion of the program.

Grant Thornton mobilised an engagement team of up to eight resources between Sept 2021 – July 2023. This included Associate to Director level team members with both technical and non-technical skillsets. The team quickly and seamlessly embedded themselves in the client's project team and helped to alleviate program bottlenecks to ensure that critical tasks were delivered on time and to a high level of quality.

This strengthened the client's existing team, provided further expertise, and maintained the program intensity the project's stakeholder's required.

Specific activities that Grant Thornton supported included the testing of remuneration calculations, liaising with external consulting firms on behalf of the client, managing payments and communications to current and former employees, assisting in the FWO's mandated external assessment, and producing a detailed post project playbook.

**The outcome:**

The benefits Grant Thornton's team delivered to Red Cross included:

- A successful resolution to the payroll compliance issue.
- The development of a solution that matched the business' needs now and into the future.
- Ensuring all milestones were met and legal boxes were ticked.
- A new payroll system that is stable.
- New internal controls to mitigate the risk of the issue reoccurring.

**Key success factors**

- A trusted partnership – understanding the sensitivity of the project
- Strategic oversight
- Cultural Alignment – the shared values and commitment to community service
- A personalised experience tailored to the specific requirements of the Australian Red Cross

“From an Executive point of view. This was a very complex advisory piece. High risk, very high trust, very high complexity, and very high pressure.

We're very grateful to the firm for working with us during that period of time and providing us with some really, really fantastic people to work with.”

Lloyd Doddridge  
Chief of Future Directions – The Australian Red Cross



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