

Spotlight magnates lost \$15m fight

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By Brad Norington

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TWO wealthy brothers accused of using John Howard's workplace laws to sign away employees' penalty rates for an extra 2c an hour at their Spotlight retail empire had a \$15 million tax judgment against them after trying to claim a deduction for future staff bonuses.

The Federal Court upheld the Tax Commissioner's rejection of an attempt by businessmen Ruben Fried and Morry Fraid to put \$15 million in income from their \$300 million Spotlight fabrics chain into a trust earmarked for annual staff bonuses.

Less than two years after the court battle, the brothers are deep in fresh controversy over their attempts to save millions more by asking company employees to sign away penalty rates and other conditions in return for a 2c-an-hour payrise.

Mr Fried and Mr Fraid were unrepentant yesterday in the face of claims by Labor and unions that their wage offer was "a disgrace".

While making the offer to new employees, they hope to eventually compete with other rag-trade retailers on labour costs by spreading similar deals to all 5000 employees at their stores.

National Retail Association executive director Patrick McKendry, representing the brothers while they are overseas, said Spotlight would stick to plans offering workers pay rates that started at the minimum legally allowed under new Howard laws.

"The company is taking the Government at its word and empowering area managers to negotiate with staff," he said.

Spotlight's firm line came as Kim Beazley yesterday condemned the company's pay deals.

Speaking outside a Spotlight store in Sydney's Bondi Junction, the Opposition Leader said the company's contracts, which offered a flat hourly rate and no overtime or penalty rates, were the beginning of a race to the bottom "towards Chinese and Indian wages".

"No overtime, no increased payment when you work public holidays - but an obligation to work on public holidays," he said. "And on top of that you've got a very much more paltry salary coming out of it, and difficult hours."

Mr Fried and Mr Fraid, who say they have different surnames because a schoolteacher once got them wrong, rate jointly on BRW's Rich 200 list for Australia's wealthiest individuals at No86 with a fortune valued at \$340 million.

Born in Europe, they migrated with their families to Australia after World War II.

They amassed their wealth after starting at the bottom in 1973 with one do-it-yourself Spotlight fabric and curtain store in Malvern, in Melbourne's eastern suburbs.

The company has since grown to almost 100 stores around the country and employs more than 5000 staff. Its annual growth is running at 7 per cent.

Under workplace laws introduced by the Howard Government in March, employers can offer jobs for the first time with a minimum hourly rate and no compensation for eliminating penalty rates, overtime, public holidays, shift loadings, bonuses, leave loadings and rest breaks.

Employers can offer the same arrangement to serving staff, netting big savings, when their contracts or agreements are due for renewal.

One Coffs Harbour woman, Annette Harris, was offered an individual contract with Spotlight paying 2c an hour above the minimum award rate of \$14.28 in return for signing away most of her conditions.

Her union estimates she would have lost \$90 a week compared with serving employees if she accepted the job.

Workplace Relations Minister Kevin Andrews yesterday defended the company, saying it had been able to employ more people as a result of flexibility allowed by new laws.

Mr Andrews said the company had opened a new store in western Sydney and hired many unemployed people whose income was boosted from \$205 a week on the dole to \$543.

"Now that's real money," Mr Andrews said.