

Baiada

select poultry

Committee Secretary
Senate Education and Employment Committees
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Parliament House
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September 7 2015

Dear Committee Secretary,

RE: Baiada Submission: Inquiry into the impact of Australia's temporary work visa programs on the Australian labour market and on the temporary work visa holders.

Thank you for the opportunity to provide our submission to the Committee's inquiry into the impact of Australia's temporary work visa programs on the Australian labour market and on temporary work visa holders.

Baiada is Australia's largest poultry company, employing over 6000 workers across Australia, many of whom are in rural and regional areas. We are one of regional Australia's largest employers and have strong relationships with our local communities. Contractor employed process workers at our processing plants are only a small proportion of our national workforce, comprising approximately 10%.

The Committee's deliberations are pertinent to Baiada following recent reports alleging the exploitation of temporary work visa holders by contractors engaged at our processing sites.

The allegations raised were extremely concerning to Baiada. We are committed to stamping out unscrupulous contractors from the industry and to ensuring that all contractor process workers at our sites, including temporary work visa holders, receive their full benefits and entitlements under the law.

We thought the Committee might wish to be informed of the measures that we have implemented in response.

We have spent much of the past 14 weeks investigating the contractors operating at our sites and instituting what we believe are some of the most stringent contractor-oversight measures in the industry. A more detailed discussion of these measures is outlined below but in summary the key measures we have introduced include:

- Termination of contractors who failed to satisfy us that they could comply with their obligations under relevant workplace laws.
- Prohibition on any further subcontracting arrangements by contractors.
- Introducing electronic time keeping for contractors' process workers at processing sites.

- Ensuring contractors pay their workers at the rate prescribed by the law for the correct amount of hours worked.
- Commitment to ongoing regular audits of contractors' records and other spot checks to ensure contractor compliance with workplace and immigration laws.
- Implementing systems that allow contractors' process workers to easily and safely report contractor breaches.
- Delivery of important workplace information in a range of different languages.

Most importantly, to safeguard against underpayments by contractors occurring at our processing facilities, Baiada has implemented a system whereby contractors are required to outsource payroll services to Baiada and we then calculate the correct wages based on Kronos electronic time records and transfer those wages directly into the process workers' bank accounts. This measure means that contractors have no direct role in the payment of wages to process workers at Baiada's processing sites.

These are robust and effective measures and we were pleased to read recent comments by Grant Courtney, the Secretary of the Newcastle and Northern Branch of the Australasian Meat Industry Employees Union (AMIEU) who said there had been an "unprecedented" and "staggering" turnaround with our changes. (Source: "Union reports 'staggering' turnaround in conditions for chicken processing workers, ABC Online Posted July 22nd 2015 & "'Unprecedented turn around' for Tamworth processing workers" ABC New England North West by Kelly Fuller July 23rd 2015)

The specific measures that we have introduced since May 2015 to ensure rigorous contractor compliance are;

- (1) Termination of Contracts: Baiada terminated agreements with 3 contractors, comprising 50% of our contract processing workforce, because those contractors could not demonstrate that they had sufficient systems in place to ensure compliance with workplace laws. The 600 affected workers agreed to move from the contractors to an agency employment provider and nearly all are still working at our sites.
- (2) Responsibility for Payroll: To ensure that no underpayments occur at our processing sites we now require the remaining contractors to appoint Baiada to deposit wages directly into contractors' workers' bank accounts. All wages now go straight to the contractors' workers, bypassing the contractors all together.
- (3) New Contracts: We have entered new contracts which will better assist us in confirming that contractors' workers are being paid correctly. These new contracts have provisions requiring contractors to improve record keeping, increase transparency, provide detailed reporting, obtain certificates of compliance from

external accounting professionals and allow third parties to conduct audits of their books.

- (4) Prohibited "down the line" subcontracting: Only entities that are in a contractual relationship with Baiada may engage workers at our sites. Baiada's contractors are prohibited from further subcontracting unless they receive express written permission to do so from Baiada's Managing Director. This measure has been designed to stamp out unapproved "down the line" subcontracting of Baiada's work and makes it extremely difficult for contractors to avoid their obligations under their contract with Baiada by engaging a subcontractor.
- (5) Introduced Electronic Time Keeping: Baiada has introduced electronic time keeping for contractors' process workers across its processing sites. All contractor employees now swipe in and out using the Kronos system that provides an electronic record of the worker's time and attendance at the site. Baiada now utilises the data we receive from the Kronos system to check that no contractor employee has been forced to work excessive hours or is underpaid for the hours they worked.
- (6) Multilingual Information: Workplace policies, procedures and information, including complaints processes, are now published in a range of languages at Baiada's processing sites. This includes information distributed in Mandarin which is spoken by a number of visa workers at our facilities. In addition, we have established an onsite translation service and now also provide newly inducted workers with the Fair Work Ombudsman's (FWO) work rights pamphlets when they commence work at a site.
- (7) Identification Measures: We first confirm that contractors' process workers have the correct visa status before they are able to commence work at Baiada processing sites. Checks are carried out by HR/IR specialists who review birth certificates and passports using the Department of Immigration's Visa Entitlement Verification Online (VEVO) system. Once the VEVO checks are completed, the workers are issued with a Photographic ID Card showing their name, employer and work rights status. We recently conducted additional checks of the contractors' workforce to confirm that they are complying with visa restrictions relating to hours of work or length of engagement. We will conduct another such check before the end of 2015.
- (8) Third Party Auditing: All of Baiada's contractors must commission third party audits of their workers' payroll records. Contractors are now required to bi-annually provide Baiada with a certification of compliance from their external accountant. These audits are designed to ensure that the contractors' workers are working the hours, and are subject to the conditions, that the contractors claim. We have also begun conducting "on the floor" spot checks to certify contractor compliance with workplace and immigration laws.
- (9) Workplace Consultants: Many of these reforms have been undertaken on the advice of specialist workplace advisors. We have taken advice from a leading Australian

legal firm and will continue to seek advice and to audit our systems and processes to ensure that they are effective. We are also prepared to have independent third party auditors conduct an audit in order to confirm all of these measures are in place and working.

(10) Local Employment Opportunities

We have recently been approached by union representatives who have put us in contact with young unemployed individuals who wish to get a start at one of our facilities. Baiada is very proud of its history of fostering local employment opportunities in the areas where it is located and should the candidates pass our induction programs we will give them a job. We look forward to further correspondence with local communities and appreciate any local job-seekers being recommended to us.

(11) Stakeholder Collaboration: Baiada intends to broaden its stakeholder engagement to more regularly include meetings with union representatives, local industry and government agencies. Since the release of its report on June 17th 2015, Baiada has been actively engaging with the FWO in order to secure a "Pro-Active Compliance Partnership" moving forward.

Importantly, many of the recommendations contained in the FWO report were already being implemented by Baiada at the time the FWO report was published. Additionally, the FWO issued its report based on information that was more than two years old and did not include any of the measures we had subsequently implemented. Baiada has requested that the FWO make factual corrections to the report but these are yet to be adopted. Notwithstanding this, however, we would welcome an agreement with the FWO that would include all of the above measures plus

- Rectifying previous underpayments by contractors to their workforce in agreed circumstances
- Registering our contractors' details in full with the FWO
- Allowing FWO inspectors regular access to our sites and to our records.

We look forward to implementing these measures as part of a comprehensive partnership with the FWO.

In addition, we have held constructive meetings in recent times with union representatives and thank them for their input which has also helped to shape our approach.

We are confident that these actions will be effective and will assist in ensuring that temporary visa workers at Baiada processing sites will not be subject to underpayments, excessive hours or denial of their entitlements by contractors. We will be closely monitoring the effectiveness of our measures and will continue to refine them as necessary. We would be happy to demonstrate our initiatives in action on site if required.

This is a sector-wide issue that needs to be addressed in a coordinated manner and we commend the Committee for its work to date. We look forward to the Committee's recommendations being published and we are happy to provide the Committee any assistance it may require in the future.

Kind Regards

Simon Camilleri



Managing Director