

Statement to Senate Select Committee on Job Security

The meat industry, and the meat processing industry in particular, suffers from insecure and precarious employment. Some of that insecurity derives from the nature of the industry, such as the sourcing livestock and inclement weather conditions. However, some of that insecurity is the result of deliberate choices made by employers in the industry to put downward pressure on wages and to inhibit collective workplace organization.

I will deal briefly with the problem of livestock availability, and the nature of the industry. As a result of that inconsistency of supply, employers in the meat processing industry have always had available to them a form of employment known as daily hire. It remains commonly used throughout the meat processing industry, including by almost all the major processors.

The meat industry award allows employers to engage daily hire employees by applying a 10% loading to their base rates of pay. This means that meatworkers can be stood down without pay on any given day. Such stand downs might only be for a day or so for unexpected stock shortages, or unexpected delays in cattle deliveries. But there are times when extended periods of rain or flood can see meat works shut down for weeks or even months at a time. Competition from the live export trade has also led to difficulty sourcing cattle in some regions.

However, the way in which some meat processors utilize daily hire employment has changed over time. Historically, if there was a downturn in the meat industry that was expected to continue for some time, meat processes would downsize their operations and reduce gang sizes so that the reduced gang would have full time work. Those workers at the bottom of the seniority list would be made redundant. It meant that the size of the industry workforce went up or down according to the level of demand for cattle, but those people who remained employed in the industry had reasonably steady work.

Nowadays it has become common for employers not to reduce gang sizes. Instead, the full workforce is retained, but they are effectively converted into part-time workers, with daily hire systems allowing the employer to regularly shut down their plant until they have sourced enough cattle for optimum levels of processing. So, instead of a slightly smaller, but relatively secure workforce, you end up with a larger workforce where everyone's employment has become unpredictable and precarious from one day to the next.

We saw some examples of this in Queensland recently when some abattoirs lost orders because of export licenses being suspended by China.

However, in addition to this, employers have deliberately increased the precarity of the workforce in the meat industry in order to secure industrial outcomes that benefit them.

In our industry this has occurred through a combination of the introduction of labor hire and the use of migrant labour.

In the meat industry labour hire companies were not originally used in this way. For a variety of reasons, including the unreliability of work, the meat processing industry is now one in which there is a reasonably high turnover. Over the last 20 years or so, in a lot of cases labour hire companies have been used by the industry to source new employees. In the past, for the most part, they were not used to reduce wages, and were normally content to pay the same rates of pay that directly employed workers received (invariably under the terms of a certified agreement or enterprise agreement).

However, this changed when the meat processing industry began to source migrant workers.

There is no doubt that Australian processors were trying to replicate the success of the industry in North America in using a migrant workforce to undermine wages and conditions.

In the USA, employers discovered that non-English speaking migrants were vulnerable to exploitation and also vulnerable to manipulation and intimidation over visa status concerns.

The initial efforts of employers in the industry to do this had only very limited success. In part this was due to the success of the union in recruiting and organising many of the skilled migrants, and in part, the Federal government's adoption of specific regulation of skilled meat industry migration in the form of a meat industry labour agreement.

The AMIEU had significant input into the labour agreement but has been excluded from any new developments since about 2013(2014?).

The Meat Industry Labour agreement allowed skilled meatworkers to be brought in where a genuine skills shortage could be proved.

The meat industry used the 417 Backpacker visa to fill its lesser skilled roles. This resulted in a large influx of unskilled temporary migrant workers into the meat industry. These workers were nearly always employed and supplied by labour hire companies.

The extensive use third party labour hire arrangements for short-stay temporary migrant workers facilitated widespread exploitation of these workers. Some of the exploitation include underpayment of wages, failure to observe award conditions, and disregard for workplace health and safety obligations.

Such exploitative practices, which have been wilfully ignored by employers in the industry, afford these labour hire companies cost advantages against employers who observe legislative standards. Intimidation of migrant workers hampers efforts to investigate compliance with workplace legislation.

In Queensland, which is the part of the industry that I know best, labour hire practices included systematic underpayment of basic award conditions, individual flexibility agreements that do not comply with statutory requirements that an employee be better off when compared with the applicable award, inadequate record keeping by the employers,

physical threats and intimidation of visa workers, “phoenixing” of labour hire companies that were liquidated to avoid liabilities, and sham contracting.

In Queensland, this situation has improved in recent years due to the introduction of the States Labour Hire Licensing laws.

However, even where labour hire licensing has helped eliminate the shonky end of the labour hire market, labour hire – even when used lawfully – has a range of negative effects.

The lack of job security is obvious, workers know that if they complain about their situation or seek to exercise their rights, the host processing company simply tells the labour hire company that it will no longer allow that employee to be placed with it.

The labour hire company will say it is not terminating the worker, but no longer has a placement for the worker. In other words, the third-party arrangement effectively subverts an employee’s rights to access unfair dismissal laws.

Labour hire also has the effect of undermining collective bargaining outcomes. No matter what workers can achieve in terms of enterprise bargaining outcomes with an employer, the employer can elect at any time to engage a labour hire company and employ people to do that work at award rates, which are almost always significantly less than enterprise agreement rates. In other words, it is not just labour hire workers who suffer from insecurity of employment, but also those who remain directly employed.

Not only that, the reliance upon labour hire and a temporary migrant workforce has diminished many of the opportunities for locals to pursue a career in the industry.

There are no formal apprenticeships for meatworkers employed in the meat processing sector. The skilled work of boners, slicers, and slaughterers is taught “on the job.” Historically, candidates for training in skilled roles have been selected from the pool of existing employees performing unskilled roles at the establishment.

One of the underlying principles of the temporary skilled migration program was always to allow employers to train and upskill local workers so that reliance on migrant labour can be reduced over time.

This principle has been seriously undermined by the practice of hiring large numbers of short-stay temporary visa holders (primarily, ‘backpacker visa’ workers) in the meat industry.

Such backpacker visa workers constitute a significant proportion of the unskilled workforce. This diminishes the opportunities for local workers to obtain unskilled employment in meat processing establishments, and equally reduces the pool of local workers in the workforce who could be trained for skilled positions. Employers do not train ‘backpacker visa’ workers for skilled roles because of the limited time that the visa worker can remain with any individual employer.

This in turn takes me to the terms of reference of the inquiry as to risks of insecure or precarious work being exposed or exacerbated by the COVID-19 crisis.

In the meat industry, you will hear a lot of talk from employers about the impact of COVID-19 on their business, complaining about it cutting off their access to migrant workers.

For years I have come along to one inquiry after another and pointed out the short-sighted nature of the industry's attitude to training of local workers. The use of temporary migrants in both skilled and unskilled positions in the industry was intended precisely to afford employers the ability to train Australians and reduce their reliance upon foreign labour.

This has not occurred.

In that sense, COVID is not the real cause of the industry's current labour problems, so much as the inevitable outcome of a deliberate strategy adopted by the industry's employers.

I would also like to make the point that the lack of will to enforce regulatory compliance with workplace laws and obligations contributes significantly to a lack of security.

Outside workplaces with a significant union presence, there is no real deterrence to employers behaving with impunity. Employees know they will be sacked if they raise concerns about their pay or entitlements or other workplace rights.

Increasing restrictions on union rights inhibit compliance further. When it comes to underpayment of wages for instance, my organisers can investigate issues that affect our members only. For example: I have been able to identify underpayments at labour hire companies where we might have only a handful of members. The employer might agree to remedy the underpayment in relation to the individual members the union has identified. However, we know that the employer employs hundreds of people, and it is almost certain that they have made the same underpayment to all their employees, but there will be no attempt to correct the deficiencies with non-members, largely because they can be confident the underpayments are unlikely to be detected by anyone with the power to do anything about it.

The final sense in which employment can be considered precarious is that there are quite high levels of workplace injury. Almost all work in the industry is heavy and repetitive. Maintaining the pace of production processes often overrides safety considerations amongst management and supervisory staff, putting workers at risk of injury. If workers are injured, opportunities for redeployment are few, and often find themselves unable to work in the industry again.

The issue is everyone knows the problem is workloads, but injuries continue to be high because no-one has the will to address the real problem.

Pay Slip Explanation

Please find attached payslips and explanation as requested.

Attached are two payslips. Each payslip is for a person who works as a boner at the abattoir operated by Cannon Hill Services Pty Ltd (who trade as "Australian Country Choice" or "ACC") at Cannon Hill, one of Brisbane's eastern suburbs.

It would be appreciated if names of the two employees could be redacted. I refer to the names below in order to make it clear who I am speaking about, but for obvious reasons the employees would prefer their names are not made public.

ACC is an establishment at which there has been high union membership and good enterprise bargaining agreements negotiated by union representatives.

The employer, unable to achieve what it wants through enterprise bargaining, has resorted to undermining those enterprise agreements by the use of labour hire employees. This company is not even the worst offender in terms of its use of labour hire workers, but it is perhaps the easiest to show the disparity in incomes. The reason for that is ACC actually uses labour hire companies to engage some of its skilled workforce, and who work alongside employees of ACC who are covered by the terms of the site's enterprise agreement. In many other establishments, it is common for labour hire to be used to supply almost all of the unskilled positions, and so you do not often get employees of the host employer and labour hire company performing the same work.

One of the attached pay slips is for worker A, who is a boner, directly employed by ACC/Cannon Hill Services.

The other pay slip is for worker B, also a boner, who is an employee of Task Labour Services Pty Ltd, a labour hire company which supplies workers to ACC.

Both men are boners. A, an employee of ACC, is covered by the enterprise agreement negotiated by that employer. B, employed by the labour hire company, is not covered by the enterprise agreement. To the best of our knowledge, Task Labour Solutions does not have any enterprise agreement which covers B, and the terms of conditions of his employment are only governed by the minimums set by the Meat Industry Award 2020 (and of course, the National Employment Standards).

Both people work on the same shift, they perform the same work, in the same boning room.

The pay slips provided for each worker cover the exact same pay period: 1 February to 7 February 2021.

Worker A is a full-time, permanent employee of ACC. His gross wage for the week was \$1,750.62.

Worker B is a casual employee, but works full-time hours – the same as Worker A. In this week Worker A worked just under a normal 38-hour week (36.62 hours) during the normal Monday to Friday working week. However, worker B also worked a four-hour Saturday overtime shift in this week, while worker A did not work Saturday overtime at all.

Worker B's gross earnings for the week were \$1,229.45.

Worker B therefore earned, when comparing gross earnings, \$521.17 less than Worker A. This is in circumstances where worker B only earned as much as he did because he was a casual and received a 25% loading upon all of his ordinary hours, which worker A did not. Further, as a permanent employee, worker A also accrued various leave entitlements in this week, while worker B, a casual, does not have any such entitlements. On top of that, worker B worked an extra four hours on Saturday at overtime rates – otherwise the discrepancy between the wages would have been even greater.

Note:

I think some explanation of the ACC payslip will be helpful. If one looks at it, one can see that the ACC pay slip records a rate of pay of \$27.70. This is a notional minimum rate only, it does not reflect what is actually earned. This is because employees performing skilled roles (and some semi-skilled roles) at ACC are actually paid at “incentive” rates depending on the amount of work performed – as provided in their enterprise agreement. They are paid a rate per carcass processes, or kilograms of meat boned out, depending on the section or department in which they work. Under ordinary circumstances, this is well above the hourly minimum.

This is also the reason for the fluctuation shown in the hourly rates shown on worker A’s payslip. For each day, the hourly rate of pay for ordinary hours is different. This is because worker B and other ACC boners are not paid an hourly rate for their time, but rather, a sum of money for the total amount of work completed. However, for the purposes of its payslip, ACC also does a calculation converting the total amount earned into an hourly rate (presumably to make sure the minimum rate is exceeded). As the daily amount of work varies, so to does the hourly rate of pay on any given day. However both boners performed the same amount of work as production is paid to the team.

If you have any queries please do not hesitate to contact me.

WORKER A

Cannon Hill Services Pty Ltd
A.B.N : 13095396866

Paypoint : BD
Location : CH
Period end : 7/02/2021
Employment Status : Permanent
Award Agreement : ACC (S&B Operative) 2016/2021

Level : B5G
Occupation : BONER
Rate of pay : 27.70



Qty.	Pay Element, Rate	Earnings	Deductions
7.60	Ordinary Hours 1/02/2021 @ \$ 29.31	\$ 222.76	
7.60	Ordinary Hours 3/02/2021 @ \$ 38.89	\$ 295.60	
7.60	Ordinary Hours 4/02/2021 @ \$ 45.99	\$ 349.50	
7.60	Ordinary Hours 5/02/2021 @ \$ 41.02	\$ 311.74	
7.60	Ordinary Hours 2/02/2021 @ \$ 38.79	\$ 294.83	
7.60	Heavy Cattle 1/02/2021 @ \$ 5.86	\$ 44.55	
0.92	Waiting Time 1/02/2021 @ \$ 34.24	\$ 31.50	
0.17	Waiting Time 3/02/2021 @ \$ 34.24	\$ 5.82	
0.13	Waiting Time 4/02/2021 @ \$ 34.23	\$ 4.45	
0.87	Waiting Time 2/02/2021 @ \$ 34.23	\$ 29.78	
0.58	OTB Extra 1/02/2021 @ \$ 22.09	\$ 12.81	
1.73	OTB Extra 3/02/2021 @ \$ 22.09	\$ 38.21	
1.75	OTB Extra 4/02/2021 @ \$ 22.09	\$ 38.66	
1.75	OTB Extra 5/02/2021 @ \$ 22.09	\$ 38.66	
1.75	OTB Extra 2/02/2021 @ \$ 18.14	\$ 31.75	
	PAYG - Regular		\$ 421.00
	Charity		\$ 1.00
	Leave Balance		

Daily Head			
BD S	171.04	N 181.5	BA S 150.5 N 150.5
BD S	224.17	N 292.5	BA S 301 N 301
BD S	244	N 240.85	BA S 312 N 312
BD S	300	N 284.77	BA S 220.96 N 220.96
BD S	210.83	N 254	BA S 210.96 N 204.21

Employee ID: _____ **Period end :** 7/02/2021

* Indicates Non-taxable Item
Employer Super Contribution: \$ 151.10
Super Fund Name: --- **Member Number :** _____
Gross Income: \$ 1,750.62 **YTD Gross:** \$ 61,645.97
Other Deductions: \$ 1.00 **YTD Tax:** \$ 15,915.00
Tax Instalment: \$ 421.00
HECS Instalment: \$ 0.00

Net Pay: \$ 1,328.62 **YTD Net Pay:** \$ 45,607.96
Paid 1,328.62 to _____ **\$ 1,328.62**

Have a nice day



Pay Advice

Pay Summary

Pay Date 11 Feb 2021
Pay Period 1 Feb 2021 to 7 Feb 2021
Net Payment \$988.45
Employer's Name Task Labour Services Pty Ltd
ABN 36628029845

Task Labour Services Pty Ltd
 PO Box 6
 Stones Corner QLD 4102
 Australia

Details

Entitlements

Entitlement	Unit	Rate	Total	YTD
Australian Country Choice Pty Ltd				
Afternoon Overtime 2 (Week ending 7 Feb 2021)	1.0000	\$53.11	\$53.11	\$53.11
Afternoon Overtime 1.5 (Week ending 7 Feb 2021)	3.0000	\$39.83	\$119.49	\$246.36
Base Hourly (inc.Casual Loading) (Week ending 7 Feb 2021)	36.6200	\$28.86	\$1,056.85	\$19,638.52
Other				
Afternoon Shift (inc.Casual Loading)				\$3,493.58
Overtime 1.5				\$769.78
Overtime 2				\$206.20
Gross Payment			\$1,229.45	\$24,407.55

Deductions

Deduction	Amount	YTD
Tax (PAYG)	-\$241.00	-\$4,331.00
Tools Purchased		-\$83.85
Total Deductions	-\$241.00	-\$4,414.85

Net Pay

Gross Payment	\$1,229.45
Total Deductions	-\$241.00
Net Payment	\$988.45

Disbursement

Account Name	BSB	Account Number	Part Payment	Total
				\$988.45
Total disbursement				\$988.45

Employer Contributions

Item	Accrual	YTD
Superannuation 9.5%	\$100.41	\$2,197.55
Total Contributions	\$100.41	\$2,197.55

Superannuation Fund

Currently Nominated Fund Member Number