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ECONOMIC DEVELOPMENT COMMITTEE

Inquiry into Labour Hire Employment in Victoria

Melbourne — 4 October 2004

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Mr G. Lucas, Marketing and Logistics Manager, Montague Cold Storage.

The CHAIR — Welcome, Greg. I think your presence today is in response to something the NUW said in its submission and we decided we would give everyone the right of response. The proceedings today are a formal public hearing so everything you say is being recorded by Hansard and we will make available to you a copy of the transcript. That will take about two weeks and you are welcome to correct that. Anything you want to submit today in written form as an addition we can consider as a submission, which may be made available publicly at a later date. Everything you say today is covered by parliamentary privilege, but that ends once you go out the door. We will let you speak to your submission for a few minutes and then we will have questions and answers.

Mr LUCAS — Thank you. I do not have any formal written submission. I obviously was listening to the previous witnesses and the types of questions you are asking. I guess from a Montague point of view I should just tell you a little bit about our organisation. It is a company that has been going since the 1950s, a family business owned by the Montague family. They started out originally as apple growers at Narre Warren and now they have orchards throughout Victoria and in Tasmania, mainly in the production of apples. Recently they have acquired and started an orchard growing stone fruit just out of Swan Hill, on a 1500-acre site up there. The primary customers in that area are the major retailers, which include Woolworths and Coles and to a smaller degree the independents, but mainly Woolworths and Coles.

Back in the 1960s we had started storing fruit under controlled-atmosphere conditions. In that environment what happens is you pump oxygen out of a room and replace it with nitrogen and that basically puts the fruit to sleep. So you can obviously store apples. Apples that you are buying from the supermarket today and eating are product that was off the trees probably in March-April of this year. Right up until they start picking a new crop, which will not happen until February-March in the new year, you will be eating apples that are essentially up to 12 months old.

Back in those days it was a process that happened for only six months of the year, or an even tighter time frame than that. So we had all this space that was empty, if you like — rooms that were empty — and we had quite a few of those around the place. Our founder, a chap by the name of Bill Montague, had connections or had networked with people from Kraft and — over a drink or whatever — they decided there was an opportunity to store maturing cheese in controlled-atmosphere rooms in the off-season, so there was a marriage in terms of the opportunity there. From that opportunity, Montague Cold Storage was formed.

Today we still store fruit, but it is a side operation, if you like. Our main focus is with customers such as the Warrnambool Cheese and Butter Factory Company. We have a 28 000-pallet facility adjacent to the factory in Allansford. They produce butter on that site and basically it is transferred from the factory into the warehouse. We store cheese, butter, cream — frozen and fresh — for them and other producers down in that area, such as Dairyfarmers out of Simpson, Bonlac out of Cobram et cetera. So that is a fairly unique site in that it is primarily one or two customers and it is focused towards the dairy industry. Up at Kyabram and Merrigum in Victoria we also have large facilities that are strategically placed within the confines of the dairy producers up there. We store mainly cheese and butter in those warehouses. In West Melbourne we have a 16 000-pallet facility in which we warehouse product on behalf of Murray Goulburn and that is primarily export cheese and butter. It is only an export site.

We have two additional sites, one at Tullamarine and one at Narre Warren, which have a variety of customers. They include companies like Castlemaine Bacon, which has a national distribution centre out of the site at Castlemaine, and we warehouse their total range of smallgoods, pick their orders and those orders will end up in the supermarkets. So when you or your partners shop at a supermarket, the product that you are buying from Castlemaine, for example, is stored in our warehouse prior to distribution to the retailers. We have a variety of customers at both Tullamarine and Narre Warren that we do that sort of process for. So that is the Montague story.

In terms of labour hire, we are a company that in our cold storage area has about 150 permanent employees. We use three labour hire agencies to provide us labour, mainly to cover us for unscheduled absenteeism — such as sick leave, where we do not get prior notification the day before; we usually get the notice the day the employee does not turn up for work — and for seasonal needs. For example, during the winter there is not the need, if you like, for a great deal of freezer and chiller storage so we are able to get by with our permanent employees and we would send people away on annual leave and RDOs, if they are accrued, during that time. However, coming into the summer months — probably from the latter part of spring — through to just after Christmas is our peak period and we are just flat out. We could not survive on the number of permanent employees we have, so we use labour hire to top up our work force during that period.

In relation to Westpower, we use their services to load and unload containers — and I am talking about export and import containers. The reason that we use Westpower is that the majority of the people they provide are from South Pacific Island descent, if you like, and they are usually big, burly men who can lift and transfer 20 to 25-kilo cartons with reasonable ease. When we use other agencies to supply labour, we find that if they are providing an Anglo-Saxon work force, if you like, they will last for a day and they do not want to come back — it is too heavy. We are talking about Islanders who may load 10 or 12 containers in a day and they are big, strong lads who are able to cope with that workload. The other reason that we use them is that we do not know from one week to the next exactly how many containers we are going to load out — for example, today we might have loaded out 12; tomorrow we may have only 3 to go out. That is dependent upon a shipping schedule and the export requirements of the particular customer we are doing work for.

The CHAIR — OHS has been a central issue discussed during this inquiry. As the host employer in the situation with Westpower, what are you familiar with in terms of your company's obligations with the workers Westpower provides for that loading and unloading?

Mr LUCAS — We certainly accept that we are party to that arrangement, that there are three in that relationship: the employee, who is the person providing the labour; the agency; and ourselves — and that that process is managed by all three of us. We do not employ people from labour hire agencies to walk away from that obligation. It is not that case at all. It does disturb me that Westpower implies that there is, I guess, a lessening of the responsibility by hiring their people. They certainly do state that on their web site. I must admit that when I got the copy of the transcript from the NUW I actually went to the web site to look it up because I could not believe someone would be advertising their services in that way, but what it says is true.

The CHAIR — I do not want anyone to think we are drawing an inference that that was why your company has gone on to deal with them. We are just giving you the right of response by virtue of having been mentioned in an earlier submission. I just want to be clear, though, because it is one of the things that has concerned me or even confused me a bit during the course of the last few months. When we talk about labour hire arrangements, where I will send my workers out to work in someone else's workplace, there does not seem to be any consistent standard arrangement as to how that worker's safety will be managed, not in terms of either a standard arrangement for a work site inspection, a risk analysis, a follow-up visit, an induction course or safety training. There seem to be standards all over the place. In your case with Westpower, what would your company go through from day one when Westpower advises, or hopefully advises, that a new worker is coming down as part of the labour hire contract?

Mr LUCAS — Across any agency as far as we are concerned — it is not confined to Westpower. We have a food safety plan in place, which we are obliged to have, and as part of that there has to be induction training for anybody who comes on site. We have a food safety supervisor on each of our sites who is responsible for making sure that that induction program is provided to anybody on site who has not been on site before. Certainly I can vouch for that because I was on site at Tullamarine last Thursday when we had three guys come in to do a half-day job, and the food safety supervisor took them aside and spent half an hour with them going through what the site-specific requirements were. He talked to them about safe lifting practices, the need to wear safety vests and the need to be visible at all times, because we have forklift equipment and those sorts of things running round the site on a regular basis. I am quite confident that we cover that fairly thoroughly.

The CHAIR — Are you aware — not that you are responsible for it — of what the injury rate of the labour hire workers who work on your site would be compared to those in other areas?

Mr LUCAS — I cannot provide you with that information. I am quite happy to come back and provide you with it.

The CHAIR — We might get that from you at some point in the future.

Ms MORAND — I want to ask about injured workers who return to work. Do you have any program for them? If somebody is injured while lifting, or something of that nature, do you take them on with lesser duties or some other role in the organisation while their injury returns to normal?

Mr LUCAS — In terms of the labour hire agencies, no, we do not; in terms of our own employees, yes, we do. It depends on what the consultation has been with the individual physician as to what we do with the individual. Under our enterprise agreement we have a grading system. We have a level 1 through to level 4. A

level 1 worker would come into our site as unskilled labour, and they would pick up cartons and do anything without any sort of mechanical assistance. If after a period of time they perform to a standard and we are able to achieve that standard over a period of three or four months and there was an opportunity for them as a forklift operator, the forklift operator kicks in at a level 2. They would be given the appropriate training on a forklift, get the appropriate accreditation and they would operate as a forklift operator. The next step is a level 3, which is more of a key punch operator, office administration-type work. That probably gives us the best opportunity. If someone is injured in a manual handling sense we would try and bring them into the office and expose them to — —

Ms MORAND — Permanent employees?

Mr LUCAS — Yes.

Ms MORAND — But in terms of labour hire, if they are injured tomorrow at work you do not know what sort of follow up is taken with them?

Mr LUCAS — We do not. Unless the injury has been declared on site and we have done a report straight away, there is probably little or no communication between us and the labour hire agency if they do not come back tomorrow. We would not know. It is only until the process goes through, and it could be a week before we get the paperwork. But we do not have anything in place to accommodate those particular individuals.

The CHAIR — Was there a time when you were employed with the company where the work that is now undertaken by Westpower was done in-house?

Mr LUCAS — No. The reason I say no is because, in the case of Tullamarine, it was originally a Clelands Cold Stores site, and the Montague family acquired that business 18 months ago. Prior to that Clelands did not do the type of work that is currently being performed. In the case of the West Melbourne site, which is where we also employ Westpower, that arrangement with Murray Goulburn has only been in effect for the past two years as well. Basically it was a greenfield operation for Montague and Murray Goulburn, so I cannot give you any history on that.

The CHAIR — That is fine. I am interested in whether that had emerged in your time with the company. I do not have any further questions, so we will let you go. Thanks for your attendance today. We appreciate that. We will send you a copy of the transcript in the next couple of weeks. You are welcome to correct it. Certainly when our report comes out we will make sure a copy of it is made available to you. Thanks very much.

Witness withdrew.