



Scottish Affairs Committee

Oral evidence: Zero-Hours Contracts, HC 654–III

Tuesday 25 February 2014

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Members present: Mr Ian Davidson (Chair); Mike Crockart; Jim McGovern; Graeme Morrice.

Questions 135 - 237

Witnesses: **Mick Cash**, Senior Assistant General Secretary, National Union of Rail, Maritime and Transport Workers, and **Scot Walker**, Chairperson, Unite Scotland, gave evidence.

Q135 Chair: Gentlemen, could I welcome you to this meeting of the Scottish Affairs Select Committee? As you are aware, we are conducting an inquiry into zero hours. We have had written evidence from yourselves that we have put, or have just agreed to put, on the Committee's website, but there are a number of other issues that we want to explore with you. Could I start off by asking you both to identify yourselves, tell us what your role is in the organisation and what your involvement is with this particular issue?

Mick Cash: I am Mick Cash. I am the senior assistant general secretary for the RMT and a former infrastructure worker before I took this job on in 2002. I joined the railway in 1978 as an S&T technician and left it to take up this role in 2002. I am the lead officer for infrastructure and engineering in the network within our membership in the RMT, which includes day-to-day work with Network Rail and a lot of the contractors, and overseeing our relationships with Network Rail and the contractors.

Scot Walker: My name is Scot Walker. I am the newly in-post chair of Unite Scotland. I have just been doing it for a couple of weeks. I am a lay member. I work within the meat processing industry for 2 Sisters Food Group, and I have worked in that industry for some 25 years. I hold a number of lay positions within Unite, including chair of the political committee within Scotland.

Q136 Chair: Fine; thanks. I wonder if we could start off by asking a fairly basic question. What is your understanding of what a zero-hours contract is, and how does it compare with other contracts, such as short-hours contracts and agency worker contracts? Mick, do you want to start?

Mick Cash: As regards zero hours, as we see it, you will see a range of different types of employers having agencies. You will see main contractors using zero-hours contracts but, effectively, it is a relationship between the worker and the company that says, "If you don't want to work, you don't have to work and we don't have to offer you work." I suppose you could say it is zero value: zero is what it is. There is a relationship but there is

no compunction on either side to provide work or wages and the other things that go with it.

Scot Walker: Pretty much ditto. It is about a relationship with an employer where there are undetermined hours. You never know from day to day, week to week or month to month what your hours are going to be.

Q137 Chair: Can I follow that up by asking if zero-hours contracts are a completely new phenomenon and, if not, why are they getting so much attention just now?

Scot Walker: I wouldn't say that they are a completely new phenomenon. In research commissioned by Unite from Mass1, we have had testimony from individuals who said that they have been on a zero-hours contract for five years, so it is not necessarily a new phenomenon. What I think is happening is that it has increased because of attacks on employment rights and trade union rights because of general austerity. What you are seeing is that employers have been encouraged to go back on employment rights, and you are starting to see a rise of the type of contracts that I would regard as exploitation of workers—in particular, vulnerable workers.

Mick Cash: Our experience in the rail industry relates to the history of privatisation. In 1996 the majority of the infrastructure workers were directly employed by British Rail. By the way, we see zero hours these days on platforms and stations that companies are operating, although I am going to concentrate on Network Rail. They were privatised and they sold us off like a pack of meat to different employers. I was one of them. You found that a lot of the companies, which were construction and industry based, had a core work force and then had casual labour. As to the basis of that casual labour, we are not 100% sure about what that relationship was and whether going back to 1996 we had zero hours. What we do know is that a major report was done by the RSSB, which is the Rail Safety and Standards Board—in 2009, I think it was—which was caused by a reaction to the fact that there had been a lot of under-reporting of accidents in the rail industry. That started to identify the contractual relationships and that there was a wide range of zero-hours contracts within the industry. On what basis and how they emerged—the history of them—I wouldn't know, but I know that they were certainly more and more on our radar as a type of contract from 2009, but there would have been the same arrangements prior to that. There are certainly a large number of them today, and we can give you a fair estimate of how many zero-hour contracts we think Network Rail are operating.

Q138 Chair: We will come on to that in a little while. Can I just clarify whether it is your view that existing agency worker regulations provide effective protection for workers, and, if not, is there a way by which they could be improved to provide degrees of protection for people on zero hours, or is that not the road to go down?

Mick Cash: From my perspective, the agency workers directive, on the face of it, should provide protection, but the Swedish derogation is one example where they tried to get round the employment status of the individual so that you can't compare with existing workers. The jury is out about whether the agency workers directive has been effective enough. I do know that around the time that it was going to be implemented in the rail industry there was heightened awareness within the contracting and agency fraternity to the extent that they wanted to start talking to us as a trade union, but that died off when

they found a solution. While I can't say for definite that zero hours is a response to the arrangements we have today, my gut feeling and instinct is that the reason why we have such an arrangement today in the rail industry is that they have used them to get round the agency workers directive, but I couldn't prove that. It is just my gut instinct.

Scot Walker: My views are pretty much the same. There has been exploitation since the agency workers directive was introduced, because of the Swedish derogation. Employers and agencies seek to get around the legislation. One of the other things that you are seeing now is the rise of bogus self-employed across a number of different industries. You are seeing zero-hours contracts but you are seeing bogus self-employed as well. As I understand it, most employment legislation refers to employees as opposed to workers, and that appears to be the problem. Many employers and agencies are deeming those I would consider to be employees as self-employed workers in order to circumvent the legislation.

Q139 Chair: That was the next point I wanted to raise, because in your evidence, Mick, you refer very much to people working under “bogus self-employment.” This is a term that we have already been dealing with when we have been looking at blacklisting in the construction industry. What do you mean by that term and why is it a concern? Why do you think that people have been transferred from being employees to what you describe as bogus self-employment?

Mick Cash: Again, it is the relationship between the worker and the employer. They are not employees but, effectively, you have a regular and steady stream of work from the employer—we can find evidence of that in the rail industry—but your status is that you don't have a contract of employment. Effectively, you are self-employed, and it is done to help save money and to help cost cutting. When you end up as bogus self-employed, you still get some money from whoever pays you, whether it be the agency or the payroll company, but things like tax operate differently. I don't think you pay national insurance. You have to do it by your stamp, as you would do normally, and, if you have expenses and what-not, you end up claiming stuff via the VAT route. There is no difference in the type of work that you are doing and the employment relationship, other than that is financial. It is all about cost cutting.

Q136

Q140 Jim McGovern: Are you talking about things like 714 certificates?

Mick Cash: I am not a great expert on the certificates.

Q141 Jim McGovern: That means that someone could be working for a construction company, where the situation is prevalent.

Mick Cash: Is that the CIS stuff that you are talking about?

Q142 Jim McGovern: Yes, SE60s and 714s. They could leave that site in a Friday, go back to the same site on a Monday, wear the same overalls and boots, use the same cement-mixer and climb the same scaffold, but they are suddenly self-employed.

Mick Cash: Yes, it is exactly the same. It is prevalent because the rail industry these days is dominated by a lot of construction companies. A lot of the companies that do the

renewal and enhancement projects started out in, or come from, the construction industry, so they have brought that practice on. It is very similar.

Q143 Jim McGovern: Under the circumstances that we have briefly outlined, that would mean that there is no longer any sick pay scheme, no holiday pay—

Mick Cash: No, there's nothing. They have no rights.

Q144 Jim McGovern: That is right, and they are responsible for their own taxation.

Mick Cash: Yes.

Q145 Chair: Just to clarify, are there, in your view, justifiable and understandable reasons, apart from somebody just cost cutting, why firms would want to use what you describe as bogus self-employment?

Mick Cash: No. Can I give you some information that backs up what happens in the industry? Network Rail is publicly funded and every five years it gets a funding regime. It gets five years of work and five years of money. In April this year, we are into control period 5. They are called "control periods." It is five years of money. In the five years from April of this year, they are going to spend on operating, maintaining, enhancing and renewing the railway somewhere in the region of £38 billion. Control period 4 finishes in April 2014. Over the last five years they have spent somewhere in the region of £35 billion. They have had five years of work and five years of activity out of the money they have been given. CP3—control period 3—finished at the end of 2009. Up until then, I believe they had somewhere in the region of £31 billion. They had five years of work and five years of money. I don't understand why, in those circumstances, over the last 15 years, if you add the whole lot together—my maths has never been good—when they have had almost £100 billion-worth of work and funding, they need contingent labour or zero-hours contracts. The rationale behind them is peaks and troughs. You ain't got a steady workstream and, therefore, you've got to turn the tap on and off. That isn't the experience in the rail industry, yet they have done it for cost-cutting reasons, if for no other reason.

Scot Walker: Again, the same. I cited earlier evidence that has been given to us by an employee who was working within a call centre, who had been there for five years on a zero-hours contract. Mick is saying that employers will say that there are peaks and troughs and, "We need flexibility." Well, five years is not peaks or troughs. It is not confined to call centres, although we would certainly regard call centres as the new sweatshops. Within my own industry, the meat processing industry, we have seen agency workers employed for huge periods of time in the run-up to the agency workers legislation. Now employers and agencies are using the Swedish derogation to get round it. Now it is zero-hours contracts and then it is bogus self-employment. It all seems to be about avoiding what should be your responsibilities as an employer and a normal contractual relationship with an employee.

Q146 Graeme Morrice: Good afternoon, gentlemen. I should declare, in the first instance, that I am a member of Unite the union, although clearly I am not here as a union member but as a parliamentarian.

I wanted to touch on the extent of this issue. I think you said, Scot, that it was a more recent phenomenon. Obviously, there has been a huge growth in this area over the last few years. Have you been able to undertake an assessment of the percentage of those in the work force in Scotland who are on zero-hours contracts and how that would compare with the rest of the United Kingdom?

Scot Walker: The research that Unite commissioned through Mass1 was UK-wide as opposed to Scotland. We did have some 300 responses from Unite members within Scotland. Broadly speaking, there was not a definition of how many workers within Scotland were on zero-hours contracts, and we could not determine whether there was any greater use within Scotland or in other areas of the UK. What we could see was that it wasn't confined to, perhaps, occupations that we might have expected to see; it was not just low-paid occupations like docks, retail or social care. We were finding that it was in aviation and in the health service; it was professional workers as well.

Mick Cash: We have provided some information. We have the benefit in the rail industry of the Sentinel scheme, which is a registration certification scheme. If you are going to go on the track, on Network Rail's infrastructure, you have to have what they call a PTS—personal track safety. It's the basic. Everybody has to have it. It's a moving feast, but the information we have is that there are between 88,000 and 90,000 PTS cardholders, so that is 88,000 to 90,000 people who have access to the track. We believe that somewhere in the region of 20,000 to 22,000 of them will be directly employed by Network Rail. That takes you to somewhere like, if my maths are right—we have given figures before, but the base figure has changed—between 60,000 to 70,000 working indirectly for Network Rail. I always say “indirectly,” by the way. It makes Network Rail feel uncomfortable about that, but everyone has to wear high-visibility, they have a different logo but they are paid by the same person at the end of the day, which is Network Rail. They will be the main contractors and agencies. I have gone round and spoken particularly to senior people in Network Rail, and we believe that no more than 10% of that 60,000 to 70,000 will be directly employed by the main contractor or the agency. The rest will be casualised labour. That is quite a significant number.

In terms of how that affects Scotland, the ratios will be the same but there are a number of companies that operate UK-wide, which have offices in Scotland. Network Rail, though, should be able to give you this information, because they operate the Sentinel scheme. There will be principal contractors. They have tier 1, tier 2 and tier 3 contractors, and agencies are registered. If you are on the Sentinel scheme, you will be a worker who will have a sponsor. You can have more than one sponsor, by the way, but the definition of the company will tell you whether they are agencies. They can provide this information in more detail, or they should be able to, not only about what is happening in Scotland but in the UK.

Q147 Graeme Morrice: From evidence we have received to date, it would suggest that in Scotland, there is not a great difference compared with the rest of the UK.

Mick Cash: No, there is not.

Q148 Graeme Morrice: You made the point that zero-hours contracts are not in the occupations that you would think they apply to, but it is a whole range of other areas as well. Clearly, we would be able to get the definitive figures from the particular industries, but even based on anecdotal evidence, have you got a feel about what percentage it would be of the Scottish work force, even very roughly? Would it be 10%, 20%?

Mick Cash: It is difficult, because—

Q137 Graeme Morrice: I appreciate it is difficult.

Mick Cash: It would be guessing. It depends on the work. On the figures I gave you for CP3, CP4 and CP5, our estimate is that in CP4 Network Rail spent about £3.5 billion on operating and maintaining the network, and the plan is to spend about £4 billion at today's prices on CP5. The work will determine the amount of staff required. Network Rail employ directly somewhere in the region of 2,000 staff in Scotland. That is another rough figure. I was trying to get some more exact figures for you. I can give you 1,388 on maintenance activity, but I can't give you the whole area. In terms of a percentage, I would be reluctant to say whether it is 15% or 20%. All I can tell you is that two thirds of PTS cardholders are not employed by Network Rail, and the vast majority of them are on zero hours. If you can correlate that, you might say the same thing; if there are 2,000 in Network Rail, an additional two thirds could possibly be from agencies, if they are using them. Again, Network Rail could provide this information more accurately.

Q149 Graeme Morrice: Do you have a feel of the figures, Scot, in terms of the areas that your union members work in?

Scot Walker: In terms of the research we commissioned via Mass1, of the respondents that we had, 18% of Unite members in Scotland were saying that they were on a zero-hours contract. That is just shy of 20%.

Q150 Jim McGovern: First of all, thanks, Mick and Scot, for coming along. Mick, I was intrigued by what you were saying about sponsors. Could you enlarge on that? Do individual employees need a sponsor?

Mick Cash: Yes. Again, the relationship in the industry—it has been there since privatisation—was trying to control, and ensure that people who have access to the track are safe and competent to do so, and they introduced Sentinel. This is the certificate that you have, and everybody has to have it to go to work on the trackside. There are different competencies and different arrangements in place for the different skills that people need to have, and Sentinel operates it all. If you want to work on the railway, you have to be registered with Sentinel but sponsored by an employer. I use the word “employer” in the broadest sense, because with the agencies what you tend to find, particularly these days with zero hours and bogus self-employed, is that, while they will sponsor them, they won't necessarily have the employment relationship, and they will operate via a payroll company. There is a lot of work that Network Rail are doing, and you really do need to speak to them about how they are reorganising and changing their relationships with contractors. The Sentinel scheme per se allows them to understand how many people they have and who they are working for. At one stage, on some occasions, people were sponsored by 20 employers. What that meant was that, if they lost work with one employer on one day, they could go and knock on the door of the other employer/agency,

and say, “Have you got any work for me?” We have had evidence of double-shifting going on and suchlike, where people would finish in the morning, having done a night shift, and then go and work for another employer because they were sponsored by that employer to do a day shift. They would do two shifts in one, which is very unsafe, although not actually illegal. Currently, they have changed that. They have a new system in place called Sentinel 2, which has more bells and whistles on it. They have now limited the number of sponsors you can have. You can have one primary sponsor and two subsidiary sponsors, so the maximum number anybody can be sponsored by on the Network Rail infrastructure is three companies.

Q151 Chair: Can I clarify this? Perhaps the term “sponsorship” is misleading. Am I right in thinking that they are, as it were, on the books and can be utilised by that particular company and that that company is vouching for them rather than sponsoring them?

Mick Cash: Yes.

Q152 Chair: So it is possible, if you are self-employed, to be on the books of, say, 20 separate companies, or it was until the rules changed, all of whom could call on you if they had work to be done, but that doesn’t mean that during the course of a single day you would be working for more than one company at a time, does it? It certainly doesn’t mean, as I initially thought, that in some way you were working for 20 different companies at the same time.

Mick Cash: No. As you spelt it out is correct. It wasn’t about working one hour for one company and then another hour for another company. It was that, if you lost work in one activity, you could go back to the other company and say, “Can I have some work?” It gave the workers some flexibility to move around the industry for work, depending on whether that agency or contractor had work. They could move around, but they wouldn’t be doing more than one activity, although there has been evidence of double-shifting.

Q153 Chair: Leaving aside the question of double-shifting, in a situation where you are an employee and you have to be registered, as it were, with an employer, surely, it is in the worker’s interest to be registered with as many as possible because that gives you as wide a choice as possible. If you are only registered with three and those three say that they don’t have any contracts, there are potentially another 17, or whatever the number is, that you could, maybe, have got work with had you been registered with them.

Mick Cash: I’ve heard the argument that it is good that people can go around touting themselves, and that if one employer doesn’t give them work they can go somewhere else, and have laissez-faire arrangements, but one of the things we have to recognise is that the rail industry has a lot of safety-critical roles. The responsibility for ensuring that you are undertaking that safety-critical role is your sponsor. They also have to ensure that you don’t do excessive hours and that you are competent and trained. Therefore, if you can tout yourself around, there is a real fear. The ORR did a report in 2011, which I think you referred to, which identified the risks with multi-sponsorships and the use of zero-hours contracts for that very same reason. There are some real safety concerns about being able to do all that. That is why Network Rail, and rightly so, in my view, have cut it back. Crucial to all of that, if you are going to cut back the amount of sponsors, is that you need to be able to empower the worker and have some minimum standards and rights for them

so that they can't be refused work just because their face doesn't fit or they cry foul on safety.

Q154 Jim McGovern: Mick, again on sponsors, to be a sponsor does somebody just sign to say "I want to be on your books?", or is it like a referee who says, "I can confirm that Jim McGovern has worked at this trade for four years, he is fully competent and is aware of health and safety, and so on," or is it just somebody who is on the books?

Mick Cash: The central scheme which underpins all of this, by which you are sponsored to get the PTS card, means that if you are going to be a contractor or an agency on the Network Rail infrastructure you have to be registered and linked up for approval. There is an approval process as a company and as an employer. That then allows you to be able to sponsor people with Sentinel. I don't know how to explain it because I am not a great expert on Sentinel and sponsorship. All I know is that it is not just about being an employee of that agency, contractor or Network Rail. You can be an employee, because Network Rail has 35,000 workers, but only about 22,000 are PTS and, therefore, sponsored. To go trackside, you have to be sponsored by a bona fide company which is registered, and that company then holds your sponsorship and has some responsibilities towards you, particularly ensuring that you are safety-critically approved, and competent and trained to carry out the activity that they are providing the work for. I am not explaining it very well, am I?

Q155 Jim McGovern: No, no. You are doing it very well, actually, but I still want to pursue it a bit further. If your sponsor gets you on to a site somewhere, is that sponsor then responsible for saying, "Yes, Jim McGovern is trained in health and safety and he knows what is involved"?

Mick Cash: Yes; he or she is. They take responsibilities.

Q156 Chair: Are they then responsible for ensuring that you have that training? Who pays for that? Presumably, training doesn't just happen. You've got to go on something and be educated by somebody. Who pays for that? Does the worker have to do that him or herself?

Mick Cash: That is an interesting question, because some employers will pay for the training to get the certification and others will expect the worker to pay. It is one of the key issues that we are concerned about in how the current arrangements operate. It is something that Network Rail is seeking to address in some of their proposals coming forward.

Q157 Jim McGovern: So who does the training?

Mick Cash: There will be training providers authorised by Network Rail and registered with Network Rail. They will link up to Sentinel. Someone goes on a training course, gets trained on PTS, they will be duly approved and they will then tell Sentinel or their sponsoring company that they have been approved. As a result, they will get issued with a PTS card, which has a photo ID. It is like one of these chip cards these days.

Q158 Jim McGovern: Please excuse my ignorance, but I am not fluent in TLA, so what is PTS?

Mick Cash: Personal track safety. Sorry.

Jim McGovern: Thanks.

Q159 Chair: Am I right in thinking that this is a bit like the old dock labour scheme where people are available and employers just come along and pick who they want, almost on a day-by-day basis?

Mick Cash: The effect might be the same but I wouldn't describe it like that. Network Rail currently has hundreds of agencies and contractors that are registered to sponsor people and to do work on the track. It is a very similar analogy but not exact.

Q138 Chair: Right. Jim, you wanted to pick up a question.

Q160 Jim McGovern: Yes. I am not sure if this is for yourself, Mick, as you are quite heavily involved in the rail side of things. Maybe it is for Scot. Unite is, obviously, a general union. In which sectors of the economy are zero-hours contracts most prevalent?

Scot Walker: I see them specifically within my own sector, which is rail and agriculture. I see that right throughout the meat processing industry and in soft fruit picking. It is huge there. There are problems in construction. It is in retail and hospitality. It is widespread.

Q161 Jim McGovern: In terms of the public sector, is there evidence that it is quite prevalent in publicly funded projects?

Scot Walker: There is evidence that zero hours exists not just in publicly funded contracts but also directly in the public sector itself. UNISON recently commissioned a report on social care, and it showed that 22% of local authority social care workers were on zero-hours contracts. I have also heard this week—it came to light because Labour councillors are opposing it in North Ayrshire—that there are something like 900 positions in North Ayrshire which are linked to zero-hours contracts. I believe that there is some debate over the definition of what a zero-hours contract is in North Ayrshire, but the councillors I have spoken to are saying, "If you haven't got a figure for the hours that you're getting, that's a zero-hours contract."

Q162 Graeme Morrice: Who has political control of North Ayrshire council at the moment?

Scot Walker: I don't know.

Q163 Chair: Can I come back to something you said about fruit picking and so on? Is that not casual labour as distinct from zero hours? I remember that a long, long time ago, I used to be involved in tatty picking, as it was termed. Tatty picking was short term but it was not a question of zero hours. You would only have a certain number of days, so it was short term rather than zero hours. Is there an issue about definitions here?

Scot Walker: There may be an issue about definitions, but you are right to say that there has been a whole casualisation of labour, and that does take place within the soft fruit industry, but the soft fruit industry was also seasonal. Now, because of the advent of poly-

tunnels, it is not seasonal. What you are seeing is employers using huge amounts of agency employees. Dependent on what they have to do at any given time, you are getting bus loads of agency employees turning up who might not be required. They might be an hour into their shift before they are told, “Right, you’re going to have to wait until the end of the shift;” but they can’t get transport home because it is in a rural area. The employers say that those sorts of zero-hours contracts give them the flexibility to do that. What you’re seeing is not just zero-hours contracts, but employers saying, “We’re not doing zero-hours contracts,” and when you look at it, you find that they are not because they are giving them a guarantee of five hours or a shift.

Q164 Jim McGovern: So somebody in that situation got on the bus, went to the berry field, there were too many people there and no work was available for them so they had to wait until the end of the shift to get the bus back. Would they get paid?

Scot Walker: No, they wouldn’t be paid.

Q165 Jim McGovern: They wouldn’t.

Scot Walker: No.

Q166 Jim McGovern: So they would have to stay there for eight hours or whatever and get paid nothing for it.

Scot Walker: Absolutely.

Q167 Chair: We would want examples of that. This is a serious point that is being made. It would be immensely helpful if you were able to reflect on this, go away and then come back to us, maybe, with times, places and examples in order that we can stand this up. One of the things that we were discussing at the start of the session when we were meeting informally was who are we going to bring in next. Clearly, throughout this whole session, if there are particular examples of bad practice that you are able to draw to our attention, if you do so, we will be prepared to call in some of the people involved. We agreed earlier on that we are probably going to go to Dundee in a couple of weeks and, maybe, we would want to invite some people to meet us informally just to outline some of the practices that have happened. If you are saying to us, as I think you are, that there are bus loads of people who are being brought in to do fruit picking and that some of them, or all of them, will be told either that they are not getting any hours or only getting a few hours but they are having to wait until the end of the day, and the waiting time is unpaid, that is clearly something that we would want more information on, because it certainly seems to run contrary to all the statements that have been made by Government about how these things are being operated. That would be very helpful.

In terms of health and social care, you mentioned that as well. Can you just elaborate a little about how zero hours are operated in health and social care? Are people turning up in the morning and then being told whether they have work or not?

Scot Walker: I don’t think it is so much turning up in the morning and being told whether or not they have work. It is a matter of hours being confirmed the day before. There is no scope to set out a working week, a working fortnight or a working month. People don’t know from day to day or on a week-to-week basis what their hours are going to be.

Q168 Chair: Again, it would be helpful if, on reflection, you were able to identify for us some people who had experienced that, so that we can hear their stories and clarify who their employers are. When we met USDAW recently, they were saying that there were some big employers who saw zero hours as being a manifestation of bad management, but they thought the peaks and troughs should be plannable for in terms of the number of workers they brought in and giving people sights ahead.

Can I also ask about the voluntary sector? I know that Unite is involved in the voluntary sector. Maybe you could say something to us about the prevalence of zero hours among people employed by the voluntary sector.

Scot Walker: I have to be honest and say that that is not an area I know a great deal about. I know that significant testimony was gathered by Mass1, which was commissioned by Unite, around zero hours within the voluntary sector, but it is not an area that I have particularly looked at.

Q169 Mike Crockart: You have done a survey with Mass1, which involved 5,000 people, and you had 1,800 responses, is that right?

Scot Walker: That is right.

Q170 Mike Crockart: And the CIPD has done a similar-sized survey. They have come out with very different reactions to zero-hour contracts from what you found in your survey. Why do you think that is?

Scot Walker: We are speaking to trade union members who have a relationship with us as a trade union, and they are willing, perhaps, to give evidence and testimony to us that they are not willing to give elsewhere. That's a best guess on my part. What I do know is that agency workers and zero-hours workers within my own industry are concerned about putting their heads about the parapet. The Chair asked earlier if this is not going back to the type of culture that we had in the docks, where you, effectively, got a tap on the shoulder and you were told whether you were needed or were not. What I have seen within my own industry through the increased casualisation of labour, agency workers, zero-hours contracts, precarious work or whatever you want to call it, is that those workers are predominantly migrant workers, vulnerable workers, and, where they have spoken out about the terms and conditions that they faced within the industry, they have found themselves not getting work. Would that lead them to be slightly less willing to give evidence to an organisation that they felt didn't directly represent them? Perhaps.

Q171 Mike Crockart: Right. But the CIPD is an independent organisation. It is not as if they were being asked to express opinions to an employers' organisation.

Scot Walker: CIPD is personnel and development. I might not get any thanks for this back in my own workplace, but CIPD has been called "personnel" and "human resources," and we used to joke that they were "human remains," because HR may be supposed to be a bridge between employer and employee, but in my long years working within the meat processing industry and before that, that bridge was always slightly uneven. When the CIPD is commissioning research they might not have a direct relationship with the workers they are speaking to, but it may be that workers are just unwilling to give the type

of evidence to them that perhaps they are willing to give to a trade union that they are members of. But that is speculation on my part.

Q172 Mike Crockart: You were quite forceful in your speculation in saying that they are divorced from reality.

Scot Walker: Unite has said that, yes. I don't think the views that the CIPD have come forward with reflect what we have. Within Mass1, 72% of those interviewed said that if they had a choice they wouldn't want to be on a zero-hours contract. That seems to me to be a fairly stark figure that contrasts with what the CIPD have said.

Q173 Mike Crockart: It does indeed contrast in quite a major way. Is there any evidence that perhaps the difference is a correlation between the types of jobs and contentedness with zero-hours contracts? Is that perhaps where the difference is coming in Unite members versus those who are talking to CIPD?

Scot Walker: We have seen testimony come from a number of different sectors. We have seen it come from call centres, social care, distribution and construction. All I know is that we haven't seen people coming forward and talking about zero-hours contracts as a positive thing. I accept the fact that there will be individuals for whom zero-hours contracts might present an opportunity. For example, you could have supply teachers who might be looking to get experience within a workplace, but I think that the benefits of zero-hours contracts are far outweighed by the negatives.

Mick Cash: Can I make a couple of other points? I will respond directly to you in a minute. Just on the issue of the prevalence of zero hours in Scotland, we did put in our briefing note the concerns that we have about the offshore industry, but it is not an area that I deal with on a regular basis. If you wanted to have more dialogue and discussions with us about what goes on in the offshore, we would welcome that opportunity. I just draw your attention to what we put in our briefing note about the offshore industry.

Q174 Chair: You mentioned stuff about daily agreements, which I can see as being an equivalent of zero hours. It may be that when we are in Dundee we will look at whether we can slot in somebody from yourselves, so I will ask the staff if they can just check on that possibility.

Mick Cash: Just on the CIPD point—I haven't read the survey—I have a briefing note which draws some lessons survey to survey. It depends what questions you ask as to what the answers are and their context. Some of the stuff that has been identified in the briefing that I have is: "One in five zero-hours workers say they are sometimes or always penalised if they are not available for work." That is not a very good practice. I don't know what people are doing about that. "Almost half of zero-hours workers say they receive no notice at all or find out at the beginning of an expected shift that work has been cancelled..." "One in five zero-hours workers believe their pay is lower than comparable permanent staff doing similar jobs." "There is confusion among some employers and zero-hours staff over employment status and rights." This has come out of the same survey, so I don't know what that message tells you. All I know is that on zero hours in the rail industry all of that is happening.

Chair, I don't know if you have seen this report on "The great rail payroll rip-off" that RMT prepared.

Q139 Chair: Yes, we have had that circulated.

Mick Cash: It shows how some of the practices out there relate to a person on zero hours who has been dealt with very harshly recently and had to stop work. In this document you will see the person's payslip through a payroll company. You will notice that this individual was taken on at £9.50 an hour but he ended up getting paid the minimum wage, and what you don't notice from that, because we were not aware of it at the time, is that Network Rail pay the agency about £15 an hour for that activity. Straight away, they have not passed it on. That individual worker, as part of that, had to pay £22 to the payroll company for their services and had to pay the employer national insurance contributions. Then, after all of that, he ended up on the minimum wage. This actually happened. This individual, by the way, is now on a bogus self-employed contract. He doesn't understand from one day to another what money he is getting, other than that he has to claim stuff back through VAT if he has expenses. That same individual recently raised some serious safety concerns and was stopped working, until we intervened to get him back working for the agencies that he was working for, because the agency felt under pressure not to employ him.

You can say what CIPD says from their surveys, that is fine, but our experience tells us something completely different. Don't take our word for it. The director of safety, no less, at the Office of the Rail Regulator issued a report saying that zero-hours contracts are not conducive to running a safe railway. That wasn't our work. That is based on their own intervention. The CIPD can come up with stuff in surveys, but the reality is things like this, which is what we are dealing with daily, looking eye to eye with people, and what other people are picking up.

Q175 Mike Crockart: You are using the CIPD figures to illustrate the reality that you are portraying. Rather than saying it is divorced from reality, surely CIPD's report is showing that it is a complex picture, which does back up what you are saying for some workers, but for others it does not. This Committee is going to have to come up with some sort of recommendations, and some of the recommendations that you are looking for are banning all zero-hours contracts, but I am trying to figure out whether that is a realistic recommendation or whether it does away with some contracts that, at least according to CIPD evidence, suit some people.

Mick Cash: That is a fair point, and I understand the point you are making, but the problem is that zero-hours contracts are being abused. There are alternative ways of doing it. You could give people minimum contracts with proper rights and have a direct employment relationship, because the facts that we are getting suggest that you don't need to have somebody on zero hours, because there is steady work and a lot of money is being paid. A lot of it is being paid by taxpayers to the rail industry and, I suggest, in the offshore industry, which is another safety-critical industry. The safety regulator has already said that they are not conducive to running a safe system. That should worry us all. There are alternatives, but these contracts seem to have great credence, for whatever reason, whether it be austerity, cost cutting and what-not. The only way you are going to stop the abuse is by not having them. We can make the point that you don't need them.

I don't know how many of the people surveyed were of a certain age who might have other means of income. There are some people around who have a final salary pension scheme who might suddenly decide, "I've got a pension so I don't mind having that relationship." That doesn't make it right, and it doesn't make it safe.

Q176 Mike Crockart: But it might make it right for them.

Mick Cash: But it doesn't make it right and it doesn't make it safe. That is the point I am trying to pick up with you. There are inherent dangers in zero hours, as we are saying, in the industry.

Q177 Mike Crockart: Yes, in your industry.

Mick Cash: Yes.

Q178 Chair: Possibly, we are talking at cross-purposes. I understand your issue that people on final salary schemes may be a hazard if they come back on to the railways. They might also, potentially, be a hazard if they are going into schools or lecturing, but not quite in the same way.

Mick Cash: Chair, I am making the point that they have another income stream. They are being supported by having put money into a pension scheme over a number of years. That will not happen in the future. If we have this sustained casualised labour force going forward where people can't have enough money put by for a pension—

Q179 Chair: Am I right in thinking that you would accept Mike's major point, which is that there are some people in some circumstances for whom zero hours and maximum flexibility works fine, and they are, it is fair to say, not those who are at the bottom of the pile and dependent upon zero-hours contracts for their main income?

Mick Cash: I understand the point, and I accept that, under certain circumstances, there might be one or two individuals—perhaps a mandarin, someone who worked as a civil servant—who have control over what they can do and can say yes and no. But the level and the numbers that we are seeing indicates to me that it is not about looking after the right of the individual and the protection of the individual's benefit; it is all about cost cutting and saving money.

Q180 Chair: Before Mike moves on to his next question, could I come back, Scot, to a point that you made a little while ago about migrant workers? Could you clarify for us whether zero hours are particularly used to engage migrant workers, and why you think they tend to be disproportionately affected by these sorts of contracts?

Scot Walker: I wouldn't say that zero hours have a particular connection to migrant workers. What I have seen within my own industry is increased casualisation. It is cheap labour, and that labour has predominantly been migrant workers and eastern European workers. Agencies provide that labour to an employer, particularly within the meat processing industry. Those agency workers are, generally speaking, paid less and have poorer terms and conditions than pre-existing indigenous workers, for lack of a better phrase. There is some protection that comes via the agency workers directive, but we see employers and agencies seeking to go round that via the Swedish derogation, and we see

zero hours being employed as well. It is all about trying to challenge what we would accept as the norm of an employment relationship between an employer and an employee.

We see workers within the meat processing industry working side by side on production lines doing the exact same job, but one is paid less and has poorer terms and conditions than the other. One has control over their hours because their contracted hours are 36 hours, 40 hours or 48 hours a week, depending on what sort of shift they do. Some of them will work different shift patterns. Some of them might just be Monday to Friday, and some of them might be continental shift patterns, but they have a defined relationship between the employer and the employee. The agency workers within the meat processing industry are at the beck and call of that employer. The agency provides them on a given day, but the employer can then say, “We don’t need them.” If it is in a rural area, they have no way of getting home, so they have to sit and wait for transport. If it is not in a rural area, they might be able to get home. They have made themselves available to work in a workplace, but work is no longer available so they have no income coming in. Certainly, within the meat processing industry the huge majority of agency workers have been migrant workers, and particularly eastern Europeans.

Don’t mistake for a minute—I am sure you do not—me having a go at the migrant worker here, because I ain’t. I’m having a go at the employer who is exploiting the migrant worker. I see the impact that it has in workplaces, how it affects social cohesion and how it drives down the terms and conditions of permanent workers. This is about the employer and the agency. Indeed it is about the employer of the employer; it is about the retailers, the supermarkets that we provide products to, many of whom claim and purport to be ethical retailers, yet they allow this huge casualisation to take place within their supply chain.

Q181 Chair: We had USDAW in recently. They were saying, as I mentioned earlier, that some of the big retailers—I think three of the big four—were good employers. They were direct employers and they didn’t have zero-hours contracts themselves, but you are saying that some of them have zero hours in their supply chain. Do you take the view that these big supermarkets should be responsible in some way for the conditions in their supply chain?

Scot Walker: I would absolutely take that view. In fact, some of the supermarkets themselves would take that view. I am aware, for example, that Sainsbury’s, Tesco, Waitrose and Marks & Spencer are members of the Ethical Trading Initiative, a tripartite organisation of employers, trade unions and non-governmental organisations, whose aim is to try and improve the lives—the terms and conditions—of workers across global supply chains. They not only seek to implement the ETI-based code within their own direct workplace, but they seek to influence the behaviour of those right across their supply chain, if you like, from plough to plate.

Q182 Chair: Is it reasonable for us to expect that these firms would actually insist on decent conditions for their employees, or is it enough for them just to argue for them with their suppliers?

Scot Walker: I would like to see them insist upon it. The ETI is a voluntary organisation. There is no compulsion within it. These retailers sign up to it. They wish to be seen as an

ethical retailer. They recognise that there is a code of practice and an obligation upon them to implement that code of practice across their own workplace, but also to seek implementation of it throughout all their global supply chains.

Q183 Chair: Before I come on to Jim, and I am conscious that I have to come back to you, Mike, I want to explore this question about companies having responsibility for their supply chains. One of the things that was raised with us—we have mentioned this before—was the Borders Railway link, where BAM Nuttall, whom we have also encountered in our investigations into blacklisting, while directly employing themselves, had subcontractors who were on zero hours and so on. Is it your view that good practice would mean that, if, say, the Scottish Government were enforcing certain rules on BAM Nuttall directly, those rules should then be enforced by BAM Nuttall on their suppliers and subcontractors?

Mick Cash: Indeed. Of course, Network Rail took over responsibility for the Borders rail project. I think at one stage it was going to be done by somebody else and it ended up with Network Rail taking it on, and it was backed by the Scottish Government. They have overall responsibility for it. I was pleased to see what, sort of, happened, that BAM Nuttall did the decent thing in the end, but that goes on across the whole of the network. What we need to see is both the Scottish Government and the UK Government turning round and insisting on this.

Also, we are starting to see Network Rail taking some responsibility for doing that. They have started a process of looking at how they can tackle the whole question of zero hours within their supply chain. That would affect companies like BAM Nuttall, as it would Network Rail. I talked earlier about tier 1, tier 2 and tier 3 suppliers. That is where we end up. As a result of a review after an accident that happened at Saxilby in December 2012, they are currently introducing a system whereby in future staff undertaking safety-critical roles will have to be employed directly by the main contractor or Network Rail, and will not be on a zero-hours contract.

There is some movement in that direction, where they can have an impact by determining the relationship that they have with their contractors to completely eradicate zero-hours contracts, or put the contractual basis of the workers on a different relationship, bearing in mind the figures I gave you earlier about the amount of work they have and the amount of money they have. They are actively doing that now. I don't know if you are going to see them, but I am sure if they were put before you, they would explain to you what they are doing in that line. They will not give a clear commitment to end zero-hours contracts per se, perhaps for the reason that your colleague identified—that for some people they may be beneficial. We are asking that they get rid of them completely, but they are looking at trying to create contractual relationships with their suppliers to have different types of arrangements, which are not zero hours in the main. We have been engaging with them on that. They won't for some reason seem to go the whole hog and either bring the work in-house, which they could do, or give a clear commitment to end zero hours.

Q184 Chair: I want to clarify that. You said at one point that BAM Nuttall did the decent thing in the end. So they decided to enforce ending zero-hours contracts on their subcontractors, did they?

Mick Cash: My understanding is that they changed the relationship. I think I am right about that.

Q140 Chair: We can clarify that. In the context of blacklisting, we are also looking at issues of direct employment as distinct from bogus self-employment, other relationships and so on. We have had Unite, GMB, UCATT and others in front of us about that. It is a question of whether there is a parallel here that we would want to explore.

Jim, you had a point that you wanted to raise.

Q185 Jim McGovern: Thanks, Chair. I wanted to make this point to Scot. I was asked some years ago to go to one of the local superstores and promote their involvement in Fair Trade Fortnight. It seemed like a worthy cause to encourage employers to pay a decent rate for people who provide tea, chocolate and coffee from abroad. It has now come to my attention, and I think that maybe you have confirmed it, that people who are picking strawberries 15 miles up the road from Dundee, in Blairgowrie or Forfar, are not getting the going rate. Would that be a fair analysis?

Scot Walker: I wouldn't wish to provide too much of a critique on the idea of fair trade, but I don't think that I would perceive fair trade as necessarily being ethical trade. Fair trade is one thing in terms of a retailer ensuring that a cocoa farmer gets a fair price for the cocoa that they provide, but it does not necessarily build the tools that would ensure that that farmer and the workers on those farms get the means to better themselves. I am talking about collective organisation and trade unions. Fair trade doesn't have a commitment to that type of thing, whereas ethical trade is about freedom of association and allowing self-determination for workers to join trade unions. I think there is a distinction between fair trade and ethical trade. If you are asking me do supermarkets that promote fair trade ensure at home that throughout their supply chains workers get a fair crack of the whip, my experience of that is no. I have seen workers doing the same job in the same workplaces, some of whom are on poorer terms and conditions; even when the agency workers directive kicks in and they get certain protections, direct workers benefit from certain protections that agency workers don't.

Supermarkets are in a position, because it is supply and demand, to say, "This is our contract." Supermarkets are quick enough to demand of employers within the meat processing industry, for example, and other employers, "This is what we require of you in terms of price and service." They dictate to suppliers within the meat processing industry what the contracts are. They move them about, and they have no qualms or concerns about doing that and the impact it can have on workers and workplaces. If they really wanted to be ethical retailers, they could certainly dictate that the workers received a fair crack of the whip.

Q186 Jim McGovern: In general, supermarkets, in my experience, which is limited, try to drive the price down as hard and as low as possible, and they have no qualms, as you put it, about how that affects the people who are picking the berries or slaughtering the cattle or whatever. That has nothing to do with them. They just want the lowest price.

Scot Walker: I think that's right, but how does that sit with a retailer who purports to be an ethical retailer, who joins through choice an ethical organisation like the Ethical Trading

Initiative, where there is a commitment to try and improve the lives and terms and conditions of workers across their global supply chain?

Q187 Jim McGovern: It makes a nice photograph in the local press, “Jim McGovern was at Tesco, Morrisons or Asda promoting Fair Trade Fortnight,” which makes it look like they are looking after people in Africa, Brazil or wherever it may be, whereas people 12 or 15 miles up the road in Blairgowrie or Forfar are getting treated like slaves.

Scot Walker: I agree with you.

Q141 Chair: Leaving aside the question of whether any image of Jim McGovern is a nice picture, we will move back to Mike.

Q188 Mike Crockart: Turning to the subject of under-employment, which, again, is one of the things that is covered within the BIS consultation looking at zero hours, what is the picture of under-employment in Scotland and how does it compare with the UK overall? Do you have any statistics on that?

Scot Walker: I don’t have any statistics to hand. We could certainly look to provide them, and maybe stuff within the Mass1 research, but I haven’t looked. What it does is impact upon the self-esteem of workers. Under-employment increases in-work poverty and has a direct relationship outwith the individual, in what they spend within the local community. It is a factor and it is a huge factor.

Mick Cash: We have no particular information about under-employment. All I would say is that, with the financial regime that Network Rail is under, it surprises me that for the reasonably well-paid jobs that we have, backed by the taxpayer, we have quite a lot of vacancies in Network Rail in Scotland. They are running a 12% vacancy gap, yet we have young people unemployed, and people under-employed, as you said. I find it a bit of a scandal that our members complain to us about the vacancy gaps in Scotland in Network Rail, and that they either end up doing a high level of overtime or using agency workers because they won’t advertise and fill the positions, and ensure that people are employed. That is an area where we should see improvement, because they are a publicly funded body.

Q189 Mike Crockart: That is quite a separate issue from the one that I was asking about. There we are talking about over-employment rather than taking on extra staff. On the under-employment aspect, do you have any feel as to whether it has grown, lessened or stayed the same? In the BIS consultation, they have estimates from labour force surveys which go back to 2003. By and large, although there is a downward trend, the level of hours worked of people on zero-hours contracts is broadly similar to what it was at the end of 2003. Is that the experience of your members or, anecdotally, do you think that it has got worse or better?

Scot Walker: Anecdotally, I have seen a huge casualisation in my industry in the last 10 years. It is not because there is not any work within the meat processing industry. It is because the employer talks about the need for flexibility. They talk about peaks and troughs within the business, but the reality is, certainly prior to the introduction of the agency workers directive, that we would see agency workers employed within the meat

processing industry for five years continuously. That is not about peaks and troughs. That is all about flexibility. That is about exploitation and about an employer paying a worker under poorer terms and conditions and not providing them with the same safety and security as directly employed employees. Some protection, clearly, has come in since the agency workers directive came in, but you are seeing employers increasingly seeking to get around that using every loophole that they possibly can.

Mick Cash: I am surprised that you say that there has been no growth. The rail industry has a lot of public funding. The figures that I have, which I believe to be accurate, show that, in the five years of CP4, £3.5 billion was spent on operating and maintaining the railway. In CP5 we are talking of £4 billion. That is a lot of work, which requires people to be employed. At the same time we are seeing increased levels of overtime being done and we are seeing vacancies in the system. It surprises me that you have not seen a growth in under-employment if you've seen a growth in work. The figures don't seem to add up. Our experience of zero-hours contracts—again Network Rail would hold this information better than we would—because of the assumptions that we are basing this on, is that we have seen an increase in zero-hours contracts in GB railways per se.

Q190 Mike Crockart: The consultation does, kind of, agree with that. To quote directly from it, “though the number of individuals on zero hours contracts has increased, the total employment hours worked under such contracts may not have.” I think BIS are trying to get a feel for whether the number of hours worked by people on zero-hours contracts has remained broadly the same but the use of zero-hours contracts has, potentially, grown. Is that right?

Mick Cash: It all depends on the number of people you are talking about. If you have 1,000 people who are all doing 20 hours and then you do 2,000 on 10 hours, is it the same? I don't know. My maths has always been very poor, by the way, so I wouldn't be able to give you a qualified example. All we know is what we have said here today in terms of the amount of work that is going on and the amount of zero-hours going on; it just doesn't feel right. I understand why you are asking what message this tells us, but I couldn't come to a distinct conclusion.

Q191 Graeme Morrice: Chair, after an hour and a quarter we are only up to question 6, but my questions and probably subsequent questions have already been answered. I was going to ask why employers use zero-hours contracts, but I think we have had definitive responses to that in terms of looking at it from the employers' point of view. It is going to be cheaper, and you have confirmed time and time again that they say it provides flexibility as well. Do you see that there are circumstances where a zero-hours contract is beneficial not just to the employer but also to the employee?

Scot Walker: I think I said earlier that I can see circumstances where a supply teacher looking to gain experience might see the benefit of that. There might be some benefit for the domestic situation of a worker. None of the workers I represent within the meat processing industry and within rail and agriculture is coming to us saying that there is a benefit to zero-hours contracts. From the research that we commissioned, 72% of those who responded said that they would rather be in a direct employment relationship as opposed to a zero-hours contract, agency work or anything to that effect.

Mick Cash: There is always an exception to the rule, isn't there? Over-generalising can be dangerous in these circumstances. You have heard the general tenor of what we have been saying here today, which is that with the amount of work going on there is no need for them. We have also got plenty of experience about the safety implications of zero hours; the ORR says that they are not conducive to a safe railway. There is also the impact on workers; they worry about not reporting accidents, they worry about the hours they work, fatigue and stuff like that. I can't see how it is seen as a benefit, but there will always be one person who says, "I like it because of A, B, C." The scale of it and the usage of it indicates to me that it is not done for the benefit of individuals. It is done for the benefit of unscrupulous employers, in our view.

Q192 Graeme Morrice: I suppose in terms of having mutual benefit and flexibility, there are other ways to skin a cat beyond that of employing zero-hours contracts. What would you suggest they could be?

Mick Cash: Sorry. Would you repeat that?

Q142 Graeme Morrice: As an alternative to zero-hour contracts and ensuring that there is mutual flexibility in terms of working hours between an employer and an employee, what would you suggest? If we were to legislate, or if Parliament was to legislate to abolish zero-hour contracts, what alternatives could there be, or should there be?

Mick Cash: That is a very difficult question to answer. You have to understand why we have zero hours in the first place, what was before it and why there was a move away from what was before it. I don't see any benefit whatsoever. I believe that, in an economy like ours, with the amount of work we have, we should be able to guarantee a minimum amount of work with a minimum set of standards for workers, because our economy is vibrant enough to do that.

Q193 Graeme Morrice: You would take the view that there are no circumstances in which there is a case to retain zero-hour contracts in any form.

Mick Cash: I don't think so, for the simple reason that, in any circumstances where they are used, they will be abused.

Q194 Chair: That is a key point. Are you arguing, notwithstanding your acceptance of some of the points, that there might be exceptional circumstances where it might suit both parties, but that, if you allow a loophole, unscrupulous employers will abuse it and, therefore, in those circumstances you ought to ban them altogether?

Mick Cash: Actually, it is not the argument. It is the facts, as I believe we have seen today. You might not like those facts, but it is happening.

Q143 Mike Crockart: I want to correct the record. I did not say "in exceptional circumstances." I was merely quoting the CIPD's report, which seemed to suggest that it was about 47%. I will leave it there.

Q195 Graeme Morrice: What is your view of this, Scot?

Scot Walker: I was going to pick up on something there, as to whether unscrupulous employers would exploit it. We are not just talking about unscrupulous employers; we are talking about big names on the high street. I have mentioned names within my own industry, but I wouldn't have to walk very far to come across a McDonald's, a Burger King, a Boots or a JD Weatherspoons, who have all got zero-hours contracts.

Q196 Graeme Morrice: We have certainly received evidence that there are a number of employers out there—big names in business—that don't use zero-hours contracts at all for ethical reasons, and they are quite up front about that, so they are good exemplars. There is no real reason or excuse for certainly big employers to be using zero contracts. I assume that you would agree with that.

Scot Walker: Yes.

Mick Cash: Yes.

Q197 Graeme Morrice: What do you think the consequences would be to employers if zero-hours contracts were banned?

Mick Cash: If they were banned? Did you say to employers or employees? My hearing is not the best.

Q144 Graeme Morrice: Employers.

Mick Cash: They would have to adapt, like they have had to adapt to things like the minimum wage, and come up with ways of dealing with the issues and the problems they have. I think that zero hours is a very easy get-out for them.

Q198 Chair: If zero hours were abolished, is there an argument for saying that everybody has got to get a minimum number of hours? Presumably, you wouldn't argue that everybody had to work, say, a 37 and a half or a 35-hour week. There would be scope for somebody doing something less than that in some circumstances. What would be the alternative that you would want to put forward? I appreciate that perhaps in railway maintenance the norm is very much a question of a full week's work because, as you said earlier, there is a five-year plan and a programme of work. I can see that. But in a number of Scot's areas where there are, to some extent, peaks and troughs, although not quite to the extent that employers want to argue, there is clearly scope for both short-term contracts and some sort of part-time contracts. How would that be arranged? What would be the parameters within which acceptable contracts were established?

Scot Walker: Within my own industry, there are examples of those types of contract taking place. I have spoken about the increased casualisation within the industry, but prior to that increased casualisation, prior to that flexibility and prior to that exploitation, we would have had full-time workers Monday to Friday, 40 hours a week, and we would have had part-time workers 16, 20 or 24 hours a week. Some of those workers would have worked weekends. What you have is a defined contractual relationship between an employer and an employee about what minimum hours are and what premium rates of pay

there might be for overtime, what company sick pay there might be, what additional holidays there might be and what pensions there might be. There is a whole raft of terms and conditions that direct employees, whether they be full-time or part-time, would benefit from, that casual labour would not.

Q199 Chair: Yes. The emphasis that you would place would be, on the one hand, having defined contracts and people having certainty, and then there is the question of moving away from casualisation. That is really the issue for you.

Scot Walker: It is.

Q145 Chair: Mick, unfortunately nodding your head does not record. Let it be said that you have nodded your head in agreement as well just so we have that on the record.

Mick Cash: Yes.

Q200 Graeme Morrice: Do you think that some employees could be disadvantaged if zero-hours contracts were abolished?

Scot Walker: None that have come to me.

Mick Cash: I would agree. They are not banging at the door, but there is always an exception to the rule, Graeme.

Q146 Graeme Morrice: Absolutely; thank you.

Q201 Jim McGovern: Chair, could I make a point? I was made redundant in 1987 and I managed to get a job, still at my trade, with the local council. The negotiating position there was that you got a 13-week contract. Obviously, it was a bit uncomfortable maybe for the last four weeks of that contract because you weren't sure whether it was going to be renewed, but if it got renewed and you eventually got four 13-week contracts, which constituted a year, you were then made a permanent employee. Although it was not always secure, I could not imagine anyone wishing for a zero-hours contract in place of that sort of agreement. Would that be a fair comment?

Mick Cash: Yes, I think it would be.

Scot Walker: Yes.

Q202 Jim McGovern: My colleague, Mr Morrice, touched upon why employers would want to use zero-hours contracts. Do you think that some unscrupulous employers might see an incentive in the fact that they can avoid paying national insurance contributions by using zero-hours contracts?

Mick Cash: Our example, which is an actual example, showed how the worker was paying for his own national insurance contribution because, as I related earlier, on that payslip, which is done through a payroll company, Network Rail would have paid x amount of hours, the individual would be told what they were on, which was £9.50 per hour, but they were actually being paid £6.19. In going from £9.50 to £6.19, part of that was paying the employer's national insurance contribution as well as the employee's national insurance contribution. Yes, that does happen and there is evidence of it.

Q203 Jim McGovern: Scot, have you come across that?

Scot Walker: I have not come across that, but I think there will always be unscrupulous employers who will seek to avoid all sorts of obligations, and it may well be that that is one of them.

Q147 Chair: That is one of the submissions that has been made to us, both orally and in writing, but also informally. There is anxiety among some employers that there are others who, by employing people on reduced hours, are undercutting what they pay out, because they manage to avoid national insurance. Again, there is an issue about how we would tackle that in order to allow a level playing field in terms of fair competition.

I wanted to ask you about being sponsored by up to eight contractors at a time, but I think we have already covered that.

Q204 Graeme Morrice: What is your experience, or do you have any evidence in relation to any of your members, or anyone else out there, of those who have turned down the opportunity of working zero-hour contracts because, obviously, they are not happy with them and not prepared to do it? Have you come across anyone in that position and any consequences to them in turning it down from their prospective employer or employers?

Mick Cash: I wouldn't say that I have anything specific, but I would say that the attitude of employers, or those sponsoring employees, to people who say, "No, I worked today but I won't work tomorrow," is "Don't bother turning up." I can imagine that they say, "Take it or leave it." They even say, sometimes, which payroll companies you have to use. I haven't had any particular example of that, but it seems to be a prevailing attitude that you either take it or leave it. As to exact evidence of it, anecdotal or otherwise, I wouldn't be able to support it.

Q205 Graeme Morrice: Scot, what is your experience of this?

Scot Walker: Within the meat processing industry, we've got, as I have indicated already, a huge casualisation of labour, with very vulnerable workers and migrant workers. They don't challenge employers, because if they put their head above the parapet they don't get the tap on the shoulder—they don't get the work.

Q206 Chair: Can I just be clear? Are you saying that that does happen, as distinct from that might happen? Do you have evidence that it actually has happened to people?

Scot Walker: I am saying that there are agency workers, migrant workers, who have expressed to me that they wouldn't wish to challenge their employer—being the agency—around a raft of different issues, because they believe it would disadvantage them in securing work.

Q207 Chair: When you say they believe it would disadvantage them, on what evidence are they basing that? Have there been examples where somebody has raised a difficulty, then got the tap on the shoulder and sent away, or is this just an assumption that Scottish employers are so bad that that is what they would do?

Scot Walker: They haven't had the tap on the shoulder and been sent away. They just haven't had the work.

Q208 Chair: I want to be clear, because we have to produce a report.

Scot Walker: I am talking about workers within the meat processing industry who, when they have challenged their employer, the agency—there could be a range of different issues that they have challenged the employer over—have found that they don't get asked back. I should say that there has been no complaint from the employer of the agency about the standard of work of the worker. It is not the employer of the agency that determines that that person does nae come back. They just don't come back.

Q148 Chair: Fine. We understand the point about there being an anxiety. We just wanted to clarify how well founded it was, and you have confirmed for us that it is well founded.

Q209 Jim McGovern: Chair, I think we heard evidence in our inquiry into blacklisting in the offshore industry about NRB, "Not required back." Mick would know more about it than us, probably.

Mick Cash: It happens. You just don't get the text or the phone call. That is what happens. Chair, just to back this up, perception is based on the reality in some shape or form. There will be a worker, although it may not have happened to themselves, who may know somebody or have heard of somebody who has, and that is as damaging. We've had evidence of under-reporting of accidents in the rail industry, because people were fearful of reporting them because of the consequences. That has happened—the RSSB report in 2009.

Q149 Chair: Thank you. That is helpful as well.

Q210 Graeme Morrice: I guess that many of those engaged in zero-hour contracts are not going to be on an exceptionally good wage and, therefore, may well be entitled to benefits. Do you have any evidence where people have come to you, when they have been on zero-hour contracts and they have had difficulty in trying to access benefits, whether it is tax credits or whatever?

Scot Walker: We have received some testimony. I can think of one example of a woman who had been out of the labour market for some five years. She had been bringing up her children and was trying to get back into employment. She was offered, I believe, a zero-hours contract with a major high street retailer, but was told, "Week in and week out you will be guaranteed this. It might not say it on paper, but you will be working at least 16 hours per week." If she was not working those 16 hours per week, she would have had to declare that there was a difference between what she had said and what she was getting, which was going to impact upon her working tax credit. There has been some evidence to Unite through Mass1 of that.

Q211 Graeme Morrice: Of course, it would be a nightmare for the claimant and also for the DWP, or whichever Government Department someone is claiming benefits from, in terms of having to provide information almost on a weekly basis in terms of the change of circumstances. Clearly, that would not be a satisfactory situation, I would have thought. Would you agree with that?

Scot Walker: I would have thought that the chopping and changing in that would have been ridiculous and unmanageable.

Q212 Jim McGovern: Both of you have made clear your view that you would rather see the back of zero-hours contracts completely, but, if they are to be retained, do you have any views on how they might be improved? That might be a non-starter. You might just say, “No, they can’t be improved. I want rid of them.” If that is the way you feel, just say so.

Mick Cash: I think that they are a mechanism that employers use for a particular reason. While they are there, you are in a situation where they will always end up driving particular behaviour. You can’t improve something that is designed to undermine workers’ rights, terms and conditions, and is cost cutting. I don’t think you can improve them. You should not have them.

Scot Walker: I would broadly agree with Mick. I don’t think you can improve them. You can improve the way that workers generally are protected, by changing legislation so that it does not just protect the legal definition of “employees” as opposed to “workers.” There is a way of redefining legislation so that workers receive protection, but that is not improving zero-hours contracts. That is about improving protective legislation so that it applies to all workers.

Q213 Jim McGovern: The follow-up question is about exclusivity clauses, where you are bound to one agency or whatever. Do you have a view, if that part of it was abolished, whether that would be an improvement of zero-hours contracts, or would you stick to saying that zero-hours contracts should go—full stop?

Mick Cash: By forcing someone to work for one particular company on zero hours, would you not have the same if you had part-time contracts and things like that? I don’t know if they are directly or indirectly.

Q214 Jim McGovern: You did say earlier that an employee, a worker, might have several different sponsors.

Mick Cash: Yes. Regarding bogus self-employment and zero-hours, that is an issue for bogus self-employers, because you could have multiple employers and be on part-time, for example. Zero hours have their own particular connotations. They are different from a part-time or minimum contract. I know that there have been some discussions around exclusivity, but in the rail industry we have had plenty of experience where people have had a multitude of sponsors and the ability to work for different agencies on different pieces of work. They have come to the conclusion that they have to reduce it to ensure the safety of the workers and the safety of the railway. That is why Network Rail are introducing in the new Sentinel scheme that you can only have one prime sponsor and two subsequent sponsors, so it is a maximum of three, for good safety reasons.

Q215 Jim McGovern: Do you think that that is beneficial?

Mick Cash: That is a lot more beneficial than having 20, definitely, which is what happened in some cases.

Q216 Jim McGovern: What about yourself, Scot?

Scot Walker: I consider zero-hours contracts to be exploitation of workers. If you take away exclusivity, all you are doing is meaning that you can be exploited by a number of different bad employers. Zero-hours contracts are bad for workers. For me, I am not sure how big an issue it is getting exploited by one employer because they demand that you are exclusively there to be exploited by them, or a number of employers.

Q217 Chair: The argument has been that if you are on zero hours and you can only work for the one employer, if you are a student and maybe you want to pick up what you can, exclusivity is a very, very bad thing, and therefore abolishing it would be helpful. It does not alter the power imbalance, but, to some extent, it is an assumption that there is more equality in the power balance that workers can pick and choose as well, rather than simply the employers. But you don't see that as making much of a difference at all.

Scot Walker: I see the point you are making, Chair. An individual might feel that that gives them greater scope to pick up those hours. But, in my view, to pick up those hours with different employers still means that it is going to be different employers exploiting that individual.

Mick Cash: The point, crucially, is that the perception of exclusivity is that it empowers the worker and gives them greater freedom, but, as Scot has just said, if you go from one exploited situation to another, you are not empowered. You are not freer.

Q218 Graeme Morrice: You will be pleased to hear that we are coming to the end. I wanted to cover the alternatives to zero-hour contracts, although I think we touched on it earlier. As an alternative to zero-hour contracts to ensure flexibility for employers who require it, what do you suggest they should be looking at?

Scot Walker: You can have fixed-term contracts and part-time contracts. There are ways in which you can provide flexibility in the labour market but that provide the employee with some degree of certainty as to what their hours are going to be over a defined period, and ensure that they are receiving equal employment protection with others. It is not beyond the wit of employers to come up with something more defined that gives security to workers.

Q219 Graeme Morrice: Do you have any examples of good practice where businesses might have used zero-hour contracts but chose not to?

Scot Walker: No, I don't.

Mick Cash: Part of the problem is that, once you are in a particular field of work activity, you get the race to the bottom. If your competitor is using zero hours, you either use zero hours or your costs go up and, therefore, the client, whichever way it is, whether it is Network Rail or Marks & Spencer, sometimes will say "That's who gets the work—it's the cheapest."

Q220 Chair: The interesting point for us from the discussions we had with USDAW was that they were saying that Tesco, Sainsbury's and Morrisons were all examples of good practice, and Asda was noticeable by their absence from that list. I assume from that—this is

one of the issues we will pursue—that Asda are applying zero-hours contracts, but Tesco and so on are still able to compete with them. Therefore, not having access to zero-hours contracts has not been the killer blow to Tesco, Sainsbury's or Morrisons that some of the arguments would suggest. I wonder whether there are examples of good practice anywhere else that you are able to identify. Again, they have peaks and troughs. Before the growth of casualisation, how were peaks and troughs managed?

Scot Walker: Fixed-term contracts. Within my own industry, there are fixed-term contracts. I work within the meat processing industry, so there would be peak periods. Primarily, I work within the poultry industry, so peak periods would be November and December, the run-up to the festive seasons, the barbecue season and Easter. These are peak periods, so the employer would engage workers on fixed-term contracts.

Q150 Jim McGovern: That sounds very much like the 13-week contracts with the council that I was talking about earlier. That was based on the financial year. You would be working seven days a week in January, February and March in the run-up to the end of the financial year, because they wanted rid of the money, and from April to September you might be struggling a wee bit. It was kind of seasonal, but the solution was fixed-term contracts of 13 weeks at a time.

Q151

Q221 Graeme Morrice: Obviously, as we are aware, employment law is reserved to the UK Parliament, but do you think that there is anything—this relates to the situation in Scotland—that the Scottish Government could do to curb the misuse of zero-hour contracts?

Scot Walker: My understanding, certainly through the Procurement Bill in the Scottish Parliament, is that the Scottish Government are saying, in relation to public contracts, that they are promoting the idea of no zero-hour contracts and no bogus self-employment. They are encouraging that rather than putting it in the legislation. I think there is a difference between what the legislation says and what the guidance will say. I am hearing that that is because, if there is a requirement to make any changes in the future, it is easier to amend the guidelines than it is to amend the primary legislation, but I don't know the absolute of that. I only heard it from an MSP the other day, who told me that. That seems to be the argument that the SNP is making, which is why they are not legislating against it within the primary legislation, as I understand it, but are putting it in the guidance.

Q222 Chair: We don't want to get bogged down in a discussion about process. It is a question of the outcome. Unless I am mistaken, you are saying, and you said earlier, that the principle is that, where there is public money involved, there should be rules—stipulations—that there should be no zero-hours contracts of an exploitative nature, and that to some extent covers the point that our colleague, Mike Crockart, was making that there are some circumstances where it might be mutually advantageous. To some extent, the over-exploitative nature covers the areas where you have reservations. Does that seem reasonable?

Mick Cash: We would say that. The levers that the Scottish Government have through procurement policy, particularly in the rail industry, sharing the finance, with different accountants, and having a range of different train-operating companies, means they have greater control over, and say about, what happens with Network Rail in Scotland and with the train operating companies. They could insist on these types of arrangement being in

place. They have the levers in place with the procurement policy. I think that is what we want to see encouraged.

Q223 Chair: Yes. They have the levers just now to do that. It is our view that the Scottish Government, the Scottish local authorities and the health service in Scotland have already got the levers effectively to abolish exploitative zero-hours contracts at the moment. This isn't therefore something that requires constitutional change; it is something that requires an enhanced focus on this area and the political will to do something about it.

Scot Walker: I would agree with that, Chair.

Mick Cash: Yes, I would agree with that.

Q224 Chair: The other element is the question of the private sector. In line with what we have been discussing about blacklisting, it seems fairly clear that the clients would have the ability, or the power if they had the will, to enforce various rules, regulations and so on all the way down through the supply chain, to the contractors, and could then similarly, if they so wished, outlaw exploitative zero-hours contracts or anything other than direct employment. Am I right in thinking that that would be the way you would want to be going in the private sector as well?

Scot Walker: I would agree with you, Chair, that, if they had the desire and will to have a positive impact on the employment relationship between them and workers, then, yes, of course, they would be able to dictate that, but I think there is a distinction between what you can do within the public sector, where Government, through a Procurement Bill, can say, "You must do this." The levers are greater there than in the private sector. In the private sector, there might be an absence of will to do so.

Q225 Chair: There might very well be an absence of will in the public sector as well, and the fact that this has not been done already would tend to indicate that there is an absence of will, or there has been an absence of will up to now. I just want to clarify. I was very struck by the point that was made about the Ethical Trading Initiative earlier on, which I have heard of before but I had nae thought of it being applied in this context. Clearly, in areas such as the supermarkets and food processing, for example, it seems to me that, if they chose, they would have the power to enforce all sorts of rules about employment practices all the way down through their supply chain, if they so wished.

Scot Walker: Absolutely, Chair.

Q226 Chair: I want to be clear about that. I understand that there might very well be some industries where there is not, say, a monopoly or an oligopoly of purchasers, where there is not just a small group but a myriad, and where you really do have the danger that, if one applies higher standards, they just get undercut by somebody else. If we were going for, as it were, the big boys and girls in the private sector as well as the big ones in the public sector, that would crack a lot of the issues. Does that seem to be the way forward for you?

Mick Cash: If you could spread the principles across both parts of the spectrum, fine. I don't know if I am entitled to ask a question, but would you consider Network Rail and the train operating companies private or public?

Q227 Chair: I think we would take them as being public, on the basis that they are dependent on public money. So it could be a condition of them getting public money.

Q152 Graeme Morrice: East coast.

Mick Cash: We know that Network Rail are doing certain things, such as having a code of practice, for example, around the new bidding for new agency work contractors. They are insisting on a new code of practice around minimum standards. Things can be done, but I would suggest that if it could be done for one employer, whether it is public or private, it could be done for others. It is whether, as Scot said, there is the will to do it.

Q228 Chair: In terms of Network Rail, the issue about pipers and tunes comes into it. Several ways down the line, there is not necessarily a direct contractual relationship, but following the money, as it were, does allow you.

That is just about the end. There were one or two particular points that I wanted to seek clarification on, if I could, about the written evidence we got from Unite, if you don't mind me raising it. You mention the discoveries that came from your survey—it is at the foot of the first page—about people being locked out of life, no access to regular work or income and struggling to pay rent. We would be interested, since you did make this offer at some stage, in meeting some of the people who are affected by zero-hours contracts, in order that we can get, for the record, individual, not quite life stories, but experiences on how zero-hours have been impacting them. Maybe we can liaise with the staff and yourselves to get that set up.

One of the other issues was this. You were tackling the argument about temporary and insecure work being seen as a way back into employment. Your evidence showed that that is not the case, and your research showed that many workers are on zero-hours contracts for at least 13 months and more often over 36 months for the same employer. It would be helpful if you were able to give us some clarification to substantiate that, just so that we've got it.

Similarly, you say in your report that zero-hours and agency contracts are being applied to those already in work, with some examples of whole work forces being put on to these contracts. It would be immensely helpful to us if you were able to give us examples of that. As I understand it, you are saying that there is a work force that is directly employed and they are having their status changed to be put on to zero hours contracts or some other form of contract. If we had that, it would be very helpful for us to follow up.

There are only a couple of other issues. The first is the question of franchises being worse—this was in the context of structural changes to the economy; you mention franchises having some of the worst employment practices, as is clear with hoteliers and fast-food chains. Are you in a position to tell us who these are at the moment, or is this something that you would have to go back and check on?

Scot Walker: Chair, that is something that we will probably have to go back and check on and provide to you.

Q229 Chair: It is a serious allegation that is being made there, and we would obviously want to follow it up. Again, you are saying that in various parts of the UK there are public service workers, as diverse as nurses, care workers, estates workers and even 999 call handlers being put on zero-hours contracts. If you don't have that information at your fingertips, which it is not reasonable to expect, it would be helpful if we got some of that from you.

Can I clarify the point that you are making about zero-hours contracts to be opt-in only, and then the question of enforcement of the existing law? I was not quite clear which existing laws. I can't tell you which page of your report it is on because the pages aren't numbered. It is just above the section on consultation questions, where you mention "Enforcement of existing law to be treated seriously...woefully under-resourced" and so on. Can you clarify what legislation you think is being under-enforced at the moment?

Scot Walker: Chair, I am not sure, because I think that the brief we provided to you has been provided to you from Unite nationally, but the brief that I have is from Unite Scotland. I could speculate in terms of what legislation I think is being under-resourced, but it would only be speculation. I see changes being made to gangmasters licensing, for example, and changes being made to the Food Standards Agency. All those things have an impact on what happens to workers within my own industry, but I'm not sure whether that's what the briefing is referring to, or whether it is another area.

Q230 Chair: You do not need to answer everything just now. It would be helpful if you were able, or Unite was able, to give us some further clarification about what is meant by that. I wanted to raise it here and now so that it is on the record, where you are saying quite specifically, and I quote: "Enforcement of existing law to be treated seriously." All of that would be helpful. We have already covered the other points about a contracting culture. Those are the only points I had.

Earlier on, when I spoke to you before we came in, I indicated that we always ask people whether there are any answers they have prepared for questions that we have not asked, whether you think there are any points that we should have asked you about that we have not touched on and that you want to raise with us. Are there any such points?

Mick Cash: From the RMT's perspective, with regard to the way that we see this debate going on zero hours in Network Rail, our firm belief is that Network Rail should bring the work in-house. They have the workload and the funding to do that. There will be reasons why they will not want to do that, and I will be interested to hear what they are, if you ever get to find out. Failing that, it is clear that if they don't bring the work in-house, they should end zero-hours contracts and that, under whatever arrangements, if there still have to be debates about agency working and some sort of casualised labour force, we should see minimum standards that are open and transparent, bearing in mind that this is all publicly funded. The example I gave you earlier on, Chair, concerned the fact that the worker got £9.50. That worker did not know that the agency got paid 15 quid an hour for his activities. Once you start giving information which is more open and transparent about what people are entitled to, it does empower workers. Other than that, Chair, I think it has been quite a thorough session.

Q231 Chair: There is another point that I have just remembered, which is in relation to the Commonwealth games. In one of your submissions, you mentioned that in the rail work concerned with the Commonwealth games there might well be contractors using zero

hours hired by Network Rail Scotland to do the work. It would be helpful if you were able to clarify that for us, if not just now then later on, because that is something that we would certainly want to take up with the city council in Glasgow and the Scottish Government. It is not our view that we would want to see the Commonwealth games being conducted, even partially, on the basis of zero-hours contracts.

Mick Cash: It falls into the debate that I started to engage in with you about the number of vacancies in Network Rail. There is a 12% vacancy gap and they have the funding arrangements. In one particular department—the overhead line department—they have to renew certain parts of the network, and in that department they are carrying 25% vacancies because they won't fund up the vacancies. For that reason, they don't have the staff—they've got the money—to do the work. Therefore, they've got to use agency workers because they won't fund up.

Q232 Chair: What I don't understand, though, is, if they are using agency workers, why they have to use agency workers on zero hours. I can understand why they take on agency workers, covering Jim's point, on short-term contracts or even part-time contracts, but I don't quite understand why they have to be zero hours.

Mick Cash: Again, it comes back to the point we made that they have got hundreds of contractors, and certain specialist contractors to do certain activities in the department. We were talking about the overhead lines. That is on the electrification side. The predominant way that they employ people is through the zero-hours arrangements. I don't know how long that particular piece of work will take. It could be two weeks, three weeks or four weeks. I'm not certain. They will not give that amount of work. They will just use what they have got, with a prevalence of zero-hours contracts. If they had a different arrangement in place, if they didn't have zero hours, they would be using people in that arrangement as well. It is very rare to see them having fixed-term contracts, because zero hours seem to dominate. You are either full time or zero hours and bogus self-employed. Therefore, the workers you employ are already on other arrangements. They would have to go to a special arrangement to put them on a fixed term, for example.

Q233 Chair: Unless I am mistaken, you would prefer to have people on fixed-term contracts rather than on zero hours.

Mick Cash: I would prefer them to staff up the organisation they've got today because then they could have done the work.

Q234 Chair: I understand that, but we are not discussing which is the best option between those two. It is a question of which is the least bad option.

Mick Cash: The least bad would be fixed term; yes.

Q235 Chair: Okay. Scot, are there any points that you want to raise with us that we have not touched on?

Scot Walker: There is only one point I want to make. Some of this is probably a little bit of reiteration. Within my own industry, where I have seen increased casualisation, precarious employment, whatever terminology you want to use, it creates vulnerability.

These are vulnerable workers. If they are vulnerable workers, they are unlikely to put their head above the parapet and challenge either their employer, the agency, or the employer of their employer. That can be about terms and conditions, but it can also be about health and safety. I would argue that it could also be about food safety and food security. Workers within the food processing industry are, in effect, the first line of defence to see that proper practice is taking place. For example, I would make the case that relatively recently we have seen a big food scare issue within the meat processing industry. When you lengthen the supply chain between the ultimate customer, the store that sells the product and who produces that product, and you put vulnerable workers within that, are they likely to stand up and say that they are seeing things that would impact upon their employment? I would say no.

Q236 Chair: I take it that you are referring there to horses and horsemeat.

Scot Walker: I am. I am sorry, perhaps I did not make that clear.

Q153 Chair: It was a wee bit elliptical.

Scot Walker: I am sorry. Perhaps I did not make that clear, Chair. Yes, it was the big horsemeat scandal. I think that if you have directly employed workers within an industry, who are employed without fear and are prepared to challenge an employer knowing that they have employment protection, they are much more likely to do so than vulnerable workers, whether they are agency, zero hours, precarious or whatever terminology you give to it. Those workers are not likely to put their heads above the parapet under many circumstances. These practices don't just have a potential impact on those workers, and they don't just have a potential impact on directly employed workers because they drive down terms and conditions; there is a potential impact on everybody.

Q237 Chair: I can see how, in those circumstances, you could have sick animals passed as healthy—with diseases and so on. Are you suggesting that that has been the case?

Scot Walker: I can't provide material evidence that that is the case. I am making a generalisation, I suppose, that if workers aren't willing to stand up for their own rights, because they are vulnerable and fearful about their ongoing employment relationship with an employer who can say, "You'll not get any hours this week," are they going to stand up and say anything about food safety or anything else? I would have thought not.

Q154 Chair: Thank you very much for coming along. It has been a very helpful session, and there is a whole string of things that we will want to follow up.