



A U S T R A L I A N M E A T P R O C E S S O R C O R P O R A T I O N

FINAL REPORT – Researching and Developing a Meat Industry Workforce Development Plan

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1.0 Executive Summary

Australia is the world's seventh largest beef producer and the third largest exporter of red meat. The state of the industry is healthy, with growth in production anticipated across all species in the coming years.

The meat processing sector has a relatively high proportion of large firms with 200 or more employees. The meat retailing sector is characterised by the rising dominance of the two principal supermarket chains (Coles and Woolworths), and more recently also of Aldi, and a declining market share of independent meat retailers.

The need to improve productivity in the Australian meat processing sector is a recurrent theme in both the reviewed literature and in the draft materials of the Red Meat Industry Strategic Plan currently under development. This builds on the 2010-15 version of the Red Meat Industry Strategic Plan which included strong statements on workforce development, although many of these have not been fully realised.

At the time of writing, the release of the MISP 2015-2020 had been delayed, and thus a detailed analysis of the implications of the Plan for meat industry workforce development could not be undertaken. However, in the 2010-15 Meat Industry Strategic Plan the two main areas identified for skill development related to the areas of innovation and productivity, and these continue to be major industry priorities for workforce development.

Most of the workforce data in this report has been derived from the Australian Workforce Productivity Agency *Food and beverage workforce study*, and therefore reflects relatively conservative estimates of employment numbers.

It is expected that over the next five years the structure of the meat processing workforce will remain relatively stable, with a possibility of a slight increase in overall numbers. The industry has a relatively young workforce, and the gradual increase in the proportion of female workers is expected to continue. It is evident that very few entirely new positions are emerging in the meat processing sector, although there is diversification in many current positions, and an increased requirement to either enter the industry with formal qualifications, or to undertake further study as a condition of employment.

The meat industry has a strong commitment to the education and training of its workforce. The *Food and beverage workforce study* acknowledged that the meat sector has a strong tradition of investing in the training of their workers and in delivering this training on the job, particularly in the form of Traineeships and Apprenticeships.

There is also evidence of strong levels of retention of workers who remain working in their field of training. The *Food and beverage workforce study* states that in terms of VET students remaining in the same field for which they trained, there is a strong fit for workers within the meat sector (61.6 per cent), which is above the all-course average.

The meat industry has a long history of supporting Management level training, in particular to Advanced Diploma level with well over 250 graduates in Diploma or Advanced Diploma qualifications recorded since 1995.

The industry also has one of the most streamlined and effective systems of R&D extension in Australia. Since its inception in 1992, MINTRAC's close linkages with both MLA and AMPC have ensured that there

have been mechanisms for transferring research and development outcomes into the education and training system.

Traditionally, MINTRAC has focussed its support for the industry around the skills and occupations covered in the *Australian Meat Industry Training Package*. However, in recent years there has been pressure to address and consider skills requirements beyond this traditional scope and this emphasis will increase over the next five years.

It is evident that national skills shortage data collection techniques based around assessment of state and national newspaper and on-line advertising fail to adequately identify meat processing skill shortages. Many companies recruit from within to fill skilled positions, and so they did not advertise at all for some of these positions. The data indicates that local newspaper, word-of-mouth and Job Search Agencies typically feature in recruiting practices.

Shortages of labour are expected to ease as the mining industry continues to decline. While the emphasis on practical relevant knowledge and experience among new recruits remains high, it is clear that there is an expectation among many employers that new employees should hold relevant formal qualifications, or be prepared to undertake further study and training as a condition of employment.

Over the past four years, changes to state and federal funding policies have led to a significant decline in public funding support for meat industry training. Overall for the meat industry this has led to a reduction in subsidies for individual qualifications, reductions in the number of funded places available, changes to the lists of qualifications which attract funding, restricted access to Traineeships (and hence payroll tax subsidies) and significant inconsistencies between states in relation to the funding of Skill Sets, second qualifications, Traineeship approvals and levels of funding available to public and private RTOs. Such anomalies and inconsistencies in funding have led to training market distortions.

As a result the meat industry has seen ten Registered Training Organisations (RTOs) either close their doors or remove the *Australian Meat Industry Training Package* from their scope of registration, as to offer these programs is no longer economically viable.

There is a growing tendency in the industry to regard the labouring level workforce as a transitory, short term workforce with naturally high levels of turnover. The acceptance of a transitory workforce at the labouring level, and the reduction in formal accredited training to this group has implications for the ongoing availability of suitable applicants to go into the skilled workers positions.

The most critical challenges to workforce development in the meat processing industry over the next five years are posed by ongoing changes to the Traineeship and Apprenticeship system, reduction in access to government funded training, the impact of temporary workers and perceptions of career opportunities in the industry.

Key recommendations

A continuing decline in both the availability and the funds attached to traineeships and apprenticeships has contributed to an overall decline in numbers of trainees. However, Traineeships and Apprenticeships remain the preferred industry option for providing training to both commencing workers and those moving into higher level qualifications.

It is recommended that the industry should continue to advocate for the support of meat industry Traineeships and Apprenticeships to state and federal governments.

Many processors interviewed in this study had developed creative and effective relationships with schools which had resulted in a positive source of future employees.

There is potential to foster relationships with schools, not only as a potential source of future labour, but also as a means of raising the profile of meat processing companies, an appreciation of the importance of the industry, and career opportunities related to the meat industry. This is particularly important given the preference of meat companies to use local recruitment practices.

While the meat industry has a well-established reputation for providing strong support towards the resourcing and capability development of RTOs, the ongoing decline in public funding and increased ASQA compliance requirements is leading to a rationalisation of services and continuing decline in the number of RTOs servicing the industry.

It is recommended that the industry should continue to support RTOs in the traditional areas of support, and also work closely with RTOs to assist them to identify and prepare to meet emerging requirements, particularly in the areas of increased requirements for training related to other Training Packages such as warehousing, Laboratory and Engineering.

There is also opportunity to encourage current meat processing RTOs to use their current skills to address whole-of-supply chain requirements in areas such as animal welfare, traceability, quality assurance and animal handling.

The mix of public, private and enterprise-based RTOs servicing the meat industry is well-established and has clearly served the industry well.

There is a need for industry to re-state its support of both private and enterprise providers to government, in the light of recent moves by three State governments to disproportionately favour the TAFE sector and reduce allocations of funding to private providers.

A planned, structured approach to enterprise workforce development within the context of an enterprise Business Plan is essential. Employers are required to contribute more and more of the training dollar, and a clear understanding of the return on investment is required.

It is recommended that an industry program be developed to improve the skill levels of Human Resources personnel across the industry to support and contribute to enterprise workforce development planning processes.

While there is a great deal of anecdotal and qualitative discussion around the impact of high numbers of temporary workers on the total meat industry workforce, no reliable assessment of the impact of this trend on food safety, career development, productivity and product integrity has been undertaken.

It is strongly recommended that a review of the economic and cultural impact, as well as the future needs and requirements for such a workforce be undertaken.

A recurring theme throughout this study has been the need for improved productivity and cultural change. It has also been evident that the industry has a long-standing commitment to leadership development at enterprise level. However, if the vision of the MISP 2015-2020 is to be realised, a more strategic, broader *industry* (as opposed to 'enterprise') focus is needed, addressing the supply chain, marketing, commercial, political and global requirements of the industry.

It is recommend that leadership development programs such as the Graduate Certificate in Agribusiness and Master of Business Administration be further supported by the industry through dedicated programs or through scholarship support.

It is evident that AMPC has identified perceptions of career opportunities within the meat processing industry as a key issue affecting recruitment and retention, and has already commenced taking steps to address this area.

It is recommended that the impact of the proposed programs be evaluated on an annual basis over the next five years.

2.0 Introduction

AMPC contracted MINTRAC during 2014-15 to research and develop a Meat Industry Workforce Development Plan for the period 2015-2019. The aim of the project was to identify potential skills shortfalls for the industry during this five year period and at the same time identify the causes and a strategy to address this shortfall.

In the first of three stages, MINTRAC collated existing reports and data and extracted and analysed the information relevant to the meat processing industry. This report was presented to AMPC in October 2014.

In the second stage of this project, MINTRAC worked with meat processing companies and peak organisations such as AMPC and RMAC to gain an understanding of the workforce development implications in nominated areas. This report was presented to AMPC in March 2015.

The third stage and final stage of this project involved the matching of the outcomes of Stages 1 and 2 and determining future training needs.

The *Meat Processing Industry Workforce Development Plan* incorporates the findings of the previous Stages and is provided as a separate document to this report.

3.0 Project Objectives

The objectives of this project are to:

- develop a workforce development plan for the meat processing industry, with projections of industry requirements to 2018.
- provide evidence to underpin statements of industry education and training requirements to state and federal governments.
- encourage meat processing companies to consider and plan for their own workforce development requirements.

4.0 Methodology

4.1 Stage 1

In the first of three stages, MINTRAC collated existing reports and data and extracted and analysed the information relevant to the meat processing industry. This report was presented to AMPC in October 2014.

4.2 Stage 2

In the second stage of this project, MINTRAC worked with meat processing companies and peak organisations such as AMPC and RMAC to gain an understanding of the workforce development implications of each of the following areas.

- Market, growth and supply projections and how individual companies intend to structure their labour forces to address changing demands.
- Retention rates and potential/actual competition in the labour market.
- Changes in customer requirements/market access requirements for formal qualifications.
- Changing workforce composition (itinerant workers, 457 visa holders, refugees, women etc.).
- Changes to meat processing organisations scope of work such as the production of value added product, ownership of feedlots and trucking companies.
- Projected changes resulting from microbiological testing requirements and technological developments and their likely impact on the labour force.
- The likelihood and impact of future industry restructuring.
- Projected changes to and structure of the regulatory environment.
- Supply chain issues such as animal welfare, animal health.
- Emerging management skills needs.

Stage 2 involved interviewing Human Resources Managers (or similar) from a list of nominated processing plants agreed with AMPC. Letters to each of the nominated plants advising them of the nature of the project and the proposed interview process were sent out to Plant Managers by AMPC in the week commencing 16 February 2015. MINTRAC then contacted the HR Managers to arrange an appropriate interview time. Those HR Managers unable to commit to the proposed interview time were invited to complete the questionnaire and email it, or nominate an alternative time.

Interviews were conducted from 25 February through to 10 April 2015 using a questionnaire developed by MINTRAC and agreed to by AMPC.

Responses from 31 processing plants (19 companies) were received, with a spread of representation across geographical location, states, number of employees and species processed, as indicated in the figures below.

This report was presented to AMPC in March 2015.

4.3 Stage 3

The third stage and final stage of this project involved the matching of the outcomes of Stages 1 and 2 and determining future training needs.

This material was compiled into the *Meat Processing Workforce Development Plan (2015-2019)* which is provided as a separate attachment to this report.

5.0 Project Outcomes

The findings, outcomes and recommendations from this project are contained in the *Meat Processing Workforce Development Plan (2015-2019)* which is provided as a separate attachment to this report.

6.0 Discussion

The full interpretation of the results is contained in the *Meat Processing Workforce Development Plan (2015-2019)* which is provided as a separate attachment to this report.

7.0 Conclusions/ Recommendations

The conclusions and recommendations derived from this project are contained in contained in the *Meat Processing Workforce Development Plan (2015-2019)* which is provided as a separate attachment to this report.

8.0 Bibliography

The bibliography is contained in contained in the *Meat Processing Workforce Development Plan (2015-2019)* which is provided as a separate attachment to this report.

9.0 Appendices

9.1 Appendix 1 – Meat Processing Workforce Development Plan (2015-2019)

The *Meat Processing Workforce Development Plan (2015-2019)* is provided as a separate attachment to this report.