



A Migration System for Australia's Future

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About AMIC

The Australian Meat Industry Council (AMIC) is the Peak Industry Council representing 2,000 post-farm gate red meat industry enterprises. AMIC members include businesses processing for domestic and export consumption, smallgoods manufacturers, boning rooms, cold stores, wholesalers, distributors and independent retail butchers.

The post-farm gate meat industry employs around 200,000 people directly and indirectly and is often the single largest employer in rural/regional areas, underpinning vitality and sustainability of Australia's agricultural sector and regional communities.

It is well acknowledged that the red meat industry in Australia delivers significant value to the economy, domestically and via export markets.

It is estimated that there are approximately 160 red meat processing facilities, 3,000 independent butcher shops and 400 specialist smallgoods manufacturers in Australia, accounting for approximately 16.9 billion in revenue in the 2020 financial year.

Australian Red Meat Industry Workforce Shortages

There is shortage of workers across Australia but the available of people to work in Australia's meat processing sector is particularly acute, due to a slowdown in immigration over the last three years and strong competition for labour from other parts of the economy.

In August 2022, 13.52 million people were employed in Australia¹, up 661,000 (or 5%) from August 2019 (pre-COVID pandemic). In contrast, there were 1.16 million people employed as labourers in August 2022, back 84,000 (or 7%) from August 2019.

While the meat processing sector employs a wide array of professions and skill levels, those classified as labourers under ANZSCO make up a large portion of the workforce. Other sectors, such as construction, are competitive over this reduced pool of labour.

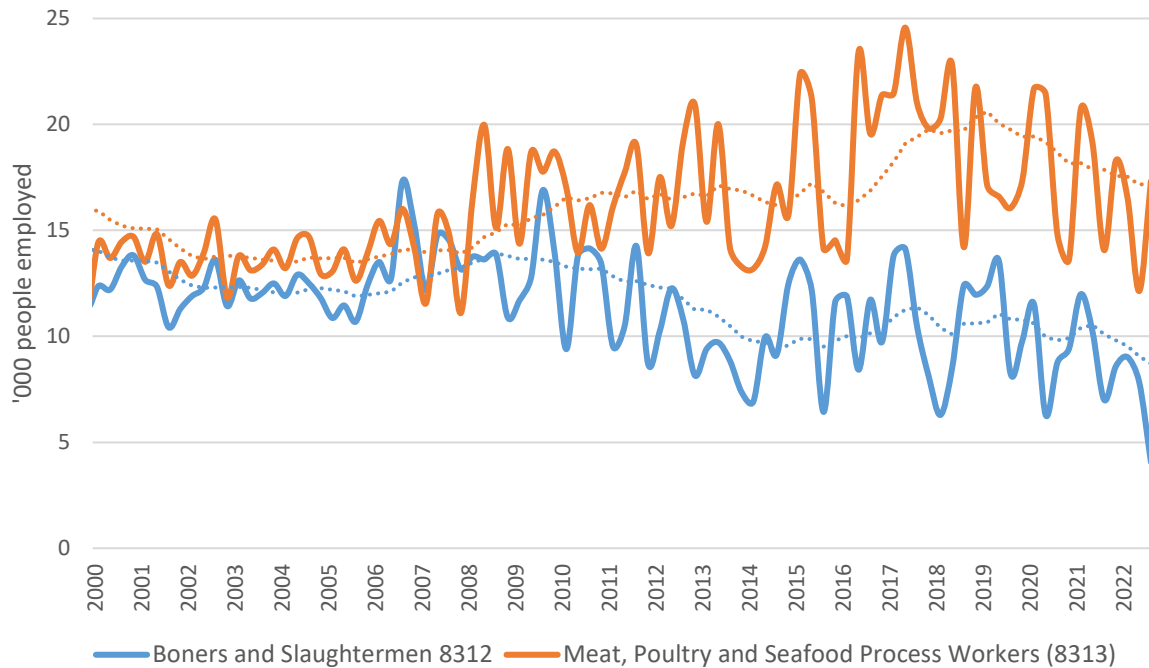
Without migration to alleviate the acute shortage, this will constrain output and put additional upward inflationary pressure on prices of goods from affected sectors.

For instance, as illustrated in Figure 1, in August 2022, the number of *Meat Boners and Slicers, and Slaughterers* (ANZSCO 8312) in Australia was just 4,100 – half of what it was in August 2019 and the lowest number on records back to 1986. This decline in employment was much faster than that of the wider food processing (ANZSCO 831) sector (-7%) over the same period.²

¹ Full time and part time employment. ABS: 6291.0.55.001 Labour Force, Australia, Detailed, Table 07. Employed persons by Occupation major group of main job (ANZSCO) and Sex

² ABS (6291.0.55.001 - EQ08 - Employed persons by Occupation unit group of main job (ANZSCO), Sex, State and Territory, August 1986 onwards)

Figure 1: Employed meat processing workers*



*Only includes those classified under ANZSCO 8312 and 8313. Source: ABS (6291.0.55.001 - EQ08 - Employed persons by Occupation unit group of main job (ANZSCO), Sex, State and Territory, August 1986 onwards)

AMIC and our members recognise that the preferred position is to employ Australian resident workers and to reduce the reliance where possible on migrant workers. However, the difficulty in recruiting and retaining local workers is well recognised.

Labour is regularly identified as the number one challenge for all post farm gate meat businesses, with several businesses indicating that without access to an international workforce they would be forced to close their operations.

A survey of AMIC processors members undertaken in 2022 indicated a daily vacancy of 35 general labourers, 26 skilled workers and 3 leading hands / supervisors per meat manufacturing establishment. For our small business members such as retailers a daily vacancy of 4 qualified retail butchers and a further 4 labourers was reported.

Critically, only 35% of respondents were operating at or above 80% operating capacity. While 80% of respondents cited a lack of international worker availability as the key reason for the workforce shortages they are experiencing.

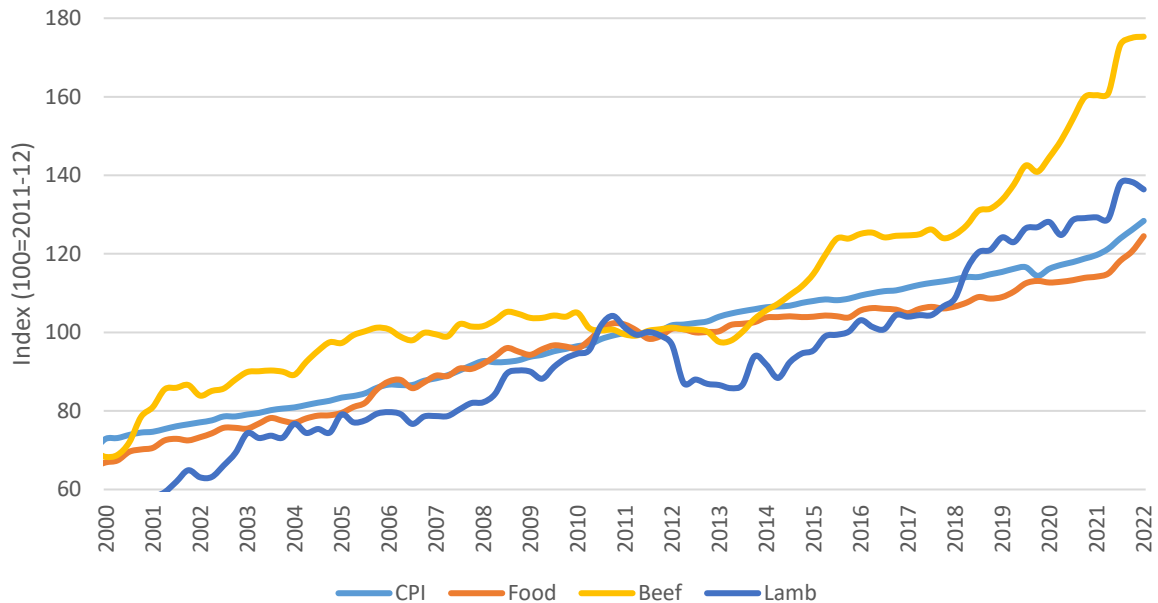
Several of our members have indicated that without migrant workers they would be forced to close their operations.

Supply Chain Flexibility

With constrained labour availability to work in meat processing facilities, supply chains don't have flexibility to respond to changing supply and demand dynamics.

The shortage of meat processing workers is adding to the cost of retail meat products, on top of wider inflationary pressures. As illustrated in Figure 2, retail meat prices, particularly beef, have surged in the last few years.

Figure 2: CPI and sub-categories



Source: ABS (6401.0 Consumer Price Index, Australia, TABLE 7. CPI: Group, Sub-group and Expenditure Class, Weighted Average of Eight Capital Cities)

In September 2022, meat and seafood prices were 16% above September 2019 levels and beef prices (a subcategory) were 31% higher. This compares to an 11% increase in the wider CPI over the same period³. Inflation of necessity consumer goods, such as meat, hurts the lowest-paid consumers the greatest and puts a healthy, balanced diet further out of reach.

Additionally, industry is expecting a significant increase in cattle⁴, sheep⁵ and goat slaughter in coming years, driven by environmental conditions and growth in Australia's herd and flock. When these animals come forward for slaughter in greater numbers, particularly if Australia enters a dry spell, there won't be the slaughter capacity and people to process them.

³ ABS (6401.0 Consumer Price Index, Australia, TABLE 7. CPI: Group, Sub-group and Expenditure Class, Weighted Average of Eight Capital Cities)

⁴ MLA project 11% a year-on-year increase in 2023. https://www.mla.com.au/globalassets/mla-corporate/prices--markets/documents/trends--analysis/cattle-projections/june-2022_australian-cattle-industry-projections_140622.pdf

⁵ MLA project 7% a year-on-year increase in 2023. https://www.mla.com.au/globalassets/mla-corporate/prices--markets/documents/trends--analysis/sheep-projections/july-2022_mla-australian-sheep-industry-projections-update_130722.pdf

Such a bottleneck would place significant downward pressure on livestock prices, negatively affecting farmer returns. We saw such dynamics in 2014 and 2015 but Australia had about 10,000 employed *Meat Boners and Slicers, and Slaughterers* at the time to manage the sharp increase in livestock slaughter. Repeating such a response would be a significant challenge in the current environment.

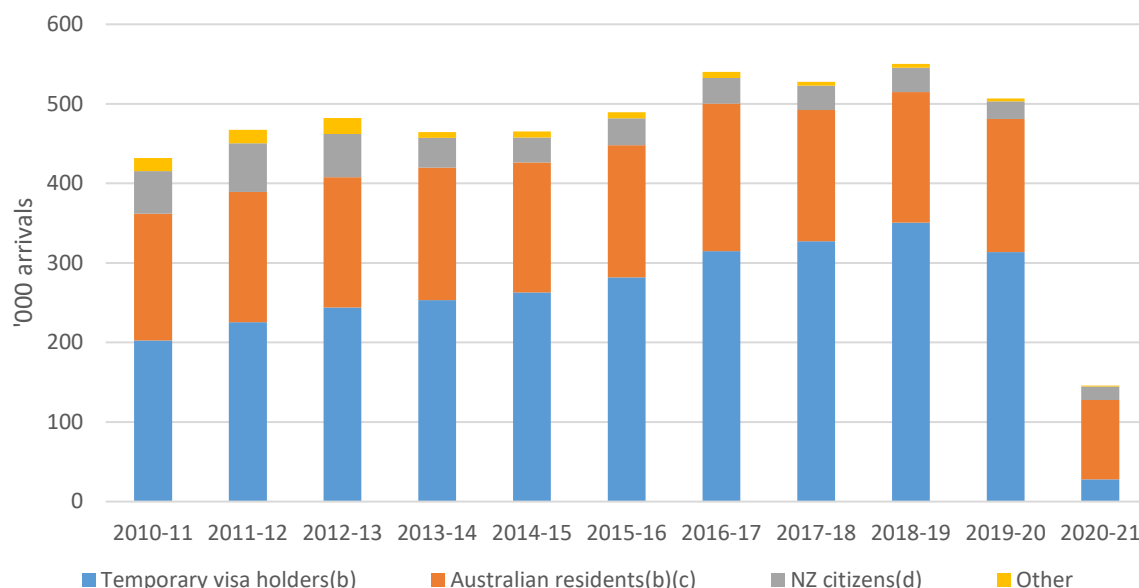
Due to underlying seasonal-induced variability in supply, having a flexible workforce that can respond to underlying conditions is critical for protecting producer farm-gate income and mitigating inflationary pressure. While the processing sector continues to innovate (e.g. increased use of robotics and higher-skilled employees), such changes cannot keep pace with the swings in Australia’s labour market and there continues to a need for skilled and unskilled labour right across the sector.

VISA Reform

A key driver of the current worker shortage is the lack of migration due to the impact of the COVID-19 pandemic. As illustrated in Figure 3, temporary visa holders declined by 92% between FY2018-19 and FY2020-21 (or from 351,000 to just 28,000 arrivals).

This reduced pool of overseas arrivals, coupled with a wider stimulus-fuelled economic expansion, meant there was a significant reduction of employment in the meat processing sector.

Figure 3: Overseas migrant arrivals



a. Estimates for 2020-21 are preliminary. See revision status on the methodology page. b. The visa at time of traveller’s overseas migration arrival date. The number of visas here should not be confused with information on visas granted by the Department of Home Affairs as visas can be granted onshore. c. Includes Australian citizens and permanent visa holders. d. New Zealand citizens are granted a Special Category visa (subclass 444) upon entering Australia.

Source: ABS, Overseas Migration 2020-21 financial year

The Australian meat industry recognise training, development, leadership and workforce planning are all critical aspects to building a sustainable industry. However, a visa system which is not fit-for-purpose significantly contributes to the difficulties in attracting appropriate labour (skilled and unskilled) and contributing to the labour supply struggles commonly experienced by industry. Industry requires suitable (long-term) duration visas which incorporate pathways to permanent residency.

The opportunity for migrant workers to transition to permanent residency allows the opportunity to upskill to higher levels and therefor earn higher incomes to support families. These successful transitions also assist host employers in building workforce capacity and reduces the businesses future reliance on visa holders.

Permanent migration also offers significant opportunity to strengthen regional areas from a socioeconomic perspective through sporting, community, education and religious social activities in the regional, rural and remote towns in which we operate.

To ensure the Australian meat industry can recruit a suitable and sustainable workforce, and food supply is not impacted, visa reform is essential.

Skilled Migration Occupation Lists and Classifications

As noted in the *A migration system for Australia's future Discussion Paper, November 2022*, the skilled occupation lists that underpin most skilled visas are inflexible and slow to reflect emerging occupations and technological changes.

As one example of the unsuitability of skilled occupation lists, for a number of years AMIC have advocated for the reclassification of the occupations of 351211 Butchers and Smallgoods Makers to the Medium and Long-term strategic skills list (MLTSSL).

Various Skills Shortage Lists are available which demonstrate that that the occupation of Butcher and Smallgoods Maker has been in short supply on a long-term basis. This includes the National Skills Commission Skills Priority List -June 2021 list, which lists various meat industry occupations, including 351211 Butcher or Smallgoods Maker, as '*Occupations in national shortage, with strong future demand*'.

Under the current system, whilst the two occupations of Butcher and Smallgoods Maker remain on the Short-term Skilled Occupations List (STSOL), this classification is detrimentally affecting access to skilled workers from overseas countries to support the red meat industries economic, demographic and labour market needs.

The National Centre for Vocational Education Research (NCVER) shows a significant reduction in enrolments for Meat Processing, Butcher and Smallgoods Maker related Qualifications under the Australian Meat Processing Training Package (AMP), in the years from 2015 to 2020.

Across the range of key qualifications there were 10,042 enrolments in 2015, dropping to 8,667 in 2020.

The number of apprentices entering the occupation of Butcher and Smallgoods Maker is also in serious decline and if this trend continues the skills shortage will become even more pronounced.

Additionally, AMIC have sought the addition of addition of 831331 Meat Process Worker, 832114 Meat Packer and 733111 Truck Driver (General) to Schedule 2, Item 1 - Occupations, Nomination Ceiling and Location of the Meat Industry Labour Agreement.

The addition of these occupations would allow meat processing businesses who are signatories to the MILA to recruit and employ overseas workers at an indicative ANZSCO skill level 4 and 5.

Broadly, these workers would undertake tasks transporting livestock and meat products, processing the carcasses of slaughtered livestock, preparing and packing meat and meat products.

The inclusion of these occupations would be in line with a 2021 Ministerial decision which allowed the addition of ANZSCO 831313 Seafood Process Worker to be included in the Fishing Industry Labour Agreement (FILA) as an occupation for category 2 and 3 regional locations.

In addition to the shortages identified by AMIC, The Australian Government National Skills Commission Labour Market Insights indicates future growth for ANZSCO ID 8313 (which encompasses Meat Process Workers) of 18.8% to 2026 or an additional 2,700 jobs in the category.

For ANZSCO ID 8321 (encompassing Meat Packers) the projected future growth is 6% or an additional 3,900 jobs required by 2026.

These roles are increasing, in-demand and critical to the sustainable operation of our industry, yet we are unable to recruit these roles under any current suitable visa pathway.

AMIC supports reform of the skilled migration occupation lists and classifications.

Under the current system which utilises a Skills Priority List (SPL) Stakeholder Survey which seeks insights into the Australian labour market, the survey is not user friendly and very difficult to complete from an accessibility point of view. AMIC would assert this current format is discouraging organisations from participating and limiting the feedback provided by those who do participate.

Skilling Australia Fund Levy

Over \$845 million has been paid into the SAF and dispersed to States, since 2017, to support the training needs of Australians in industries and occupations in demand. The fund is designed to support training programs and initiatives for Australians to contribute to training and skills development.

Based on skilled visa nominations, AMIC estimate the meat industry have contributed over \$20 million to the SAF since its inception in 2017. The meat industry is yet to see any tangible benefit from this investment which assist us to train and upskill Australian workers to reduce our future reliance on migrant workers.

Consultation with our members indicates that our sector who are directly funding the SAF do not benefit from the levy, as they have had not employed a local worker who has participated in a SAF-funded training program.

The current SAF requirement fails to direct the funds collected back into programs to assist the industry's most in need, such as the meat industry, and it also fails to recognise the large investment the meat industry independently invests in training and upskilling employees to offset levy requirements.

English Language Settings

The Australian meat industry recognise an appropriate level of English language capacity assists in protecting workers, prevent workplace incidents, improves productivity, and assists workers to successfully navigate life in Australia.

The meat industry has a strong history of supporting workers who have English as a second language. This support extends to migrant workers including those who are sponsored or working under other arrangements, such as humanitarian visa holders, working holiday makers or accompanying family members and also to Australian residents.

Support mechanisms include, but are not limited to the use of translators, translated or simplified communications including pictorials and provision of English tuition for migrant workers.

The current requirement under the Meat Industry Labour Agreement of an IELTS overall test score of at least 5.0, with no minimum score for each of the four test components, or equivalent is widely considered to high and prohibitive to the sponsorship of otherwise suitable workers.

Worker Protections

Employers of migrant workers in the red meat industry fully acknowledge the crucial role migrant workers play in enabling industry to maintain its contributions to Australia's economic prosperity. The industry has zero-tolerance for exploitation and mistreatment and is fully committed protecting the welfare of all workers.

Like all workers, migrant workers are entitled to fair and ethical treatment by their employers and in their workplaces. Industry recognises that as a cohort, migrant workers are exposed to some unique challenges associated with their relocation to Australia.

The meat industry is committed to ensuring migrant workers are met with an equally welcoming and rewarding workforce environment as Australian workers, and are provided with the support they need to continue contributing to the meat industry and the Australian economy.

To this end, industry have developed a voluntary code of conduct (the code) to protect the interests and promote the welfare of migrant workers.

To achieve this, the industry has determined a set of guiding principles, contained in the Code which represent continuous improvement goals for signatories. A compliance guide to this code has also been developed to assist signatories to demonstrate alignment of their practices and policies with the guiding principles.

The guiding principles align with matters concerning:

- Respect for Laws
- Fair Workplace Treatment
- Responsible Procurement and Sourcing Practices
- Travel and Accommodation
- Support for Integration into Host Communities
- Access to Remedy
- Transparent Workplace Practices
- Verification

The code is currently undergoing testing within industry and is anticipated to be implemented in 2023. We look forward to working with the Department of Home Affairs and other Government agencies and stakeholders as we work to ensure recognition of the code in policy setting.

It is the primary objective for this voluntary code to protect the interests and promote the welfare of migrant workers.

Labour Market Testing Requirements

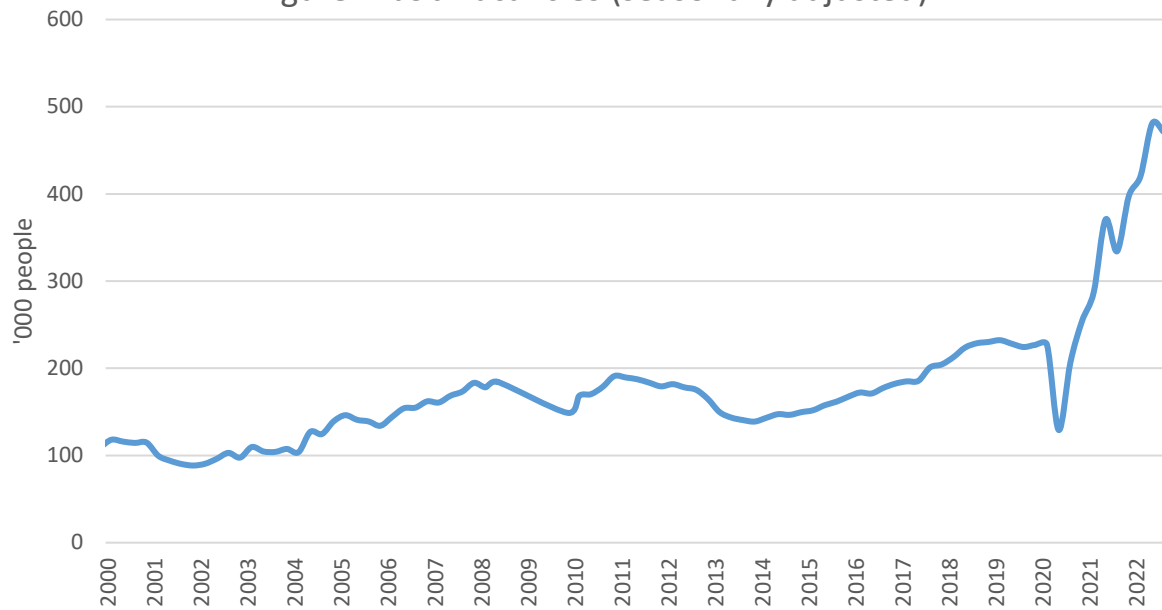
The current Labour Market Testing (LMT) Requirements are no longer suitable in the current climate.

The exercise is a significant administrative burden on businesses to have to collate proof of advertisements from their individual business when there is both Government and industry data available providing insights to workforce shortages in various industries.

In August 2022, there were 425,500 job vacancies nationally, an increase of 107.4% compared to February 2020, as illustrated in Figure 4.⁶ Furthermore, in August 2022, 26.7% of businesses reported position vacancies, up from 11% in February 2020. In this type of market, burdensome LMT requirements are redundant as all employers are testing the market and searching for people that are simply not available.

⁶ Australian Bureau of Statistics (August 2022), Job Vacancies, Australia, ABS Website, accessed 14 December 2022.

Figure 4: Job Vacancies (seasonally adjusted)



Source: Australian Bureau of Statistics (August 2022), Job Vacancies, Australia.

The requirement to conduct LMT for 12 months prior to lodging a nomination significantly hinders the viability of our supply chain. New and existing businesses are denied the opportunity to recruit for positions for a minimum of 12 months within an already extremely constrained labour market.

As an example of industry data, in 2021 / 2022 AMIC was one of 12 industry groups selected to deliver the Federal Government's PaTH Business Placement Partnerships program. The PaTH program focused on three elements: Prepare – Trial – Hire and assists young people to gain the skills and work experience needed to get and keep a job.

AMIC worked closely with the Government to draft a holistic pre-employment program which aimed to match job seekers with meat industry employers across our three sectors - meat processing, smallgoods manufacturing and retail butchers.

The program design encompassed: an online mentoring program, accredited and non-accredited training components to ensure participants the necessary skills to succeed in the workplace and a work experience component.

AMIC worked with over 100 Jobactive providers via email, phone contact and project briefings. Not one referral was received from a Jobactive providers. Due to the lack of engagement or assistance from the Government contracted Jobactive providers, AMIC then worked with the Government to directly contact the 17,000 eligible job seekers in the identified regions via text message.

Through this process we received 35 expressions of interest and 1 application. With only 0.21% of eligible applicants applying for the program we were forced to abandon the project.

Industry case studies such as this should be accepted as evidence of labour market testing.

AMIC Recommendations

To ensure the Australian meat industry can recruit a suitable and sustainable workforce, and food supply is not impacted, visa reform is essential.

In reforming the current program, we have the opportunity to ensure a long term and viable meat industry in Australia, which supports both Australian Jobs and the Australian economy.

AMIC envisages the key features of a suitable visa program to support the vitality and sustainability of Australia's largest agricultural sector would include:

- Streamlined application and administrative processes.
- Access by employers throughout the supply chain including meat processors, further manufacturers and retail butchers.
- Access to a broad range of skills categories including, low-skilled, semi-skilled, skilled, and trade qualified roles such as butchers, smallgoods makers and maintenance personal.
- Access to training and skills development, where appropriate.
- Suitable (long-term) duration of visas incorporating pathways to permanent residency
- English language skills settings suitable to workplace and community needs
- Streamlined Labour Market Testing requirements

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