



## **AMIEU Submission to the Inquiry into the Effectiveness of the Current Temporary Skilled Visa System in Targeting Genuine Skills Shortages.**

Dear Senators

This submission raises the factors that are specific to the **Australian Meat Industry** that we assert are relevant considerations to the inquiry, and then also deals with the points raised specifically in the terms of reference.

### **Overview of the Meat Industry**

The red meat industry employs 33,000 people at its peak. Employment numbers are directly related to the numbers of animals processed. As national production levels rise and fall, so do the employment numbers.

The normal industry cycle sees farmers raise animals for slaughter, with an obvious need to maintain enough breeding stock to maintain or increase the base stock holding and thereby provide a constant product for sale. For approximately 9 months of the year the farmer sells stock to processors in large volumes, and for approximately three months of the year (sometimes longer) those volumes are slowed down considerably as part of the restocking process, as well as other seasonal factors.

This translates to higher numbers of employees required during the 'busy' part of the cycle and lesser numbers required during the 'quiet' part of the cycle.

Droughts exacerbate and exaggerate the labour requirements in two ways. During a major drought the farmers will struggle to feed stock and are therefore pressured into selling a greater number of stock than they normally would, which affects the ability to restock as quickly as needed and results in the stock holdings being reduced for prolonged periods. As each of the farms suffers the same consequences, the national stock holdings in Australia decline. As the national herd or flock declines, larger volumes are processed through the abattoirs resulting in greater volumes of employees being required. In the obverse, as the drought breaks the farmers must immediately restock as best as they can and so much of their remaining stock is withheld from sale whilst they breed new animals, and volumes of animals processed through the abattoirs reduce significantly.

The industry deals with these fluctuating labour requirements in several ways;

- Standing down numbers of workers for short term periods and slowing processing speeds
- Standing down entire work groups for a day or days during a week or a number of weeks and maintaining high production levels on the remaining days where work is performed
- Standing down entire shifts for long durations
- Closing the meat plants altogether for short to medium term durations
- Mothballing meat plants
- Closing meat plants permanently

To put all of this into perspective, the national beef herd is ideally situated at 29 million head to provide a 'turn off' of approximately 10 million head, which are then split between the calf trade of approximately 700,000, the live export trade of approximately 1 million head, leaving approximately 8.3 million head for the abattoirs.

The national sheep flock is ideally situated at 75 million head to provide a 'turn off' of approximately 35 million head (due to different breeding factors to beef), of which approximately 2 million head go out as live export and the remaining 33 million sheep and lambs go to the abattoirs.

Collectively between these two sectors the industry ideal is for 33,000 people employed to process 8.3 million head of beef and 33 million head of sheep and lamb through the abattoirs, a small number of people in the calf trade and a relatively small number of people (actually performing activities that are solely related to moving animals from the farm and loading them onto sea transport) dealing with the live export trade.

### **The Current Industry Status**

Major drought during the two to three year period leading up to 2017 saw the national herd and flocks decline to under 26 million head of beef and under 70 million head of sheep as farmers had to quit progressively more stock.

This resulted in the processing sector having to rapidly increase production levels and corresponding labour requirements. The beef processing industry volumes increased to close to 10 million head per year by 2017, with live exports also increasing to 1.4 million head in one year.

The breaking of the drought reduced the numbers of beef processed in abattoirs to approximately 7 million head in 2018.

Consequently, many workers have been either retrenched or stood down, and abattoirs have either reduced the number of shifts operating at plants, or closed plants altogether in both the beef and sheep sectors. The current production levels through the beef abattoirs are approximately 3 million head less than at the peak, and 1.5 million head less than the normal levels. 1.5 million head of beef require approximately 4,500 workers to process that product through abattoirs. (these employment figures are not in dispute with other studies in the meat industry)

AMIEU projections calculate that it will take 5 years to return the national herd to 29 million head if the processing sector remains at around 7 million head per annum and the live export trade at under 1 million head.

In November 2018 a representative of the AMPC told the Senates Estimates Committee that AMPC forecasts beef production levels will remain at approximately 7 million head per year for some time now and that they are expecting further plant closures.

### **Skills Shortages in the Meat Industry**

There cannot be a shortage of workers available for meat processing currently due to the large numbers of workers out of work around the country at this moment.

There are 3 main levels of employment at abattoirs;

- Management and quality assurance including meat inspection
- Semi-skilled process workers such as slaughterers, boners, and slicers
- Low skilled process workers who do not take long to train in singular processes

Skill and labour requirement fluctuations caused by increasing or decreasing production cycles require a couple of considerations when addressing;

- The requirement for long term permanent employees to undertake the slaughtering, boning, slicing and quality assurance roles to maintain stability of the process
- The requirement for long term permanent employees in lower skilled roles but who maintain stability of the process and provide training to others and are therefore integral to succession planning

- The requirement for ‘disposable’ (for want of a better term) labour, whose role is to work during peak periods of production, whether that be the annual cycle or the drought cycle, and who are easily retrenched or stood down during the lower parts of the cycles.

It is the view of the AMIEU that these requirements translate roughly into equal thirds of total employee numbers at any abattoirs, noting that there is substantial overlap between the second and third category as they relate to activities performed.

The determination as to whether a skills shortage exists at any point in time must also consider whether the shortage is temporary due to cyclical factors in the meat industry, and whether the meat company is offering fair market rates and conditions of employment that genuinely attracts applicants, and whether the employer is accepting genuine applicants and not maliciously rejecting them.

### **Training**

The use, and overuse, of temporary visa workers in abattoirs results in high turnover of labour and correspondingly heightened requirements to continually train new workers.

It is the experience of the AMIEU that where this constant training challenge needs to be met, it often comes at the cost of training for permanent workers because the total training resource appears to be directed at the temporary workers.

This also leads to lack of succession planning for the higher or semi-skilled work, increasing the need for employers to request further visa workers.

This all appears to the AMIEU to be an entirely self-defeating exercise that increases the reliance on visa workers of various descriptions and leaves the permanent workforce with less training and therefore less opportunity to advance through genuine career paths.

### **ANZSCO**

The AMIEU is concerned that the structure is only updated on an infrequent basis and there is little ability to influence the outcomes either by industry or the training providers to the meat industry.

The considerations of how the various visas interrelate with the ANZSCO structure can be at odds with the considerations of providing career pathways to the permanent workforce.

### **Labour Market Testing**

Labour market testing to date has been subject to various unforeseen, but sometimes deliberate aberrations.

It is not enough to say that there are constant adverts for workers in local agencies or media.

Some of the realities that apply are that employers will set their employment standards for local applicants at an artificially high level simply to be able to assert that they have tried and failed to get adequate local labour.

Employers should be able to demonstrate to an audit process that the reasons for rejecting applicants was based on genuine concerns.

The wages and conditions offered should be a fair market value and not just the award when assessing whether or not there was a genuine attempt to obtain labour. The labour market is subject to supply and demand and to suggest that by offering the award rates of pay (Australian law is that an employer can pay whatever they like providing it is not less than the award) they have made a genuine attempt to fill labour shortages is obviously neither true nor correct.

Conditions of employment should also be considered as part of the labour market testing because if the conditions being offered are inflexible and / or unfriendly to workers (for example if work shifts are longer than 8 hours per day, or the work involves constant weekend shifts), it should not be up to the Government to allow for the supply of labour to fill these unfriendly working conditions, especially if fair market values or additional incentives are not reflected in the wages.

### **Visa Worker Protections**

A major issue to be addressed is the lack of real ability of temporary workers to enforce working rights satisfactorily through the Australian judicial system. One of the main obstacles to any rights enforcement process is directly attributable to the length of time to bring a matter through court to a conclusion before the worker leaves the country.

It is the experience of the AMIEU that there are some employers (particularly, but not limited to labour hire agencies) who are well aware of this circumstance and are prepared to 'run the gauntlet' of deliberate underpayment on the basis that they can continually assess their position on any claim made through the court system and if it looks as though the court may be able to hear the claim and make an effective order, settle the matter with the applicant out of court. This approach allows for many claims to simply run out of time and go unresolved as the applicant must leave Australia.

It is the recommendation of the AMIEU that a fast track system should be developed for temporary workers (workers on temporary visas) either in the current judicial system, or possibly as a separate arm, department, or arm of a department of the Government to deal with visa worker dispute resolution. If for example, Home Affairs set up a dispute settling arm for underpayment or similar claims, it would not need judicial powers to be conferred upon it because a default of any order made by the tribunal could be referred to the department for sanctions to be issued against the offending company. This could be constituted under a labour agreement.

### **Labour Agreements**

The template meat industry labour agreement was developed after exhaustive negotiations with industry including the AMIEU.

The MILA has proven effective in managing many issues that had arisen prior to the agreement and leaves all the processors on a 'level playing field'.

The MILA provides a pathway for supply of slaughterers, boners and slicers in the meat industry which form the 'level one' category of employees we mentioned previously.

The AMIEU supports the MILA and we go further to say that any worker in the meat industry who is working on a non-temporary visa, and / or a visa that provides a pathway to permanent migration, should be subject to an appropriate labour agreement specific to the meat industry.

If you require any further information or clarification on the matters raised herein, please do not hesitate to contact me.

Graham Smith

Federal Secretary

AMIEU