

A New Zealand Meat Industry
Labour Market and Skills Plan

December 2009



Meat Working

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New Zealand
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- New Zealand Meat Workers and Related Trade Union Inc.
- New Zealand Council of Trade Unions
- MIA member companies
- Ministry of Social Development
- Ministry of Agriculture and Forestry
- New Zealand Industry Training Organisation

for their participation, contribution and on-going support to this project.

Recognition must be given to the Meat Tripartite Working Group members for their commitment in developing a Labour Market and Skills Action Plan for the industry (complete list of participants on the back page).



Department of Labour
TE TARI MAHI



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NEW ZEALAND COUNCIL OF TRADE UNIONS
Te Kauae Kaimahi



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Foreword

From the Department of Labour

The New Zealand meat industry plays a major role in generating wealth for the economy and for the many rural communities that have formed around farming and processing. However, the value of the meat produced has fluctuated considerably, and there are now significantly fewer stock units available each year for processing than in the past.

Government recognises the importance of primary industries as drivers of economic growth at a time when the world's need for food is growing. The Department of Labour is committed to supporting the industry to build the skills and workplace conditions that will improve productivity in the long term.

This plan is the result of an innovative process that enabled an industry Working Group to design the elements of a Labour Market and Skills Action Plan. It points to specific intervention and leverage points to be used by firms and individuals in the next phase of the industry's labour market development. The process will be a model for other industry engagements that the Department wishes to progress in partnership with the relevant players.

The industry has recommended that the Meat Industry Tripartite Group be reconvened and oversee the implementing of this Meat Industry Labour Market and Skills Plan. While the Working Group was able to identify what needs to be done, individual firms, the Meat Workers Union and the Meat Industry Association will need to own the plan and action it. The Department of Labour is committed to supporting that collaborative process.

It has been a pleasure for our people to participate in the project and the development of the plan. I commend the industry for taking a long-term view to their labour market development. My thanks to all who participated, especially those members of the Working Group who freely gave much of their time. This report reflects their collaborative effort and commitment.

A handwritten signature in black ink, appearing to read 'C Blake', with a long horizontal line extending from the bottom of the signature.

Christopher Blake
Secretary of Labour

From the Meat Industry Association

The Labour Market and Skills Plan set out in the following pages intends, over time to reduce uncertainty, as experienced by those taking part in all aspects of the meat processing labour market. It outlines a number of actions that could be taken, and which form the basis of the Plan.

The Meat Industry Association (MIA) and its members participated in the cross-sector Working Group, and were happy to take part. One of the most readily recognisable, and useful outcomes of the working group process was the frank and constructive communication between all of the parties. All Working Group participants have gained a better understanding of the motives and circumstances faced by other participants. This has helped the development of common understandings and therefore enhanced the likelihood of reaching a shared objective and way forward on the sector's labour challenges.

The initial driver for the MIA and its members to embark on the working group process was the, at that time, urgent and compelling need to develop a more timely and efficient process for bringing temporary migrants into New Zealand, to assuage severe labour shortages that were compromising processing operations, with a real economic cost.

I am very pleased to see therefore that one of the actions that has already taken place is the development of a streamlined Approval in Principle (AIP) process, that is ready for piloting with three companies. While right at this time there is a much reduced need to make use of the improved AIP process, given the current economic climate, we do need to take advantage of this time to fine tune the process for future use.

The principal recommendation of the working group was the reconvening of the Tripartite Group, with clear terms of reference. The MIA supports this and sees the group as the useful 'home' for the Labour and Skills Plan. It sees a very useful role for the Tripartite Group in providing thought leadership to all participants in the meat industry labour market.

I would like to thank all those individuals and organisations who have participated in the process that has led to the Plan. For our part we look forward to the next step and re-engaging through the Tripartite Group and contributing to policy and outcomes that can benefit all stakeholders and ensure that this sector continues to play its very significant role in the New Zealand economy.



Tim Ritchie

Chief Executive Officer

Meat Industry Association



1.0 Executive Summary

Context

The meat industry has been important in New Zealand's economic, social and cultural life for more than 125 years.

A recent Ministry of Agriculture and Forestry report warned that "...the meat industry has great potential to grow and thrive over the next 10 to 15 years, but there are risks and challenges that need to be overcome".¹

In any scenario intended to ensure that the meat industry is able to grow and thrive, the need to underpin this with labour market planning is essential. Given the ageing of the current workforce and the high churn of younger workers, the absolute size of the future labour market is projected to be smaller, and any future temporary migrant work programmes will offer only small relief. Reliance on seasonal labour will remain a challenge for the industry.

Industry issues

This plan is a response to the recommendations of a Working Group brought together by the Meat Industry Tripartite Group comprised of government, industry and union representatives. It is designed to assist in the resolution of the industry's labour market issues.

In the forum provided by the Tripartite Group, the industry recognised it had a two dimensional problem:

1. It is challenging to engage across the industry because of its dominant culture² of independence and competitiveness between parties.
2. It is difficult to identify and apply leverage that brings about new behaviours that are likely to increase industry viability, productivity, health and safety, and wealth creation.

To address the two problem areas, the Working Group was tasked with thinking laterally about future labour market and skills issues in a fiercely competitive sector. They demonstrated a level of

industry interest, willingness and leadership by setting out a broad strategic direction for the meat industry's labour market.

Farmers, workers and processors in the Working Group have expressed different views as to the problems and causes of the labour issues identified. However, they agreed that managing and responding to 'uncertainty' factors from across the industry is the key requirement to addressing labour market challenges.

Strategic framework

The vision developed for the exercise was:

A profitable cooperative value network for the New Zealand meat industry and people that is able to secure its markets by guaranteeing consistent quality, safety, sustainability and value.

This would be achieved through the implementation of the action points developed in response to overcoming labour market issues and achieving the desired outcomes. All of these factors are summarised in Figure 1.

The Action Plan

This plan was drawn from the frank, personal, cultural and historical analysis of the values, practices and behaviours known by the participants that characterises the industry. The Working Group exercise has resulted in an Action Plan and an implementation process.

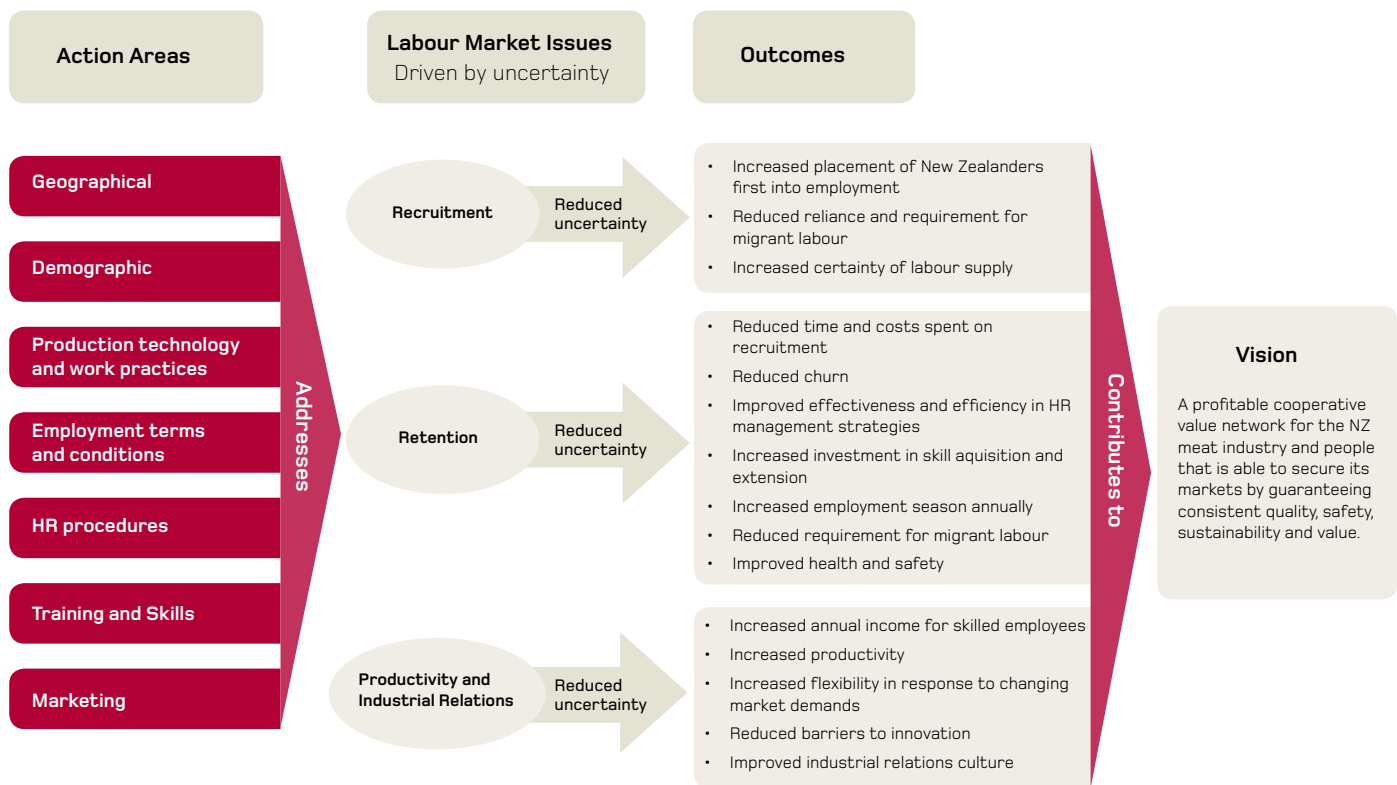
The plan identifies seven action areas:

- **Geographical** – regional factors that influence labour supply and demand.
- **Demographic** – the make-up of the future workforce.
- **Production technology and work practices** – the way work is organised for increased productivity.
- **Employment terms and conditions** – terms and conditions for productive and mutually beneficial employment relationships.

1. Ministry of Agriculture and Forestry (2009) Meat: The Future, Wellington, p.iii.

2. See Ministry of Agriculture and Forestry (2009) Meat: The Future, Wellington, para.3, p.10 for MAF's observation about the critical constraint culture imposes upon the industry's capacity for learning and change.

Figure 1: Strategic framework



- **Human resources management and procedures** – systems and processes around compliance and people management.
- **Training and skills** – acquisition, practice and extension of training and skills.
- **Marketing** – promotion of industry as offering rewarding employment.

These inter-related actions will contribute to improved recruitment, retention and work place practices.

The Working Group also developed a further set of actions that does not form part of the Action Plan. However, the industry and government agencies such as MAF will have an interest in this work, particularly where it relates to product development and maximising returns for New Zealand.

The Action Plan outlines priority areas for trialling:

- Developing a career pathway – coordinate the design and use of a flexible, industry-wide careers pathway.
- Reducing the uncertainty of seasonal employment – examine how current employment models and practices will alter if a larger proportion of labour was not regarded as seasonal and consistent efforts were made to increase the period of employment in any 12-month period.
- Redesigning the approval in principle (AIP) immigration process – streamline the AIP process to provide greater certainty of employment for locals and assurance of labour supply for processors.

Recommendations and implementation

In presenting its plan to the industry leaders, the Working Group made three recommendations; two specifically related to labour and skills and one with wider applications:

1. ***That the former Meat Industry Tripartite Group be reconvened with a revised Terms of Reference that focuses on delivering the Action Plan***

The Tripartite Group will consider whether it will pursue the implementation of the Action Plan in whole or in part. It is critical that the entire membership of the reconvened group takes ownership of the implementation of any agreed work plan.

2. ***That the Ministry of Agriculture and Forestry (MAF) be invited to join the Tripartite Group***

The Working Group believed that the membership of the reconvened Tripartite Group should be expanded and recommended that MAF be included. The Working Group considered that MAF held a national economic and industry perspective that would add value to the redesign of any labour-related dynamics and behaviours in the industry.

3. ***That a value network analysis be commissioned***

A significant area for change in the current meat system lies in the hands of farmers, as they own 60% of the processing capacity and 100% of the supply. The analysis of current practices would show the loss to each farmer and how collective or individual actions could contribute to increased value for all parts of the industry.

The Working Group suggested that something new is possible. The Action Plan provides an implementation path to promote future stable employment and improved productivity in the meat industry. Many of the activities will require broader industry, agency and government support.

Others can be implemented by industry on a small and scalable basis where successful innovations will lead to wider industry take-up.

2.0 Introduction

2.1 Why the meat industry matters

The meat industry produces 15% of our nation's exports by value, 27% of New Zealand's primary sector revenue and 4% of New Zealand's gross domestic product. For the year ending May 2009, the meat industry earned export revenue of \$6.4 billion.³

The industry is also one of New Zealand's largest private sector employers. At peak season, the industry employs in excess of 24,000 workers, representing around 1% of New Zealand's total labour force.⁴ There are more than 66 licensed meat processing plants around the North and South Islands. Most are exporters.

Due to its traditional dominant share of the European Union's (EU) sheepmeat imports, New Zealand enjoys a correspondingly large share of the EU's current tariff-free import quota for sheepmeat. The quota is allocated by the authorities of the exporting countries, and this enhances its value to the exporters.

2.2 Meat engagement: towards a principles-based labour market plan

The Meat Industry Tripartite Group was formed to advance an engagement strategy for government, industry and unions designed to address concerns on labour market and immigration matters. The rationale for the Tripartite Group and the parties to it are set out in Appendix 1.

The Tripartite Group well understood the difficulty of constructive engagement in the meat industry, especially the problem of creating:

- an effective engagement path between the parties in the industry
- an effective engagement path between the industry and the government that could hold the parties together with sufficient motivation to conceive and manage new practices across the industry.

3. See <http://www.mia.co.nz>.

4. The Department of Labour's current employment estimate shows there were 24,603 people working in the industry as of March 2009, which represents 1.1% of all people working in New Zealand.

The Tripartite Group wanted to create a more open, trusting and permanent process to examine and improve some of the industry labour market issues it had identified. The group resolved to address their many and different interests in an improved future meat industry labour market by adopting a principles-based approach to a labour market strategy:

- 'New Zealanders first' is a principle enduring over time – this does not mean New Zealanders only, but means that the agenda must promote jobs for citizens and residents first.
- Sustainable employment is a basic principle that can lead to improved productivity.
- Improving the productivity of labour is the essence of sustainable employment and the related goal of improving the value of the sector.

The Tripartite Group agreed that a developmental work research (DWR)⁵ process be used to produce a labour market plan for the meat industry. In the DWR method, a representative industry group modelled the actual dynamics of behaviour in the

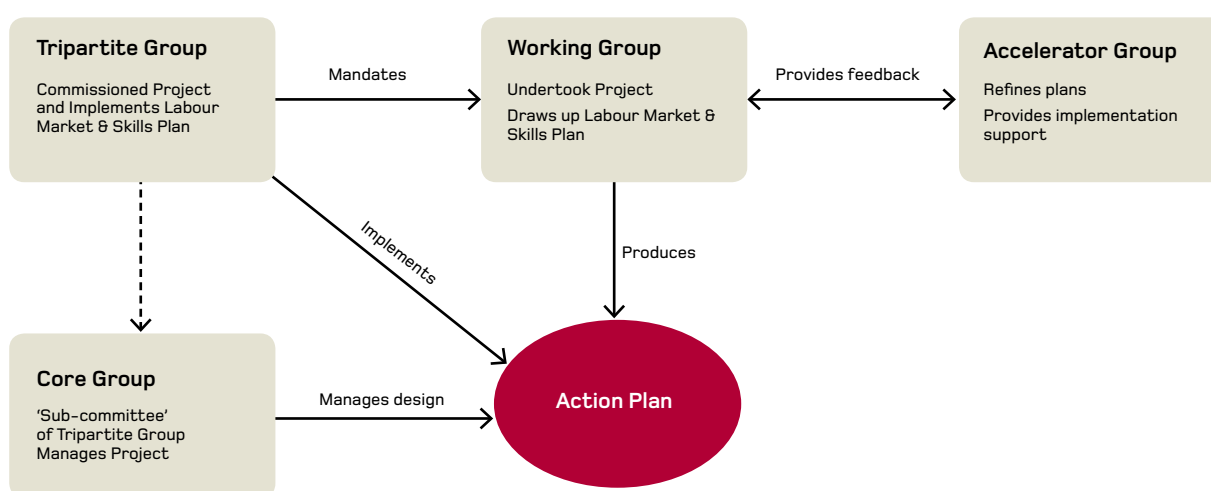
industry. When actual behaviours and dynamics were agreed, they redesigned a future possible meat processing system that resolved the problems and systemic issues identified in the present system.

After completing a design of the DWR approach, a Working Group⁶ composed of people from across the meat value chain was established to undertake the work. The participants developed a habit of open enquiry and moved past position-taking, bargaining, blaming and quick fixes.

This informed group of industry insiders concluded its work by setting out a work plan of practical actions that could be undertaken immediately to introduce altered behaviours and dynamics. The developmental method resulted in a cross-industry capability that is informed by a shared analysis where participants are motivated to volunteer to carry on with the work plan.

An Accelerator Group comprised of industry leaders then came together to consider the recommendations from the Working Group before being considered for a work plan.

Figure 2: Inter-relationship between the different groups involved in the planning and development of the Action Plan



5. This method was developed in the Pure Business Project and contributed to the Horticulture and Viticulture Labour Market Strategy. See <http://www.dol.govt.nz/initiatives/workplace/sme/index.asp>. The methodology was part of the Department of Labour's investment in innovation in policy formation and intervention; a programme begun under the sponsorship of the former Labour Market Policy Group (LMPG) and consistent with the government requirement for innovation in the public sector.

6. See Appendix 2.

3.0 Meat Industry Labour Market Issues

The dynamics and behaviours of the meat industry can be examined and interpreted using many different analytical methods and theoretical frameworks. From the accounts of behaviours adopted by farmers, processors and meat workers, the Working Group identified the key driver of people and organisation action across the meat industry as managing and responding to 'uncertainty'.

For farmers, uncertainty of climate, feed and stock is a core feature of farm management. Uncertainty of return and killing space are system uncertainties they must manage. Processors appear to be required to tolerate a very high degree of uncertain supply of stock and not to impose the cost upon suppliers. For meat workers, managing the uncertainty of generating an annual income is an increasingly difficult task. The research process suggests that each party in the industry has become accustomed to generating and passing uncertainty to the next party.

The meat processing industry faces challenging labour market pressures. Those challenges include recruitment, retention and some across-industry issues driven by the need to manage uncertainty that emerges from the current practices of the industry. While the farmers, workers and processors in the Working Group have expressed different views as to the problems and causes of the issues raised, they have managed to come up with an agreed plan of action.

3.1 Recruitment issues

■ *There is a looming shortage of available labour*

A number of factors influence the local labour supply including proximity to workforce, national pattern of migration (i.e. urban drift) and the state of the economy. The Working Group was concerned by the projected smaller absolute size of the

future labour market, international competition for supply and the possibility of strong competition for employees from other industries.

■ *There is increasing competition for skilled and unskilled migrants*

The industry understands that temporary migrant worker schemes⁷ offer only small relief; perhaps up to 1,000 people per annum. The industry supports the government policy that New Zealanders are to be the preferred employees.

■ *There are potential skill mismatches and shortages*

The skills acquired and demonstrated by the existing workforce require development to enable processors to respond to consumer product preferences and technology. This will also increase the value of the industry's earnings.

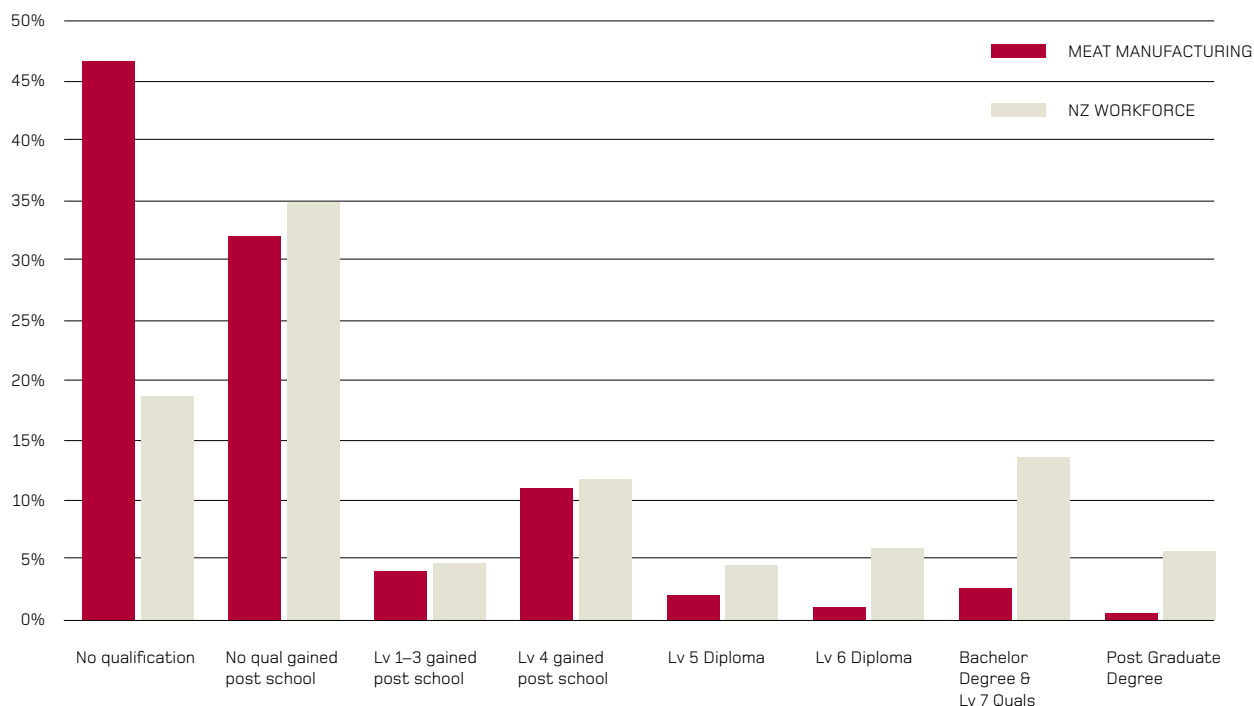
However, while more robots and technology will be applied to processing, two core features of the meat workers' daily work will remain. First, every carcass offered for processing is different and machines do not yet adjust for the infinite variety of individual carcasses. Second, the flow of decisions and actions of processing require the active adaptability of a 'thinking machine'. A highly skilled and engaged 'thinking machine' or meat worker can, at present, do more than robots or technology offer. Some tasks will always require highly skilled people. However, there is a risk already observed in plants that, while removing some work to machines, it will leave often boring and repetitive tasks for workers to carry out.

The current workforce is fairly low skilled. In the meat manufacturing group, there is an over-representation of those who enter the industry with no qualification and under-representation of those with degree-level qualifications.⁸

7. J. Williams (2009) Low Skill Temporary Migration in New Zealand: Labour market and human rights law as a framework for managing future migration, Institute of Policy Studies, Working Paper 09/09, VUW, Wellington; J. Badkar, P. Callister, R. Didham (2009) Ageing New Zealand: The growing reliance on migrant caregivers, Institute of Policy Studies Working Paper 09/08, VUW, Wellington.

8. It is normal for industries with a high proportion of low-skilled jobs to also contain a number of workers with low levels of qualifications. The New Zealand Industry Training Organisation is active in this space. Two relevant fields of training are butchery and food processing technology. Overall, there were 3,955 completions in 2007 – an increase since 2003 when there were 2,135 completions but a decrease since 2006 when completions peaked at 5,830. (Source: Industry Training Federation)

Figure 3: Highest qualification distribution in the meat manufacturing industry versus New Zealand as a whole

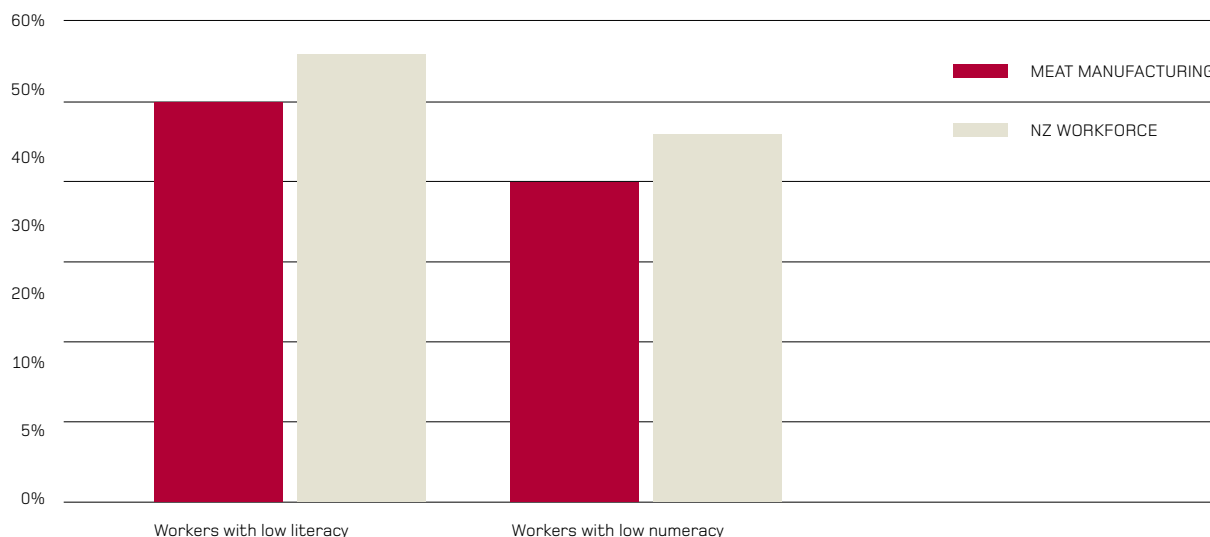


Source: 2006 Census of Population and Dwellings

The Adult Literacy and Language Survey estimated that, in 2006, 50% of workers in the meat manufacturing industry had low levels of literacy compared to 40% of workers nationally. In terms of numeracy, 56% of meat manufacturing workers had low numeracy, compared to 46% of workers nationally.

The relatively high proportion of workers with low literacy and numeracy suggests that a move to a more technologically sophisticated industry may require investment in upskilling the workforce, both new and existing workers, across the entire supply chain.

Figure 4: Meat manufacturing workers with low literacy and numeracy compared to all workers



Source: Adult Literacy and Language Survey, 2006

There are problems with the attitudes and behaviours of the available local labour recruits. Some people presenting for employment are unsuitable for the industry because of drug use and poor attitudes to work. Managing such recruits imposes costs on employers and disturbs the equilibrium of the existing workforce who may have little patience with such attitudes and behaviours.

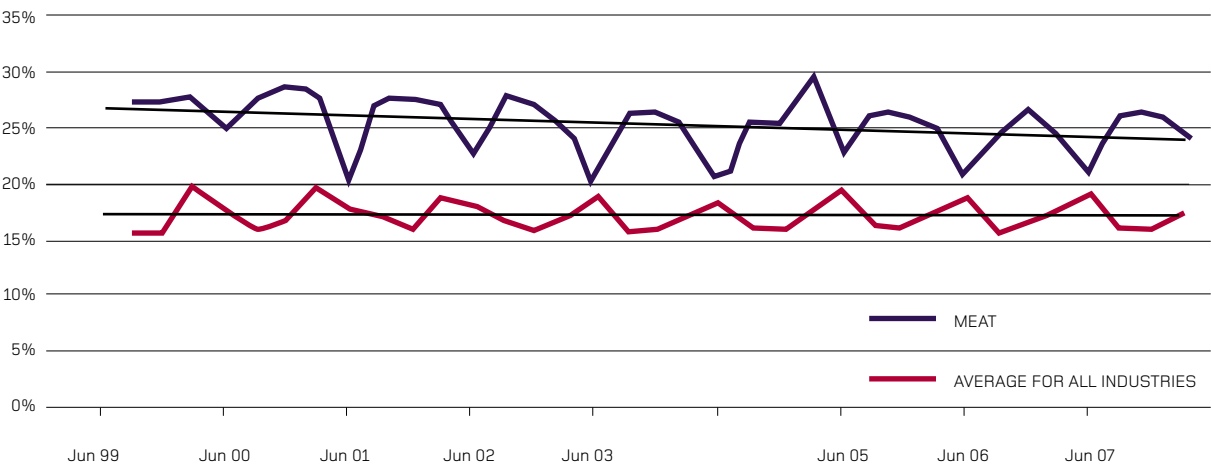
3.2 Retention issues

There are issues with the retention of employees at all levels of accomplishment and experience.

The annual seasonal workforce has a high loss rate. Processors report high churn of new employees in their first season and a diminishing proportion of recruits returning for each following season.

The Linked Employer-Employee Dataset indicates that the worker turnover rate for the meat industry for the four quarters ending March 2008 was 24.4%, higher than the average for all industries of 17.3%. In the five years ending March 2008, the worker turnover rate for the meat industry was 24.6%, higher than the average for all industries of 17.2%.

Figure 5: Worker turnover rate



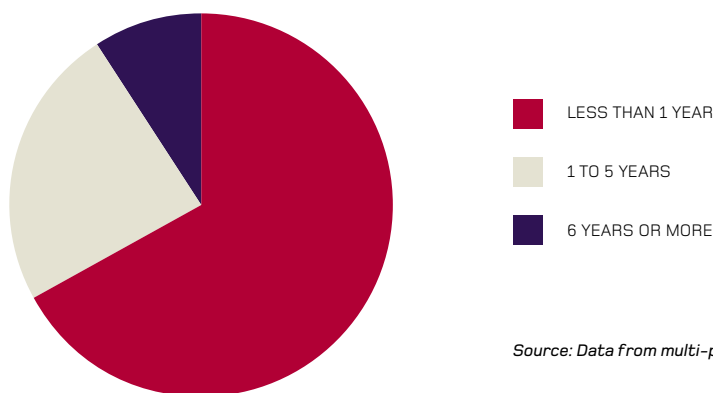
Source: Linked Employer-Employee Dataset, 2008

However, there are major variations among processing plants.

Worker turnover is illustrated by an experience of one multi-plant processor. Data from this processor in 2008 on new employees for a given eight-month period showed that 3 out of every 10 workers was a new hire, and 39% of the company's new hires voluntarily ended their employment (i.e. resignation, absence without leave).

New employees were most likely to be among those who ended their employment in the eight-month period. Figure 6 shows terminations of workers by length of service. This shows that a large proportion (67%) of those who terminated their service had worked for less than one year.

Figure 6: Terminations of workers by length of service



Source: Data from multi-plant firm, 2008

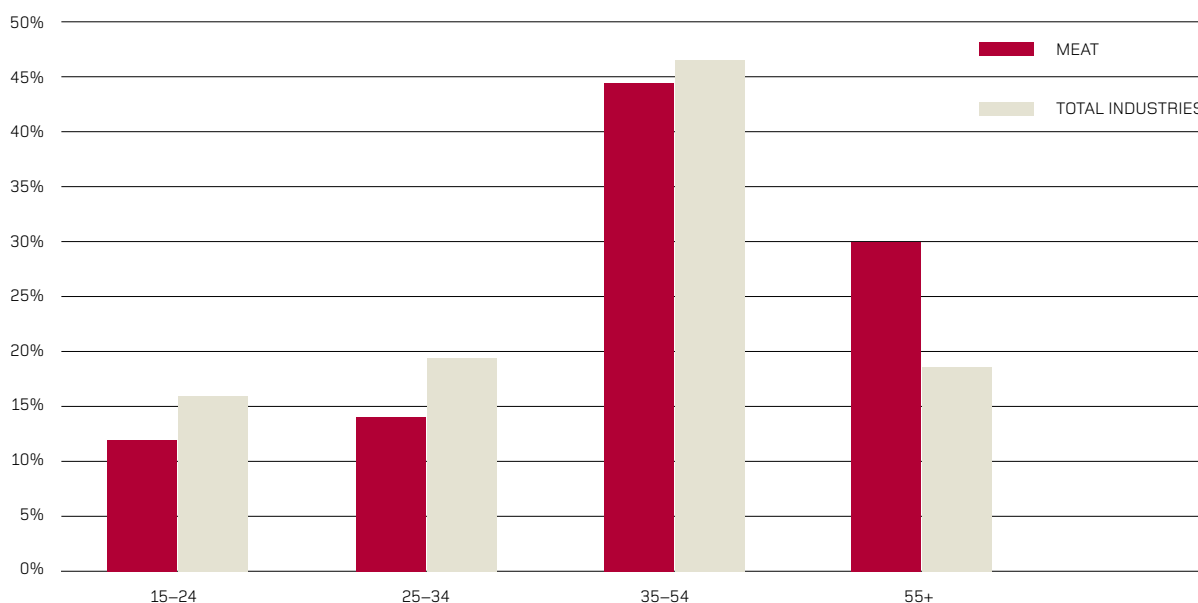
■ The workforce is ageing

Between the 2001 and 2006 Censuses, the proportion of the meat manufacturing industry aged over 40 increased from 48% to 53%.

A large proportion of the meat manufacturing industry is rural, and the rural population in New Zealand is ageing fast. For example, in the East Coast of the North Island, it is predicted that there will be 9% fewer people in the 15–29 age group by 2020.⁹

In the 2006 Census, in both the meat on-farm and processing industry, the proportion of younger workers was 11.8%, which is lower than the average proportion for all industries. The proportion of older workers in the industry was 29.9%, which is higher than the average proportion for all industries. The relative lack of younger workers suggests that the sector is unattractive.

Figure 7: Age profile of meat manufacturing workers compared to all workers



Source: 2006 Census of Population and Dwellings

9. Nimmo-Bell & Company Ltd, *Increasing the Potential of the Sheep and Beef Sector*, May 2007.



PHOTO: MEAT AND WOOL NEW ZEALAND

Meat workers have developed a strategy for managing their uncertain employment (annual and seasonal) by acquiring seniority in respect of their order of re-employment. Seniority is valued because it reduces the annual uncertainty of income for employees in the face of the insistence that people employed for many years in the same job are still seasonal.

The high stakes around the importance of seniority to employer and employee can prevent the exploring of possible pragmatic variations to work organisation and personal employment pathways. For example, workers holding seniority who wish to move to other departments or roles to benefit themselves and younger staff may be prevented from doing so because the parties are too nervous about tampering with key terms and conditions of employment.

■ ***The reputation of the industry as an employer remains poor despite efforts by many to improve that reputation***

The working environment is physically demanding of people, and it can be an unpleasant workplace.

The physical demands of the work mean that older workers who might be 'worn out' stay in work to ensure their families maintain an adequate annual and lifetime income. This strategy is rational but harmful for many employees and is costly to taxpayers (ACC) who pay for the increasing injuries. Efforts to address this are under way using technology and process redesign.

■ ***Meat processing is a higher-risk industry***

Meat workers have high injury and work-related illness rates, and the sector ranks high in the Accident Compensation Commission's (ACC) list of hazardous workplaces.¹⁰ Generally, industries with high injury rates tend to experience difficulty in expanding their workforce or attracting more highly skilled people, given the negative perception of reducing interest from job seekers. There is an opportunity to tie additional investment to improving health and safety and workplace practices. Investment in new plant, technology or work organisation provides an opportunity to reduce injury rates and increase productivity.

10. ACC statistics also show that, although the meat processing industry has got the highest number of claims, in terms of value, it rates as one of the lowest.

3.3 Cross-cutting industry issues

Industrial relations between employers and employees in the industry have historically been characterised by forceful confrontations

Memories and resentment remain strong for some employers and employees. Mistrust of motive and the unilateral exercise of power have been learned as either a necessary survival risk management strategy or as an appropriate business or union strategy.

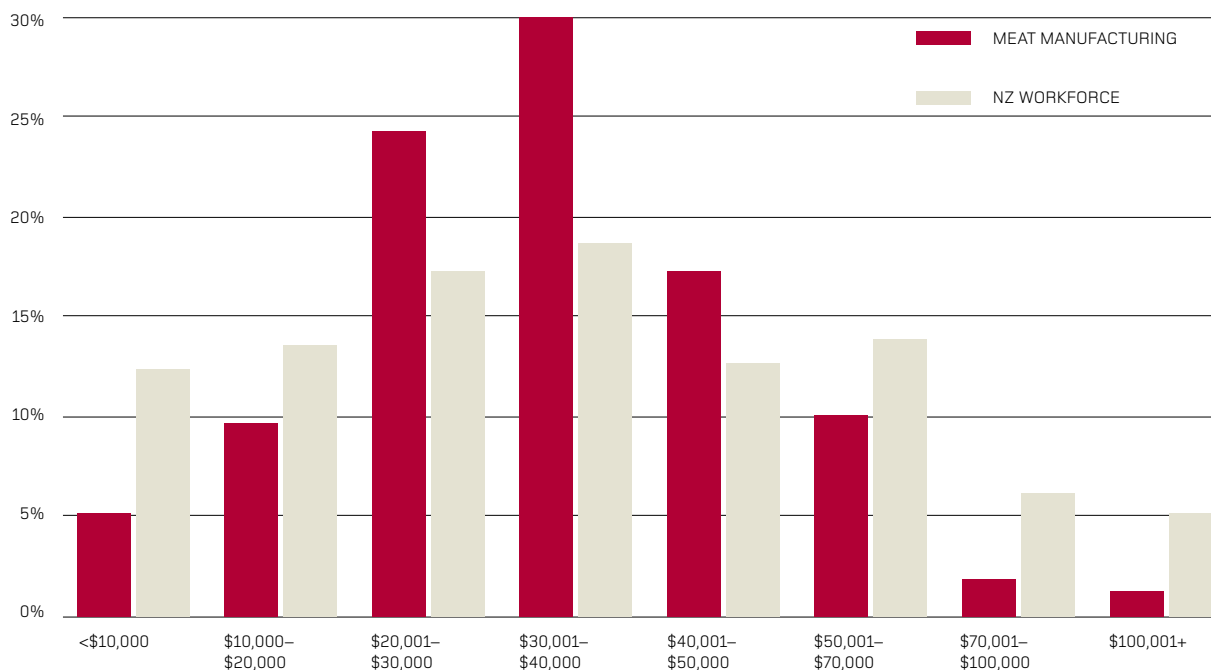
■ *There are work quality issues*

Among work quality issues is the level and certainty of annual income. Meat workers are only often employed seasonally, and this makes their income less reliable.

Figure 8 shows 30% of the meat manufacturing industry earned between \$30,000 and \$40,000 in 2006 compared with 18% for all industries in the 2006 Census.

A comparison of the Australian and New Zealand 2006 Censuses show that in general, the income distribution of workers in the Meat Manufacturing industry is lower in New Zealand than in Australia.¹¹

Figure 8: Wage profile of meat manufacturing workers compared to all workers



Source: 2006 Census of Population and Dwellings

11. Seasonality is likely to be a major factor in this differential. Australia provides more all year round employment while the New Zealand meat processing industry provides only seasonal employment.

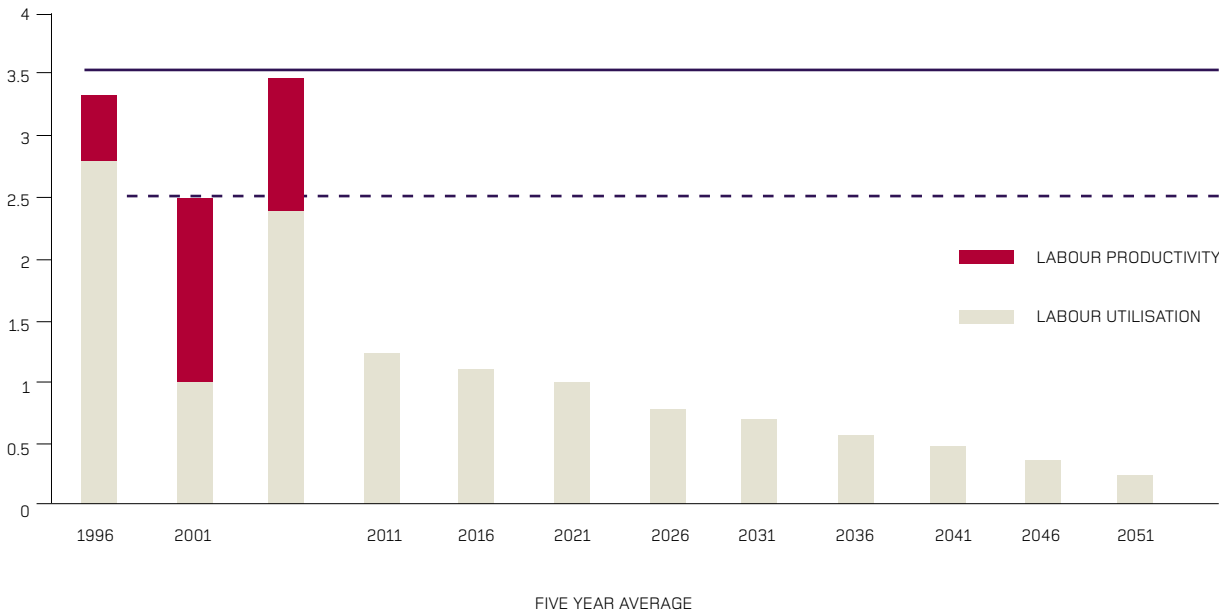
■ **Low productivity across the New Zealand economy**

As labour utilisation growth is projected to more than halve in the medium term, New Zealand would have to double its labour productivity growth just to achieve the same GDP growth that it has had in the past.

■ **This imperative is even greater given the age and wage profiles of the meat processing sector.**

The government is interested in increasing the productivity of the meat industry by working with industry to reduce labour market pressures, to improve the earning prospects of employees and to reduce the costs to the government of the seasonal churn, periods of unemployment during the season and health and safety costs.

Figure 9: New Zealand's growing labour productivity gap



Source: Statistics New Zealand





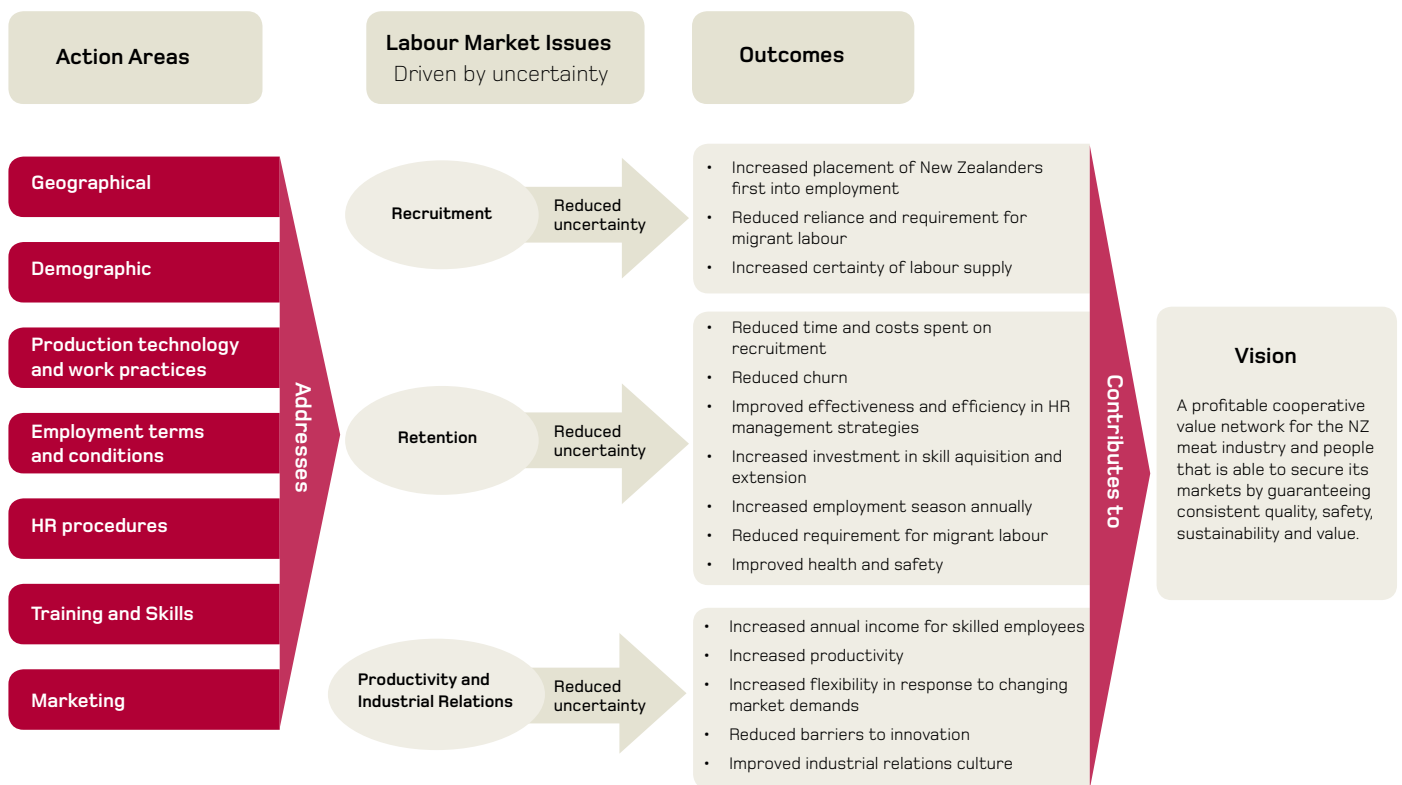
4.0 Creating a Labour Market and Skills Action Plan

Figure 10 shows actions in seven broad inter-related areas intended to address three identified core labour market issues:

- ensuring a supply of skilled labour
- improving retention rates
- better workplace practices.

In time, the Working Group expects these interventions to reduce uncertainty for employers and employees. They contribute to achieving 14 outcomes that ultimately contribute to realising the vision for the industry.

Figure 10: Strategic framework



4.1 Vision – the context for a future labour market

The Working Group took a principles-based approach and agreed that the vision for a future labour market, was:

A profitable cooperative value network for the New Zealand meat industry and people that is able to secure its markets by guaranteeing consistent quality, safety, sustainability and value.

4.2 Outcomes

Over time, the Action Plan is intended to influence the industry dynamics and behaviours, address labour market issues and achieve the following outcomes:

Improved recruitment

- Increased placement of New Zealanders first into employment.
- Reduced reliance and requirement for migrant labour (improved recruitment and retention).
- Increased certainty of labour supply especially during peak season.

Improved retention

- Reduced time and costs spent on recruitment.
- Reduced churn.
- Improved effectiveness and efficiency in HR management strategies at plant, company and industry level.
- Increased investment in skill acquisition and extension resulting in improved HR management.
- Increased employment season annually for skilled employees.
- Reduced reliance and requirement for migrant labour resulting in improved recruitment and retention.
- Improved health and safety.

Cross-cutting industry issues (improved productivity and industrial relations)

- Increased annual income for skilled employees.
- Increased productivity at plant, company and industry level.

- Increased flexibility in responding to altered market demands including reduced barriers to innovation.
- An improving industrial relations culture.

4.3 Reducing uncertainty

There was no set framework imposed on the Working Group to create a labour and skills plan. They went through the process that relied upon the grounded knowledge of the participants to test any statement. This involved describing, then understanding the drivers of current behaviours¹² practised by farmers, processors and meat workers as individuals, groups or organisations within the industry. To focus its redesign, the Working Group sought to answer the following questions:

- What are the current sources of uncertainty in this part (farmer, processor, meat worker) of the industry?
- What could each part of the industry do to reduce uncertainty and its impacts?
- What would that part of the industry need others to do in order for this uncertainty to be reduced?

The Working Group agreed on a list of practical actions that could be taken in order to reduce the uncertainty that characterised the activities of the farmer, processor and worker.

4.4 The Action Plan – identifying leverage points

The Action Plan sets out what contributions are needed to resolve the uncertainties for meat workers and processors. Consistent with a principles-based approach, the Working Group tested each proposal against the following objectives:

- New Zealanders first for employment.
- Mitigating uncertainty of income.
- Demonstrated commitment to good labour practices.
- Minimal regulation/bureaucracy to achieve other principles.
- Enhancing the value of the job.
- Most appropriate deployment of skills and experience.

12. Behaviour is the manifestation of the mental models, learned actions and understandings about how the world works held by individuals. How a person behaves also demonstrates what that person has come to understand and believe about the limits of that person's (or organisation's) sphere of influence – what they can expect or legitimately be expected to do.

The Action Plan proposed by the Working Group has seven broad focus areas, and specific actions were suggested as leverage points for each issue:

- **Geographical** – regional factors that influence labour supply and demand.
- **Demographic** – the make-up of the future workforce.
- **Production technology and work practices** – the way work is organised for increased productivity.
- **Employment terms and conditions** – terms and conditions for productive and mutually beneficial employment relationships.
- **Human resources management and procedures** – systems and processes around compliance and people management.
- **Training and skills** – acquisition, practice and extension of training and skills.
- **Marketing** – promotion of the industry as offering rewarding employment.

Note that the Working Group also completed a wider industry and national level set of actions that arose logically from its whole systems approach. Although these do not directly impact on labour, the Working Group noted that effective change does not happen in a vacuum, and an integrated approach will result in wider improvement gains on skill and labour issues.

Other actions included:

- stock and procurement supply
- maximising returns to New Zealand members of the value chain
- fair distribution of returns
- plant capacity
- product market requirements
- meeting consumer requirements and expectations
- meeting domestic and foreign competition.

These industry-level actions will not be included as part of this plan; however, they have been presented to the wider industry network for further consideration.



PHOTO: MEAT AND WOOL NEW ZEALAND

5.0 Table 1. The Action Plan

Action areas	Actions to improve recruitment, retention, skill	Systems impacts over time	Prerequisites Action required – who needs to change what now? Action required	Contributions to what outcomes?
1. Geographical Regional factors that influence labour supply and demand	<ul style="list-style-type: none"> › Bus transport for employees 	<ul style="list-style-type: none"> › Use of labour from towns with no works. › Isolation impact mitigated 	<ul style="list-style-type: none"> › Company policy required › Possible MSD support 	<ul style="list-style-type: none"> › Increased placement of New Zealanders first into employment › Less reliance and / requirement for migrant labour
	<ul style="list-style-type: none"> › Loan or rent of spare capacity 	<ul style="list-style-type: none"> › Better local labour utilisation › More reliable employment › Better use of plant capacity 	<ul style="list-style-type: none"> › Company strategic collaboration 	<ul style="list-style-type: none"> › Increased productivity at plant, company and industry level › Less reliance/ and requirement for migrant labour
	<ul style="list-style-type: none"> › Internal New Zealand seasonal migration 	<ul style="list-style-type: none"> › Mitigates local labour constraints › Mitigates national unemployment 	<ul style="list-style-type: none"> › Company HR policies › MSD › Local services (housing, etc.) › Cooperation of local authorities 	<ul style="list-style-type: none"> › Reduced time and costs spent on recruitment › Reduced churn

Action areas	Actions to improve recruitment, retention, skill	Systems impacts over time	Prerequisites Action required – who needs to change what now? Action required	Contributions to what outcomes?
1. Geographical Regional factors that influence labour supply and demand	<ul style="list-style-type: none"> Temporary migrant labour scheme 	<ul style="list-style-type: none"> Reserve labour force for seasonal peaks and specific shortages 	<ul style="list-style-type: none"> Regulatory controls Worker protection Appropriate services Systems in countries of origin Agreed trigger formula for each plant Verification of agreed practices in plant Certainty (approval for time period rather than case by case) 	<ul style="list-style-type: none"> Increased certainty of labour supply especially during peak season Reduced demand for migrant labour in time for New Zealanders first (with redesigned immigration scheme)
2. Demographic The make-up of the future workforce	<ul style="list-style-type: none"> Attract more women 	<ul style="list-style-type: none"> Larger labour pool to choose from 	<ul style="list-style-type: none"> Flexible working hours Appropriate training Child care Role models Suitable task allocation Job rotation Marketing the idea by HR Best practice guidelines 	<ul style="list-style-type: none"> Reduced reliance and requirement for migrant labour

3. Production technology and work practices The way work is organised for increased productivity	<ul style="list-style-type: none"> › Automation 	<ul style="list-style-type: none"> › Reduce hard physical work › Reduce monotony › Reduce total labour need › Reduce H&S issues › Makes industry more attractive to work in › More attractive to recruitment 	<ul style="list-style-type: none"> › Capital investment › R&D › Union consultation and agreement › Worker consultation 	<ul style="list-style-type: none"> › Improved health and safety › Reduced churn › Reduced time and costs spent on recruitment
	8 hour shifts		Company practices	
4. Employment terms and conditions Terms and conditions for productive and mutually beneficial employment relationships	<ul style="list-style-type: none"> › Enable career tracks for older workers taking lighter duties 	<ul style="list-style-type: none"> › Escapes problems associated with seniority › Makes industry more attractive for career 	<ul style="list-style-type: none"> › Skills-based promotion system – see (5) (Plant initiative) 	<ul style="list-style-type: none"> › Reduced churn › Improved health and safety › Less reliance / and requirement for migrant labour › Improved effectiveness and efficiency in HR management strategies at plant, company and industry level › Increased productivity at plant, company and industry level › Increased flexibility in response to altered market demands (reduced barriers to innovation)

Action areas	Actions to improve recruitment, retention, skill	Systems impacts over time	Prerequisites Action required – who needs to change what now? Action required	Contributions to what outcomes?
4. Employment terms and conditions Terms and conditions for productive and mutually beneficial employment relationships	<ul style="list-style-type: none"> › Change seniority basis from job done to person's service 	<ul style="list-style-type: none"> › Escapes problems associated with seniority 	<ul style="list-style-type: none"> › See (5) (Plant initiative) › Whole industry information on managing shifts 	
	<ul style="list-style-type: none"> › One day of a week style options for older workers 	<ul style="list-style-type: none"> › Makes industry more attractive for career workers 	<ul style="list-style-type: none"> › Education about impacts 	
	<ul style="list-style-type: none"> › Off-season training 	<ul style="list-style-type: none"> › Better trained workforce › More attractive to work in › Opens up career tracks 		
	<ul style="list-style-type: none"> › Change shift allowance system to reward night shifts and attendance 	<ul style="list-style-type: none"> › Make night shifts more attractive › Reduce absenteeism and shift disruption 		
	<ul style="list-style-type: none"> › Best practice advice on managing shifts 	<ul style="list-style-type: none"> › More productive practices and better attendance 		
	<ul style="list-style-type: none"> › Industry-wide advice on creation of productive and innovative workplace cultures 			
	<ul style="list-style-type: none"> › Innovation reward programmes 			

5. HR management and procedures (see also 'Training and skills' and 'Employment terms and conditions') Systems and processes around compliance and people management	<ul style="list-style-type: none"> › Selection procedures better standardised across industry 	<ul style="list-style-type: none"> › Better selection › Less churn › Fewer unsuitable appointments 	<ul style="list-style-type: none"> › Industry wise advice on practices by peak organisations 	<ul style="list-style-type: none"> › Improved effectiveness and efficiency in HR management strategies at plant, company and industry level › Reduced churn › An improving industrial relations culture
	<ul style="list-style-type: none"> › Facilitation and brokering of off-season work in other industries 	<ul style="list-style-type: none"> › More continuity of employment › Better retention 	<ul style="list-style-type: none"> › MSD and company collaboration › Coordination with other industries › Company HR policies 	<ul style="list-style-type: none"> › Increased flexibility in response to altered market demands (reduced barriers to innovation)
	<ul style="list-style-type: none"> › Improved practice in managing rotation 	<ul style="list-style-type: none"> › More attractive to work in industry › Better H&S 	<ul style="list-style-type: none"> › More multiskilling › Advice from peak organisations 	<ul style="list-style-type: none"> › Increased productivity at plant, company and industry level;
	<ul style="list-style-type: none"> › Creation of career pathways 	<ul style="list-style-type: none"> › Better structured careers in industry (including movement between companies) › More attractive industry to work in 	<ul style="list-style-type: none"> › Integrated with elements in training and employment conditions sections 	<ul style="list-style-type: none"> › Increased annual income for skilled employees › Reduced time and costs spent on recruitment
	<ul style="list-style-type: none"> › Better mixes of full-time, part-time and casual employment taking into account individual aspirations 	<ul style="list-style-type: none"> › Reduce uncertainty around total annual income 	<ul style="list-style-type: none"> › Greater industry collaboration and funding 	
	<ul style="list-style-type: none"> › Establish skills ecosystem networks 	<ul style="list-style-type: none"> › Allows more flexibility in setting price of labour 		
	<ul style="list-style-type: none"> › Minimum weekly Pay 			
	<ul style="list-style-type: none"> › Industry- wide branding 			

Action areas	Actions to improve recruitment, retention, skill	Systems impacts over time	Prerequisites Action required – who needs to change what now? Action required	Contributions to what outcomes?
6. Training and skills Acquisition, practice and extension of training and skills	<ul style="list-style-type: none"> › Good induction practices more consistently applied across industry 	<ul style="list-style-type: none"> › Better quality initial training › Better H8S 	<ul style="list-style-type: none"> › Induction advice from MIA/ITO › Best practice guidelines 	<ul style="list-style-type: none"> › Reduced time and costs spent on recruitment › Reduced churn
	<ul style="list-style-type: none"> › Reskilling of older workers for lighter duties 	<ul style="list-style-type: none"> › Seniority less of a trap › Opens up more career options for more workers 	<ul style="list-style-type: none"> › ITO prepare flowchart of pathways to retirement or lighter, valuable duties › Appropriate training plans › Industry/MSD to bear costs of training › Industry/MSD to agree pay rates while in training 	<ul style="list-style-type: none"> › Increased placement of New Zealanders first into employment
	<ul style="list-style-type: none"> › Skilling workers for off-season work in other industries 	<ul style="list-style-type: none"> › Continuity of employment opportunities › Better retention › Other seasonal industries assisted 	<ul style="list-style-type: none"> › Agreement on who bears costs › ITO co-ordination 	<ul style="list-style-type: none"> › Increased productivity at plant, company and industry level
	<ul style="list-style-type: none"> › Off season training 	<ul style="list-style-type: none"> › Better trained workforce › More attractive to work in › Opens up career tracks 	<ul style="list-style-type: none"> › Appropriate training plans › Industry/MSD to bear costs of training › Industry/MSD to agree pay rates while in training 	<ul style="list-style-type: none"> › Increased investment in skill acquisition and extension (improved HR management)

	<ul style="list-style-type: none"> › Training on-site at optimal moment 	<ul style="list-style-type: none"> › Better quality skills development › Better targeted skills › Facilitates rotation 	<ul style="list-style-type: none"> › Agreement on who bears costs › ITO co-ordination 	
	<ul style="list-style-type: none"> › Pre-employment training programmes 	<ul style="list-style-type: none"> › Preparation of work seekers 	<ul style="list-style-type: none"> › Agreement on who bears costs › Agreement on who pays people in programme 	
	<ul style="list-style-type: none"> › Industry training centre (e.g. at Ruakura) 	<ul style="list-style-type: none"> › Just in times skills capability 	<ul style="list-style-type: none"> › MSD and ITO planning and resources › Contracted providers 	
	<ul style="list-style-type: none"> › Industry-wide skills matrices and job mapping against skills 		<ul style="list-style-type: none"> › ITO with industry to develop 	
	<ul style="list-style-type: none"> › Measurement metrics for plant skills acquisition and utilisation 		<ul style="list-style-type: none"> › Compare with transport industry concept 	
	<ul style="list-style-type: none"> › Establish skills ecosystem networks 		<ul style="list-style-type: none"> › Funding TEC/MSD/industry 	
	<ul style="list-style-type: none"> › ITO training with smaller companies 		<ul style="list-style-type: none"> › Operate as a tertiary provider 	
	<ul style="list-style-type: none"> › Selling the message that this is a good industry to work in 	<ul style="list-style-type: none"> › Address perception issues around – fairness, pay rates, conditions, uncertainty of income etc › Using formal and informal networks › Use the story of this process and all successful initiatives 	<ul style="list-style-type: none"> › Get success from within the participants › Connect benefits to success › Spread awareness of link between altered behaviour and benefits 	<ul style="list-style-type: none"> › Reduced time and costs spent on recruitment › An improving industrial relations culture › Improved effectiveness and efficiency in HR management strategies at plant, company and industry level
	7. Marketing Promotion of the industry as offering rewarding employment			



6.0 Next Steps to Implement the Action Plan

6.1 The Action Plan – a fit with current initiatives

The Action Plan sets out a range of possible actions, from the immediately achievable to those requiring significant and long-term change.

It is important to acknowledge that, in preparing the plan, the Working Group accepted that:

- there are many innovative and effective labour market innovations under way across the industry already
- the actions proposed are not all new or innovative and some may even be standard practice – the Working Group has created a fresh context, an expanded capability and motivation for renewed experimentation
- the plan offers suggestions – it is not comprehensive or mandatory
- the next steps are voluntary, small, trusting and open – this reflects the process and is intended to preserve the motivation of the parties
- many current initiatives and proposed innovations could be accomplished by better quality coordination and information-sharing between progressive industry participants.

Many of the individual actions can be mixed as elements of different strategies. Plant managers, union, HR managers and Meat Workers Union/CTU working at the plant level could realistically begin to trial and experiment with the actions. Those innovations could be new methods of work organisation intended to address some of the labour market and skills issues. In time, it is expected that the larger portions of the industry would take up successful innovations.

6.2 The Action Plan – Working Group priority projects

The Working Group wished to preserve the momentum and motivation to change industry values, practices and behaviours. Participants were impatient of any bureaucratic hiatus and loss of energy. To that end, the Working Group suggested that developing a career pathway, reducing uncertainty in seasonal employment and improving the operation of the approval in principle immigration scheme could be suitable first actions.

■ 6.2.1 Develop a career pathway

Coordinate the design and use of a flexible, industry-wide careers pathway that is aligned to addressing some of the recruitment, retention and workplace practices issues.

Recruiting and retaining skilled staff is a major issue. Participants identified problems at the start of employment around skill acquisition and training, certification, career pathways and the links to performance or skill-based pay systems.

The Working Group promoted the idea of a slightly more formalised career pathway as a means for addressing a host of current systemic issues. An industry-wide pathway that allowed for many variations will help with recruitment, retention, health and safety practices, uncertain income, some seniority issues, skills issues, work organisation and human resources practices.

■ 6.2.2 Reduce the uncertainty of seasonal employment

Examine how current employment models and practices will alter if a larger proportion of labour was not regarded as seasonal and consistent efforts were made to increase the period of employment in any 12-month period.

The recent practice of putting people off the chain then rehiring them two weeks later

during the season has highlighted the impact of uncertain income for meat workers and their families. The Working Group explored what might be possible if some dynamics and behaviours built on the habit of seasonal employment were altered.

■ 6.2.3 Redesign the approval in principle (AIP) immigration process

Streamline the AIP process premised on high-quality information being provided early in any immigration process.

The Working Group progressed work to redesign the current AIP process to improve the timeliness, scope, management and effectiveness of the recruitment of migrant labour as a last resort supply. An amended process is ready for trialling. What remains to be developed are substantive improvements in the quality, reliability and timeliness of shared recruitment, retention and labour demand data.

The features of the approach are that it attempts to minimise the double handling of information and to provide increased certainty for employers and employees. The process is predicated on the applicant company working closely with the Meat Workers Union and Work and Income from the earliest stages of the process.

The early supply of reliable predictive data will enable the government's requirement that New Zealanders be employed first, employers' preference for local recruits and workers' aspirations for access to training and higher paid work to all be addressed.

These three proposals are illustrative only, as the Working Group expected that a reconvened Tripartite Group would select, prioritise and advance some of the actions in the plan.

This process could also help align the broader industry development strategies and partnerships of government agencies, including the Department of Labour, Ministry of Social Development (MSD) and Ministry of Agriculture and Fisheries (MAF).

6.3 Recommendations by the Working Group

The Working Group made three recommendations to the Accelerator Group, two specifically related to labour and skills and one with wider applications:

■ 6.3.1 Recommendation 1: That the former Meat Industry Tripartite Group be reconvened with revised Terms of Reference that focus upon delivering the Work Plan.

Reconvene the former Meat Industry Tripartite Group

It is important that the entire membership of a reconvened Tripartite Group takes ownership of the development and implementation of the Action Plan. That could best be accomplished if the Working Group had the opportunity to impart both the practice and content of the Action Plan to the reconvened group.

The overall purpose of the Tripartite Group would be to ensure the coherence of the implementation process and to provide a means to disseminate findings from industry innovations.

The nature and scope of the continuing role and support to be provided by the Department of Labour and other agencies will be considered as part of the reconvened Tripartite Group's discussions. Government agencies have an important role working alongside industry to assist with the coordination of resources and policy.

Develop fresh terms of reference for the reconvened Meat Industry Tripartite Group¹³

Key members of the Working Group would draw up a draft Terms of Reference for consideration by the Tripartite Group. The core requirements could include the following:

- The plan will form the basis of further development of the labour market for the sector as a whole.
- Those participating in the group will volunteer to undertake work to progress the plan that is within their sphere of influence and capacity to pursue.

13.. The terms of reference would set out a principles-based approach to the collaborative implementation of the Meat Industry Labour Market and Skills Action Plan by the members of the Tripartite Group.

- The group will work in a manner of open and collective inquiry, as was the practice of the Working Group to pursue the three design principles in 2.2 above.
- The group will set up indicators for a monitoring and reporting programme to support the implementation of the Action Plan.
- Information generated from projects will be available to all in the group except where there are clearly intellectual property issues involved.
- Adaptive management of the development and implementation of the plan will be required. This means that the group will be prepared to adjust the plan as needs and issues emerge.
- The Tripartite Group will not engage in positional bargaining, particularly between unions/employers and government agencies. The purpose is to solve problems that have collective impacts rather than insist someone else must solve them.
- Each participant understands that the further development and implementation of the plan involves work that is not yet mandated by their organisation. This mandate will allow all parties to pursue aspects of the plan that involves them and is both part of the effort required and also part of the support that each might give to the other participants.

It will be important for the success of the Action Plan that industry (employer and workers) quickly take overall leadership of the project. This is essential for the implementation of priority projects agreed by the Tripartite Group.

■ 6.3.2 Recommendation 2: That MAF be invited to join the Tripartite Group

The Working Group believed that the membership of the reconvened Tripartite Group should be expanded and recommended that MAF be included. They considered that MAF held a national economic and industry perspective that would add value to any industry changes.

■ 6.3.3 Recommendation 3: That a value network analysis be undertaken

The Working Group considered where the leverage points in the current meat system might be. Clearly, the group that could make the greatest initial change is farmers. Farmers own 60% of the processing capacity and 100% of the supply, and they are also a source of considerable uncertainty in the system.

Given that there are challenges in organising farmers around a shared goal in the current environment, the Working Group saw an opportunity to create a possible link into existing farmer-driven initiatives. Drawing on the successful commercial experience of Working Group participants, they suggested that a tool was required that would alter the mental models and motivation of some so that they adopted new practices.

Detailed notes and suggestions from the Working Group would be shared with the Tripartite Group or any structure established to manage the implementation of the skills plan.



Appendix 1: Meat Tripartite Engagement: Structure and Purpose of the Tripartite Group

A1.0 Introduction

In 2008, the Meat Industry Tripartite Group met to discuss its purpose. There was general agreement that it was useful to deal with 'bigger picture' labour market issues and it was important that the group met industry needs. As an action point, the Department of Labour agreed to draft and circulate a discussion paper on tripartite group structure, meaning and purpose for members' comment.

This is that discussion document.

A2.0 Background (Original Terms of Reference 2008)

■ A2.1 Department of Labour

The Department has an interest in resolving immigration concerns to ensure that New Zealanders are not being displaced and that the labour market does not become degraded over time through use of low-skilled migration. The Department also has a wider brief concerning increased labour productivity, skills utilisation and having good and safe work environments. Ultimately, the goal is to have a sector that is high performing in terms of its labour market.

■ A2.2 Ministry of Social Development

The Ministry of Social Development (MSD) shares the concern of the Department with the labour market, particularly with ensuring there is no displacement of New Zealanders. It therefore has a vital interest in immigration issues but, more generally, would want to ensure that employment in the sector is sustainable for workers in the longer run. To that end, it has engaged with the sector for some years working on issues such as work

readiness to assist industry with the sustainability of employing new staff. If workers are being laid off, MSD also has a real interest in ensuring that they find other sustainable work as quickly as possible.

■ A2.3 Employers and the Meat Industry Association

Employers and the Meat Industry Association want to manage these issues too. Though there are immediate pressures of ensuring sufficient, appropriately skilled and able workers to process current stock, which is driven by the financial bottom line, this is a direct and possibly overwhelming pressure at times. Sustainable work might coincide with year-round supply – smoothing the processing cycles and thereby improving plant utilisation. There will, however, be limits to the ability of individual processors or the sector as a whole in providing full-time year-round employment.

■ A2.4 Union

Having sustainable employment is also in the interests of the union and its members. Workers need the certainty provided through their waged employment to provide for themselves and their families, and plan for their future.

'Sustainable' for workers will also include the relative value of work in this sector compared to others that they might be employed in and the on-going prospects that they have for advancement and increased wages/salary in the meat industry.

■ A2.5 Labour-intensive industry

The sector has high labour costs. Processors' labour costs are a very significant portion of overall costs. There have been many technical advances in adding value in the industry over the last couple of decades – animal and plant breeding, chilling, packaging and new cuts have all been enhanced

to add more value to the processed product. Fundamentally, however, the task of processing is a labour-dependent one, at least until robotics become viable.

■ **A2.6 For all parties, productivity is the key**

For all parties, the most important means to secure sustainable employment is to improve the labour productivity of the work. Doing this would reduce labour market pressures (fewer workers needed), improve their earning prospects (they are relatively more valuable) and improve recruitment prospects for employers.

But labour is always the most difficult part of production. It cannot be managed in the same manner as finances or plant, because people have independence. Developing a sustainable employment path with improved productivity is, therefore, a more complex task than other (purchasing/divesting) decisions for employers, and for government and unions, the decisions of management around labour can lead to conflicting goals or agendas.

A3.0 Purpose

As seen from the background information, while the Meat Industry Tripartite Group has some common goals, they also have different priorities, and hence there are natural tensions that need to be managed. The main purpose of this group is to pool resources, discuss and find a way to work together to achieve common goals of the all parties involved.

A4.0 Need for an agreed agenda

There is a need to develop an agreed agenda and work accordingly and to establish rules of engagement that build trust and co-operation.

A5.0 Challenges and structure

The Meat Industry Tripartite Group agreed on the challenges for the industry they wished to focus on and the structure of the group going forward.

■ **A5.1 Challenges that need to be addressed**

- Skill shortages during peak season.
- High labour turnover.
- Over capacity.
- Seasonality of work.
- Remoteness from population centres.
- Dangerous and unpleasant work.
- Limited career structures.
- Drug and alcohol abuse.

■ **A5.2 Structure of the Meat Industry Tripartite Group**

To be successful, the effort needs to have buy-in at all levels, especially at the top management level. Hence, the Tripartite Group itself should be made up of senior management of the parties involved – actual decision-makers.

This Tripartite Group should have a research and analysis group attached that will feed it with information and recommendations for decision-making.

Current Composition of the Meat Industry Tripartite Group

The Meat Industry Tripartite Group is comprised of:

- Meat Industry Association – MIA
- Meat Workers Union of Aotearoa – MWU
- New Zealand Council of Trade Unions – NZCTU
- Department of Labour – DOL
- Ministry of Social Development – MSD, WINZ
- New Zealand Industry Training Organisation – NZITO
- representatives from processing companies including the Alliance Group, Silver Fern Farms, ANZCO Foods Ltd and AFFCO New Zealand.

A Working Group was established to develop a medium to long-term plan to address labour supply and quality problems in the industry.

Appendix 2: Working Group Members

A Working Group was established to develop a medium to long-term plan to address labour supply and quality problems in the industry.

Members of the Working Group are as follows:

Alan Morris	Corporate dairy farmer/entrepreneur
Andrew Chick	NZ Council of Trade Unions
Colin Drew	Department of Labour
Cori Alejandrino-Yap	Department of Labour
David Baker	Agribusiness Consultant, Baker & Associates
Don Duncan	Farmers Transport Feilding Ltd
Gerry Thompson	Meat and Wool New Zealand/Trade Policy Consultant
Graham Cooke	New Zealand Meat Workers Union
Grant Adamson	Alliance Group Ltd
George Rarere	Department of Labour
Heather Burton	ANZCO Foods Ltd
Heather Tutaki	Bernard Matthews New Zealand
Jamie Ginders	AFFCO New Zealand
Jane Leahy	Silver Fern Farms
Justine Johansson	Work and Income, Ministry of Social Development
Kerry Stevens	Alliance Group Ltd
Ken Armstrong	Ministry of Agriculture and Forestry
Ken Wilson	WEB Research
Paul Yeandle	Greenlea Premier Meats
Phillip Capper	WEB Research
Robyn Deacon	Meat Industry Association
Richard Whatman	ex Department of Labour
Tuki Teautama	Taylor Preston Limited
Willie James	Farmer/supplier

