



**The role immigration
can play in unlocking value in
New Zealand's red meat sector**

The red meat processing and exporting sector's sustained labour shortage is hampering some of New Zealand's best-known companies from reaching their full potential and has resulted in an estimated reduced export revenue of approximately \$600 million (2021). It also has knock-on implications for training and development opportunities for staff and innovation. Businesses need certainty and a stable business environment to effectively plan for the future and invest in growth.

Summary

1

There is a sustained shortfall of people available to work in a range of meat processing roles, especially in regional towns where processors are often the largest employer, and there is a small pool of people to draw from. The situation is exacerbated by an ageing workforce in the processing industry.

Without sufficient labour, companies cannot run their processing plants at the desired capacity, meaning fewer opportunities for New Zealanders to earn a good wage, especially in the regions, and longer waiting times for farmers to get their livestock processed. That can have a flow-on impact for animal welfare, farmer wellbeing and the regional economy. The red meat processing industry estimates that companies lost approximately \$600m in 2021 due to not having the required labour for processing and exporting secondary cuts.

2

The industry's strong preference is to employ New Zealanders first and we are investing in a range of initiatives to attract, train and retain Kiwis. However, our ability to bring in a limited number of people from overseas is crucial to make up the shortfall. Migrant workers account for less than five per cent of our workforce.

3

Halal processing is integral to the value-add story of our industry, providing our sector with the flexibility to match cuts to the needs of our global customers and helps lift the overall value of each carcass, which delivers strong returns for farmers, rural communities and the wider economy. Halal-certified products contribute approximately \$4.1 billion to our annual export earnings. Halal processing relies on specialist halal butchers who must be practising Muslims - they cannot be easily recruited from New Zealand.

4

The MIA has a Sector Agreement with the Ministry of Business, Innovation and Employment, which demonstrates what meat processors are doing to attract, train and retain New Zealand workers and allow meat processors to bring in migrant workers to fill the labour shortage. The industry also wants a fit-for-purpose Recognised Seasonal Employer (RSE) scheme.

5

We want to partner with Government to ensure we have predictable access to the workers we need to maintain production, grow value from our products and maximise export revenue for New Zealand.

The Government can help our sector by:

- Supporting the Sector Agreement on Immigration and a RSE scheme and increasing the number of migrants these apply to and the duration of the visas
- Ensuring immigration settings are fit-for-purpose and reflect genuine industry needs
- Providing predictable visa access for halal butchers
- Ensuring Immigration New Zealand is:
 - appropriately resourced to avoid undue processing delays;
 - creating a specific team within INZ to deal with all visa applications from meat processors; and
 - equipped with a fit-for-purpose IT system to enable online applications and faster processing for all visas.

Overview of the sector's workforce

The red meat sector is New Zealand's second-largest goods exporter, and one of New Zealand's largest employers. In 2021, the sector's exports returned \$10.1 billion in export revenue to the economy. The processing industry employs approximately 25,000 people across New Zealand, mainly in the regions, making it the largest manufacturer in the country.



Almost 90 per cent of beef and veal production and nearly 95 per cent of lamb and mutton is exported to more than 100 countries across the globe. The red meat industry's exports are critical to the New Zealand economy, lifting revenue, increasing jobs, raising the standards of living and boosting foreign currency reserves.

There is a sustained labour shortage in the meat processing industry of more than 2000 workers. Despite the sector's best efforts, an insufficient number of New Zealanders are choosing to apply for roles in the sector. This shortage is likely to increase as older members of the workforce retire. The effect of the 2021 Resident Visa to migrants policy decision is yet unclear. These new residents may choose to explore other industries or locations. The shortage is across all categories of workers. The industry's strong preference is to employ New Zealanders, with at least basic skills in numeracy and literacy.

While each meat processing company has their own people strategy, MIA has been developing a Workforce Development Plan on behalf of the sector, demonstrating a sector-wide commitment to:

Growing meaningful employment opportunities, increasing diversity, capability, skills and qualifications of our people and promoting their health and wellness

The financial effects of the labour shortages are significant. MIA estimates that meat companies lost approximately \$600m in 2021 due to not having the required labour to process and export secondary cuts such as tripe and edible offals. Instead, these products are rendered into a low-value product.



The priorities of the plan are for MIA, on behalf of industry, to:

1. Attract a diverse workforce

- o www.meatyourcareer.co.nz website was launched in 2021 to promote the wide range of opportunities available in the sector and shift the historic perceptions of what working in the industry is like.
- o MIA has successfully run a scholarship programme, supporting and mentoring young New Zealanders interested in a career in the red meat sector. The MIA awards a number of undergraduate scholarships at \$5,000 per year and post-graduate scholarships at \$10,000 per year to scholars who are studying subjects ranging from food science to agribusiness, food marketing and supply chain management. Scholars also work part-time or vacation work in the meat industry while several are now employed full-time in the sector. Of the 44 students who have completed the scholarship programme, 50% have taken up employment in the sector. Synergies with other large companies like Silver Fern Farms will be explored further to continue improve the reach and impact of this initiative.
- o MIA has supported Agribusiness in Schools, creating an exciting curriculum resource, to engage school leavers in the future career and skill development opportunities available in the sector.

2. Assist the sector to become more agile in adopting modern workplace practices to increase retention and diversity.

- o Meat processors are in the early stages of adapting to modern employment aspirations, adapting their shift patterns to allow greater participation and engagement with the available workforce.
- o Te Ao Māori initiatives are being adopted, recognising that over 30% of workforce are Māori and Pacifica employees.

3. Innovate: increase the sector's ability to adopt automation and tools of tomorrow.

- o The Tomorrow Programme is the MIA's comprehensive research and development plan that aims to position industry so that all processors can capture the benefits of incorporating new science

and emerging technologies into their businesses. A key component is developing artificial intelligence, visioning and automation tools that will assist and upskill the workforce. These tools will not fully replace humans on the processing line, but will reduce the number of high-risk and/or repetitive tasks and increase the skill level of workers.

4. Develop capabilities and increase access to training for all employees.

- o Prior to the impact of Covid 19, New Zealand meat processors trained 5000 workers per year, with an 83-per cent pass rate. However, numerous factors have resulted in a significant reduction with engagement in formal training and qualifications. The system of training delivery, time away from the production line to complete theory content and the requirement of assessment verification by third parties, have demonstrated that the nature of delivery needs to change to be more flexible and accessible to employees. MIA is working together with PrimaryITO and Hanga Aro Rau to ensure that service delivery from vocational education bodies continues to improve post Reform of Vocation Education (RoVE).

5. Understand and articulate the workforce needs and trends, defined across short-, medium- and long-term horizons.

- o Working with MPI, Hanga Aro Rau and Regional Skills Leadership Groups to communicate the employment opportunities in the sector.
- o Acknowledge that some workers are just seeking a job and benefits such as regular pay.

In addition to the MIA priorities set out above, individual companies have their own initiatives and strategies in place. Some of these initiatives include cadetships, summer internships, graduate programmes, scholarships, increased pay, housing support etc.

The role of migrant workers in the red meat sector

In the past, the industry has met part of the sustained labour shortfall through migrant labour.

It is important to put the migrant workers in perspective – in 2019, there were about 1000 migrant workers on various visas (including working holidays and partners of people on migrant visas). This is out of a total of approximately 25,000 workers in the industry or less than five per cent of the total workforce.

The industry's migrant workforce includes workers from China and the Philippines (especially for highly skilled knife people), Fiji, Southeast Asian countries and the Pacific Islands (especially from Samoa and Tonga for seasonal work).

This is not an industry where migrant workers are taking New Zealand jobs – the migrant workers are occupying specific roles that enable the New Zealand workforce to operate productively and efficiently.

Migrant workers are very important because they are occupying either highly skilled or physically demanding jobs we cannot find New Zealanders for.

The New Zealand Productivity Commission in its 2022 report¹ on immigration settings found that migrant workers are not displacing New Zealand workers nor lowering wages – the opposite is the case.

Quick facts:

Migrant workers make up **4 per cent** of the total workforce.

To give a typical example, a processing plant that operates a shift with 80 workers is able to run only because it can rely on ten migrant workers (halal butchers and highly skilled knife people) to keep the other 70 New Zealand workers employed and earning a wage.

¹ <https://www.productivity.govt.nz/assets/Inquiries/immigration-settings/Immigration-Fit-for-the-future.pdf>



Importance of Halal to a \$10 billion export industry

Halal processing is a cornerstone of the meat industry business model that relies on a small number of specialist workers. Almost all animals are processed in the halal manner, which allows companies to export different cuts from a single carcass to a wide range of countries including Muslim markets (where halal certification is a condition of market access) and customers in other markets who demand halal product (in overseas fast-food and supermarket chains and, especially, China).

While there are only around 250 halal butchers employed by the meat industry, their role is vital to the other people who work in the industry and its continued operation. The continuing shortage of halal butchers could have huge social and economic consequences, in terms of smaller export revenue returns to farmers and reduced employment opportunities for New Zealanders. If these shortages worsen, this could pose a domestic barrier to exports, which has the real potential to challenge the Government's strategy for an export-led Covid-19 economic recovery.

The most crucial requirement for halal meat is that slaughter must be undertaken by a male butcher who is a practising Muslim. Being a halal butcher is also a matter of aptitude. Few people are willing to do this type of work for long periods every day. However, this is not a matter of skill (processors can and will train new workers willing to become slaughterers), or of pay (on average, a halal butcher will earn \$86,300 per annum on an annualised (52-week year) basis) – it is a reflection that, irrespective of training and pay, most New Zealanders simply do not have the religious faith required for this profession.



45% of exports are halal-certified

\$4.1 billion export earnings

250 halal butchers

15% of migrants are halal butchers

Halal butchers make up 1 per cent of the total workforce but contribute **\$4.1 billion** to New Zealand's export earnings

49 out of 55 export processing plants are approved and listed by Ministry of Primary Industries (MPI) to undertake halal processing

Over **90%** of sheep and cattle are processed according to halal requirements

New Zealand has a relatively small Muslim population (46,146 in total, of whom 68 per cent live in Auckland and only 10 per cent live in the South Island, and mostly in the larger centres). This means that the industry is having to recruit from a very small domestic labour pool (New Zealand Muslims in regional New Zealand) for an occupation that most people are unwilling to do. Over 100 New Zealanders are currently employed as halal butchers in meat processing plants.

Despite significant on-going efforts, it remains difficult to recruit additional labour. The New Zealand meat industry works hard to get as many halal butchers as it can from that tiny labour pool. This includes extensive advertising as well as social media, working directly with mosques, an ongoing relationship with Muslim representative organisations, and partnering with WINZ.

For example, after an intensive nationwide recruitment campaign in 2020, 46 candidates initially sought interviews by either approaching MIA directly or were identified via WINZ. However, many did not show up to the interview, were unable to work in New Zealand (visa issues), or were unwilling to move to the work (predominantly in regional New Zealand). As a result, the campaign produced only two New Zealand-resident halal butchers suitable to fulfil halal butcher positions. Another recent example is the targeted recruitment round run by the MIA in Christchurch in December 2020 on the request of the Government. The outcome of that round

was that no New Zealand citizens or residents attended an interview, and only four attended the interview who were on visas that allowed them to work (two were already working as halal butchers).

Despite these efforts, there remains a sustained shortfall of about 150 halal butchers. Historically, the industry has met this shortage by bringing in 150 migrant workers annually. The immigration process has been bureaucratic, slow and frustrating, and created uncertainty for companies. The immigration “reset” does not look like it will resolve this issue for the industry. Based on the information provided, the “one size fits all approach” of the immigration policy reset is not going to work for the industry.



Utilisation of existing visas

The sector currently utilises the following visas for migrant workers:

- **Accredited Employer Work Visa (AEWV)** – introduced by the Government from 4 July 2022 to allow employers to employ migrants provided they are paid the median wage – currently \$27.76 per hour.
- **Indonesian Halal Visa** – there is the ability to recruit 20 halal butchers who are part of the Indonesia Special Work Visa, under the ASEAN-Australia and New Zealand FTA (AANZFTA). In 2019, MIA ran a training seminar in Indonesia to ensure Indonesian halal butchers had the necessary qualifications required by the Animal Products Notice: General Export Requirements for Halal Animal Material and Halal Animal Products, issued pursuant to section 167(1) of the Animal Products Act 1999. With the borders being closed until recently, this visa has not been able to be accessed. There are plans to access this visa in the near future.
- **MPI Border Exception** – for 650 meat processing workers for a 10-month period, whilst the borders were closed. Fully subscribed by 1 September 2022.
- **Working Holiday Visas** – for short-term labour requirements.
- **Partnership Visas** – partners of people on migrant visas, who can work without restrictions.



Solutions we want to partner with Government on

The sector wants to work with the Government to achieve immigration outcomes that support government priorities but also address the real labour challenges currently facing the sector. In particular, we see a number of opportunities to develop solutions:

1. Sector Agreement and a RSE Scheme

Discussions of a Sector Agreement began in 2019 in recognition of the sustained labour shortage the industry faced and the need to develop a streamlined immigration pathway for migrant labour to fill the gap. The intent was to negotiate an agreement for streamlined immigration setting for meat processing workers in return for industry demonstrating a sustained commitment to attracting New Zealanders into the industry, upskilling workers and providing suitable pastoral care for migrant workers. The Agreement was to cover all meat processing workers. Then COVID-19 changed the landscape.

As in other areas of the New Zealand economy, the industry continues to face a very tight labour market. The expected increase in unemployment and the available labour force due to the impact of Covid-19 on other sectors has not eventuated, at least not in towns where meat processors operate. Instead, Covid-19 has essentially throttled the availability of migrant labour in a very tight domestic labour market. With borders now open, New Zealand is also experiencing an exodus overseas.

In the short-term, the Government has permitted migrant workers already in the country to stay temporarily. Now that the borders are open, the industry needs predictable and sustainable immigration in terms of both the settings and the resource that is dedicated to immigration. This will allow officials responsible for immigration to better implement and deliver these settings in a timely and consistent manner.

Predictable and sustainable immigration settings will allow companies to plan for future production capacity and confidently invest in innovation and product development.

We acknowledge the landscape has changed and the Government has introduced new immigration settings and pathways for visas. The Sector Agreement as proposed by the Government is very different from this original construct, and while it will relieve some of the pressure, it falls short of



the sustained solution we were advocating for. The industry is committed to making the Sector Agreement work to fill some of the labour shortages that cannot be addressed by the domestic labour force. The industry looks forward to working with the Government to establish a RSE scheme to source workers from the Pacific in two years' time. Pastoral care of such migrants is important to the industry. In the meantime, the industry sees the two-year sector agreement offered by Government as a reasonable stop gap measure. However it has its drawbacks, namely:

- 320 meat processing workers per year to be shared with the pork industry paid at \$24 per hour (being 86% of the median wage) – this relatively small number could easily be taken up by any one large company, thereby offering little relief to others in the industry;
- a 7-month visa duration – the industry season is typically much longer running at 10 to 12 months depending on the region;
- the specific focus on recruiting from the Pacific only. While there is a long history of Pacific Island workers participating in the meat industry, it would be more sustainable to also look to other parts of the world for migrant workers – for example countries with populations that are reasonably proficient in English, such as India.



While the Sector Agreement responds to some of our industry's concerns, we were disappointed that the calculation for the number of migrants permitted was based on the number of migrant workers on employer-assisted visas who were paid under the median wage between 2018 and 2019. Instead, the methodology should have focused on the actual shortages in the industry - more than 2000 workers - and used an economic analysis, including unemployment data. For example, at times of low unemployment, the industry should be allowed to employ a greater percentage of the total workforce as migrants. At times of high unemployment, this percentage could reduce.

In future, we request that the number of workers under the Sector Agreement or RSE scheme is increased to reflect the actual needs of the industry and is more than 340, being only 1.4% of the 24,000 people employed in the industry.

2. Solutions for predictable visa access for Halal Butchers

The meat industry has carefully considered its resourcing needs for halal butchers. Now that the borders are open, halal butchers can enter New Zealand under the AEWV. Nevertheless, given the strategic importance of halal butchers to the industry, we propose the following solution:

Establishment of a special visa for 150 halal butchers to ensure market access and ongoing exports of halal-certified products.

In return, the meat industry:

- undertakes an annual advertising campaign in public media and directly with Islamic community to attract New Zealand Muslim residents as halal butchers;
- develops a broader strategy for attracting and training New Zealand workers, including halal butchers; and
- undertakes, where appropriate, training of migrant halal butchers offshore to ensure they have the necessary New Zealand qualifications. In 2019, MIA carried out such training in Indonesia and in 2022 carried out similar training in Fiji. There is now a pool of approximately 120 halal butchers suitable for employment in New Zealand.

3. Immigration New Zealand

As a seasonal industry with peak production over the summer months, visa processing without undue delay is vital to provide certainty to migrants and employers. The MIA has received reports that processing times range from a matter of weeks to months. This does not allow processing plants the certainty to plan production schedules and inhibits the ability of companies to fill customer contracts, thereby losing valuable export revenue.

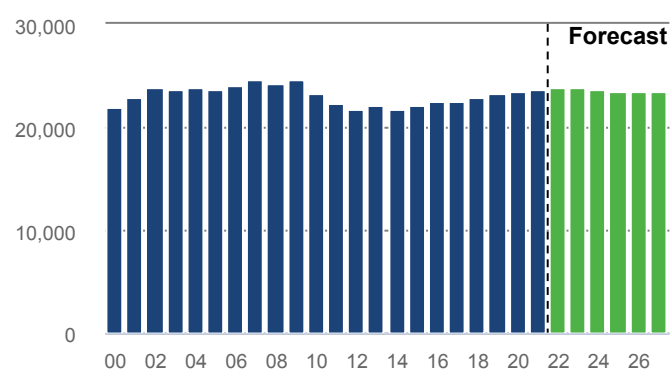
Establishing a dedicated team of appropriately resourced case workers with a good understanding of the meat industry to process all applications for meat processors would enable this. In addition, the IT system of Immigration New Zealand must be fit for purpose to enable online applications and the faster processing and tracking of applications.

Snapshot

How many people worked in the sector in 2021?

23,812 filled jobs

0.9% of 2,612,700 in New Zealand



CHANGE P.A	2016-2021	2022-2027
Meat Processing	0.6%	-0.8%
Total New Zealand	2.1%	1.7%

What regions do people work in?

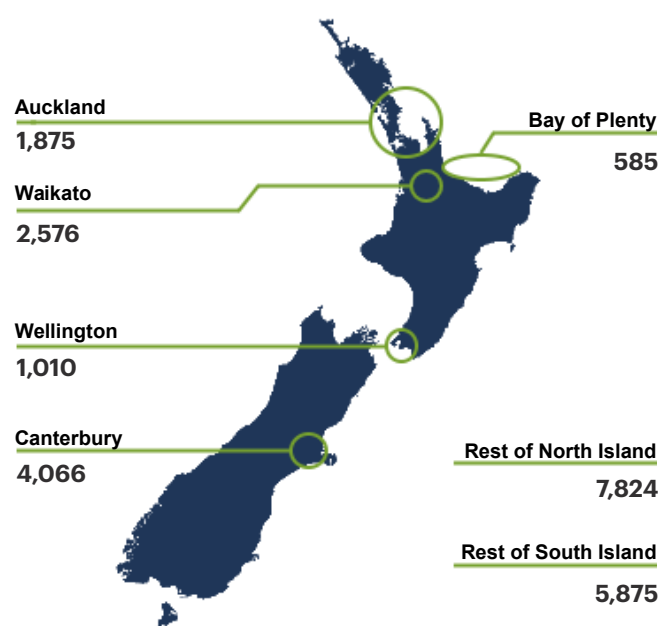


Fig 1, Employment data 2021 supplied by Infometrics.