MILESTONE REPORT Appendix 2

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Appendix 2: Summary of AMPC Processor Visa Survey Results

The AMPC Processor Survey undertaken as part of the Project revealed a wide range of insights regarding the past, current, and intended use of visas by meat processors across Australia. Respondents varied in production volume, number of employees, and number of plants across different states, amongst many other variables. Questions were categorised into four topics:

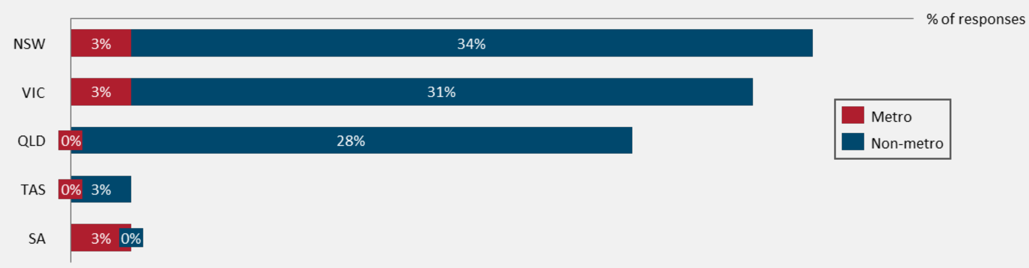
- business profiling,
- workforce and labour,
- workforce visa programs; and
- several select questions on the impacts of the current COVID-19 pandemic on the industry.

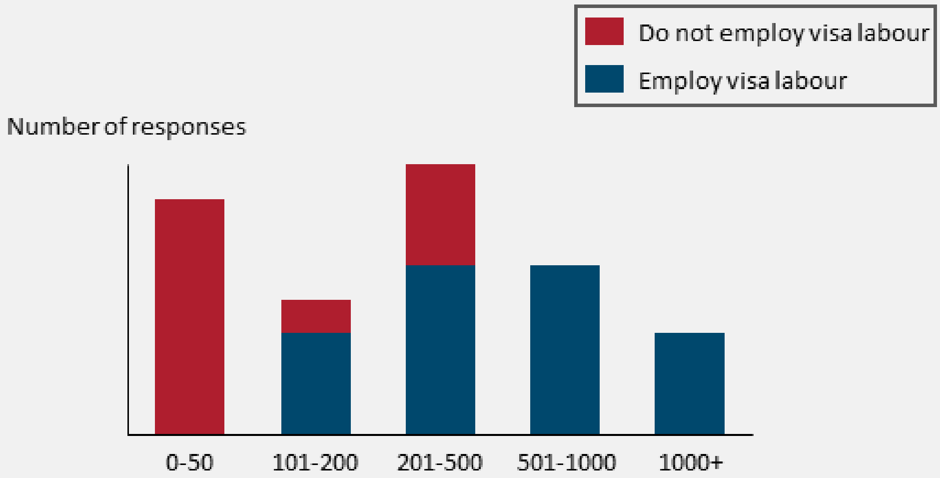
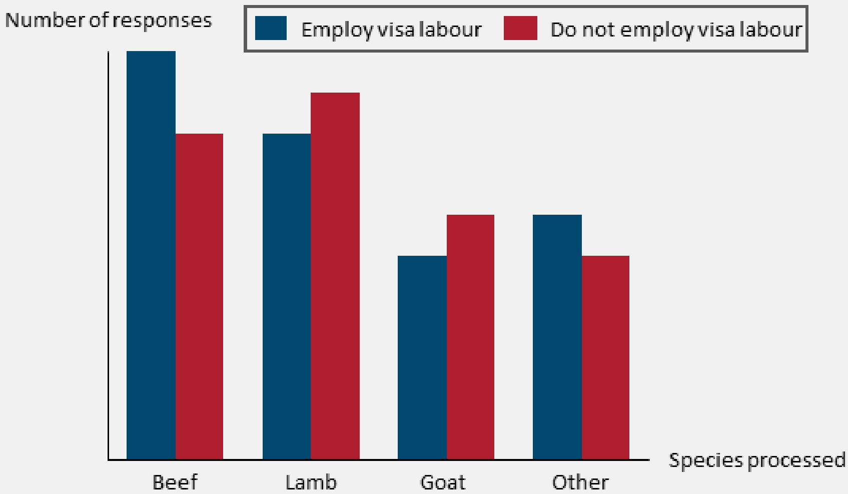
The subsections below reveal key insights from data collected within each of these categories, with emphasis on workforce and visa data.

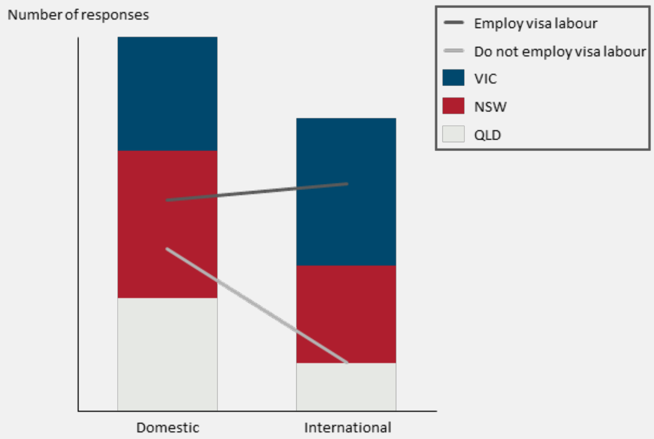
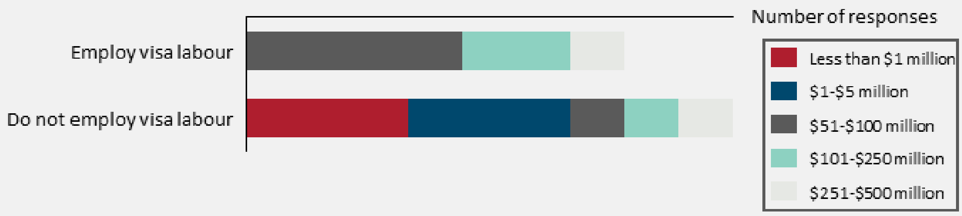
Workforce context and key characteristics

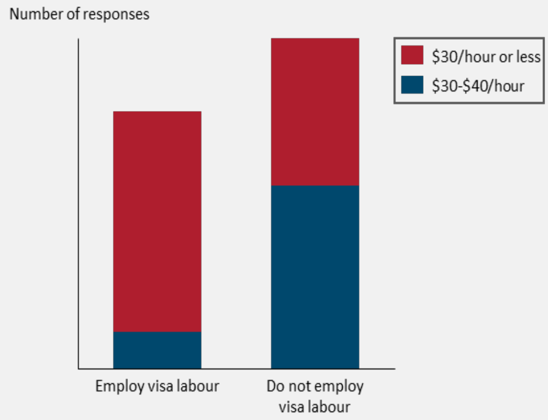
Table provides a summary of key workforce characteristics across the industry and providing significant context as to the possible reasons for decisions regarding visa labour. Of note, typically larger processors with more employees, greater annual turnover and a wider range of markets supplied typically employ visa labour to support operations. These characteristics clearly showed direct correlation between visa use and overall workforce and plant characteristics.

Table 1: Summary of common workforce characteristics of processors surveyed

Workforce characteristic	Data & Key Insight
Respondent Identification	Of employees completing the survey, 55 per cent were those responsible for hiring and visa application processes within the company, while the remainder were other HR employees.
Location of plants	Figure 1: Distribution of respondents' plant locations by state and metro or non-metro location  ***Source: AMPC 2020 Processor Survey, Data table 4*** Most respondents were from the eastern seaboard and were regionally located (Figure 1).

Total employees	*Figure 2: Respondents' average number of employees per plant*  *Source: AMPC 2020 Processor Survey, Data table 5* Respondents who employ visa labour have a larger average supply of employees (501-1000), while those who do not employ visa labour had the smallest average size (0-50), most large plants were in Queensland.
Species processed	*Figure 3: Species processed by plants of respondents*  *Source: AMPC 2020 Processor Survey, Data table 11* *'Other' responses: pig (6), veal (2), buffalo (1), sheep (2)* Beef and lamb are the most common species processed for both visa and non-visa holders.

Markets supplied	*Figure 4: Markets supplied by plants of respondents*  *Source: AMPC 2020 Processor Survey, Data table 13* Most of those plants that are supply the international market were in Victoria, while NSW focused on domestic (noting that some large QLD, export plants did not respond to the survey). Processors who employ visa labour tended to be the larger plants who supply internationally.
Approximate average annual turnover	*Figure 5: Respondents' average annual turnover*  *Source: AMPC 2020 Processor Survey, Data table 16* Most plants who employ visa labour have average annual turnover of $51-$100 million, while the smaller plants (<$1m) tended not to employ visa labour.
Average hourly wage	*Figure 6: Average hourly wage at plants of respondents*

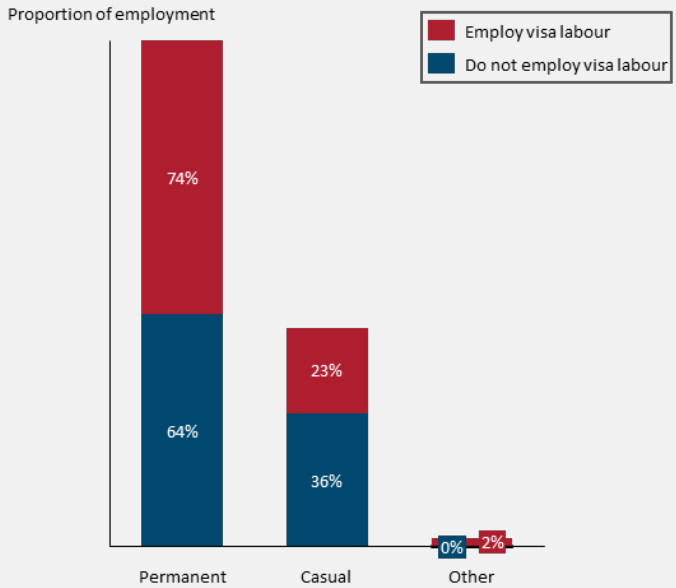


Source: AMPC 2020 Processor Survey, Data table 18

Of those plants that employ visa labour, wages were typically less than $30/hour. However, of those plants who do not employ visa labour – wages typically were higher.

Proportion of employment types

Figure 7: Proportion of employment types that make up respondents' workforces



Source: AMPC 2020 Processor Survey, Data table 10, 19

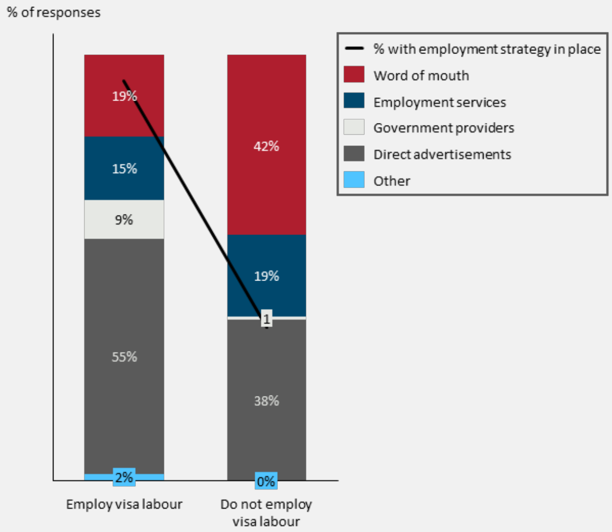
'Self-supplying' through feed lotting and direct contact purchasing

Other: 'Labour hire programs,' 'daily hire.'

There was a slightly higher proportion of permanent employees in plants that employ visa labour, however of those plants who employ visa labour most (70 per cent) choose to employ locals.

Labour sourcing methods

Figure 8: Respondents' labour sourcing methods



Source: AMPC 2020 Processor Survey, Data tables 23, 24, 32.

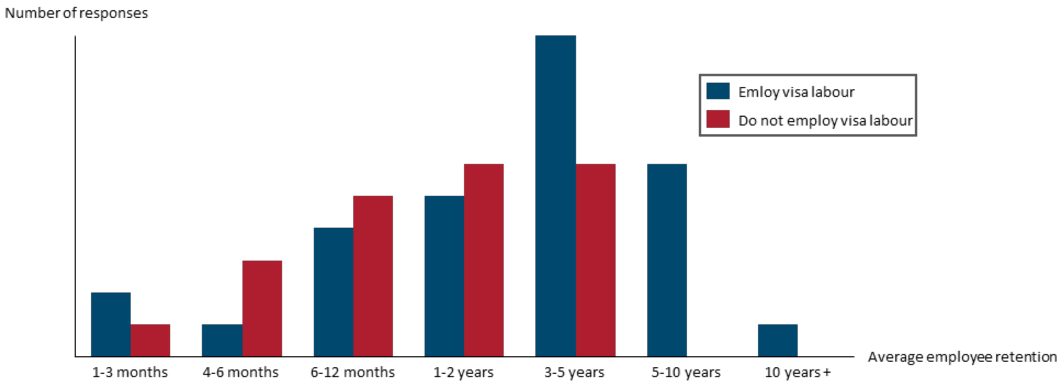
'Other' responses: Not Elsewhere Captured

Most respondents who employ visa labour used direct advertisements, while those who do not, rely heavily on word of mouth to attract labour.

Average length of employment

For those who had employed visa labour, the average employee retention responses were longer than those who do not employ visa labour (Figure **9**) - a clearly positive insight that visa-holding employees provide excellent long-term labour security.

Figure 9: Respondents' average length of Australian and employee retention



Source: AMPC 2020 Processor Survey, Data tables 26, 27

Employment strategies and training

Not all processors had a clear employment strategy in place, which can be a vital indicator of good workforce planning. 94 per cent of respondents who employ visa labour did have an employment strategy in place, compared to only 36 per cent for those who do not employ visa labour. Evidently it appears that those plants who rely on visa-labour have much more structured approaches to securing their workforce compared to those that do not.

Of the respondents who do have an employment strategy in place, 85 per cent indicated that the employment strategy focused specifically on being able to 'Provide on the job training to upskill labour.' The survey also reported that that 57 per cent of visa-employing processors provided training via an in-house RTO, 38 per cent provided training via an external RTO, and 5 per cent provided training in-house themselves.

This is an interesting insight as providing on the job training is particularly burdensome for employees, especially for those that use visas (and as per the above data, these are the plants that tend to have strategies in place) due to the high costs and administrative processes involved. While the Skilling Australia Fund (SAF) levy paid by processors is intended to allocate funding to upskilling Australian workers, research has shown low levels of satisfaction with the fund's outputs. For example, previous consultation with the sector has indicated a lack of useability of the fund given most processors had not employed a local worker who has participated in a SAF-funded training program, and were also not able to use SAF levies to fund the delivery of in-house training programs.

Respondents' use of visa labour

Overall, the results of the survey indicate at a high level, the positive opinion most processors had on the ability to employ visa labour. This strong supports the qualitative research undertaken in Visa Project 1, which found that while most visa types are adequate, it is certain inflexible administrative and criteria requirements and costs that processors find burdensome. Whilst the sentiment to prioritise regional employment and upskilling existing staff was evident in survey responses, the majority of processors acknowledged the value of visa labour not just to fulfill labour shortages but also as an opportunity to welcome diligent, new members to the community (although there have also been anecdotal reports of an inability to settle into new communities). This is evident in the proportion of employers looking for stable, long-term permanent labour (74.4 per cent) with less than a quarter looking for casual labour. This does not correlate with the high use and reliance on 417 visas across the industry though (short term, casual visas) – providing strong indication that employers have a clear inability to secure long-term visa employees.[1]

Reasons for visa use

Regarding reasons for needing to use visa labour, the majority (86 per cent) of respondents indicated that they do not feel they have an adequate supply of Australian resident labour. This included all those plants that use visa labour.

Key insights on reasons for visa use:

- Respondents with both small and large processing plants tended to feel that they do not have an adequate supply of Australian resident labour supply: 77 per cent of plants with less than 200 employees responded 'no' to 'do you have an adequate supply of local employees'; while 94

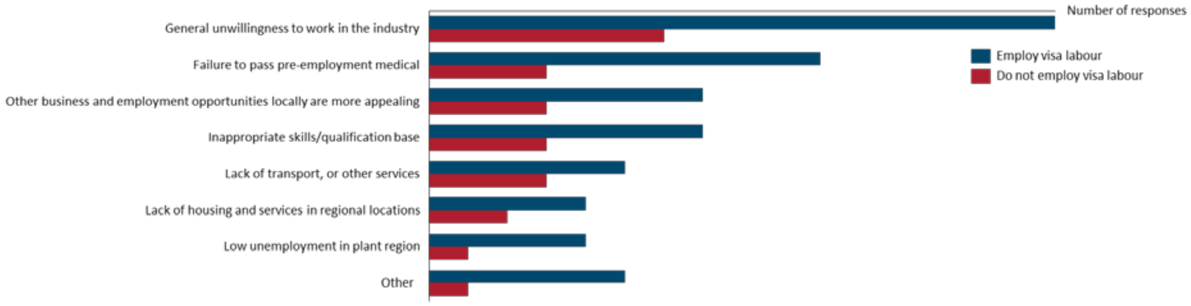
[1] In drawing conclusions regarding survey respondents' use of visa labour, it is important to recognise the sample size of processor respondents; as there are several plants who are known to employ visa labour however were not able to respond in the timeframe provided. The number of plants using visa may be underrepresented, and so too the issues and challenges they experience.

per cent of plants with over 200 employees also responded ‘no.’

- High rates of dissatisfaction with local labour in NSW and Victoria was specifically noted – together they accounted for more than half the ‘dissatisfied with locals’ responses.

The most common reason for non-resident labour use reported by both visa employers and non-visa employers was a lack of interest in the meat processing industry (Figure 10); followed by a failure of local labour to pass pre-employment medicals and an inappropriate skills base. Evidently processors are unsatisfied with local labour based on similar challenges, regardless of their use of visas.

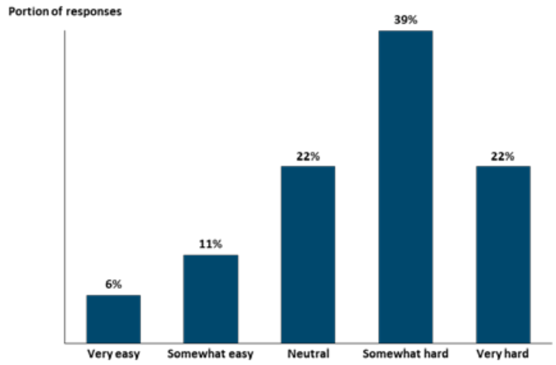
Figure 10: Reasons indicated for why Australian resident labour is inadequate



Source: AMPC 2020 Processor Survey, Table 29.

Other responses: ‘General inability to commit to regular days of work’, ‘low socioeconomic area – large dependence on welfare’, ‘easy accessibility to Centrelink and other associated benefits’, ‘too many people using drugs’

*Figure **11:** How easy do processors find using the visa system*



Source: AMPC 2020 Processor Survey, Table 52.

As identified in the first phase of the Visa Project 1, processors experience challenges in navigating the visa system. Figure 11 to the left indicates the distribution of responses relating to ease or difficulty found in the process. Over half of respondents indicated they found the system ‘somewhat hard’ or ‘very hard.’

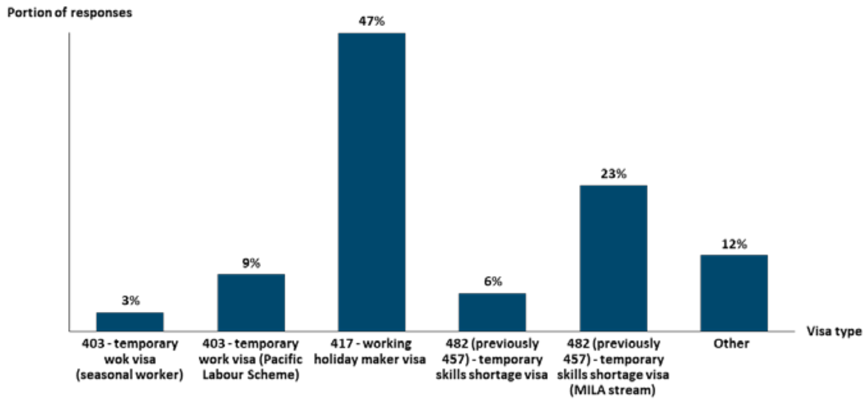
In open-ended responses as to why this was the case, many identified issues such as length in application times, cost and complexity between visa classifications, and variances in availability of funding for training. Of the processors employing visa labour, 44 per cent agree that several visa conditions are adequate and fair while 33 per cent disagree, with 22 per cent neutral.

Types of visas used

Of the processors who have previously or currently employed visa labour, the majority indicated they use the working holiday maker visa (47 per cent), with the 482 MILA stream (23 per cent) reported as the second most common. Regarding the MILA specifically, a total of around 50 per cent of the processors surveyed currently have a MILA in place, 6 per cent have previously had a MILA in place and 17 per cent have applied for a MILA but have not yet been approved.

Regarding visa holders' countries of origin, most respondents indicated that workers come from Taiwan (29 per cent of responses), followed closely by China (24 per cent).

Figure 12: Proportion of visas used by respondents



Source: AMPC 2020 Processor Survey, Table 44

Aside from the 482 TSS MILA stream visa subclass there are a range of reasons processors frequently turn to different visa employment pathways. For the 417 working holiday maker visa this included the reliability of employees, consistency of labour and the relative ease of employment. Additionally, while designed to create a more intuitive path to employing overseas labour, the process of acquiring a 482 TSS MILA stream can be arduous (several processers reported using an agency who manages administration and other aspects such as accommodation on their behalf).

Performance satisfaction

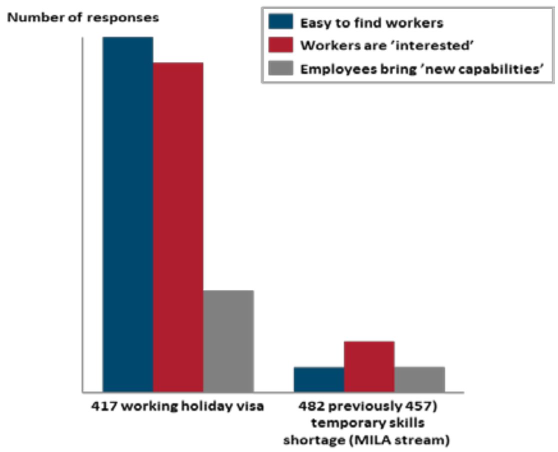
Within the two most commonly used visas classifications (417 working holiday and 482 temporary skills shortage MILA stream), overall satisfaction levels were indicated as high however several interesting differences were identified regarding experience with workers. These differences are illustrated in Table 2 and Figure 13.

WHM visas, previously had generally positive responses, though unsurprisingly they were low skilled employees with less than a quarter brining any 'capability'. More surprisingly, 482 TSS MILA stream's found employees did not really bring 'new capabilities' (3 per cent) to their businesses, even though they were supposed to be filling skills shortages in the business. Employers found it much harder to find 482 TSS MILA employees.

Table **2**: *Satisfaction indicators with two most commonly used visas*

417 working holiday visa		482 (previously 457) temporary skills shortage (MILA stream)	
Easy to find workers	88 per cent	Easy to find workers	38 per cent
Workers are 'interested'	81 per cent	Workers are 'interested	88 per cent
Employees bring 'new capabilities'	25 per cent	Employees bring 'new capabilities'	3 per cent

*Figure **13**: Satisfaction indicators with two most commonly used visas*



Source: AMPC 2020 Processor Survey, Table 50

Overall, the 417 subclass visa is simpler to use compared to the 482 MILA subclass, however it is important to acknowledge insights highlighted in Phase 1 of the visa project that the 417 visa is cheaper, designed for lower skilled workers, and that these employees are unable to stay in workplaces for extended periods of time (visa holders often enter the industry of their own volition, i.e. they already have their own visa and therefore the plant does not need to pay for it).

Survey results indicated that employers were satisfied that most visa employees arrive 'ready to work', and with positive attitudes capable of changing workplaces. However, this should be compared to the clear commentary detailed in the visa Project 1 that provided insights on skilled workers not being as high-quality or as qualified as expected.

These results should therefore not be interpreted to indicate that the 417 working holiday visa is a superior option for employers.

Permanent residency

For visa employees who are 'good', processers indicated that they would very happily sponsor them to apply for PR. 33 per cent of visa using processers indicate that they have had at least one employee make the transition. Of these respondents, most applications were from the 482 TSS MILA stream.

Figure **14** indicates select quotes of reasons given by respondents for why applications for permanent residency were pursued:

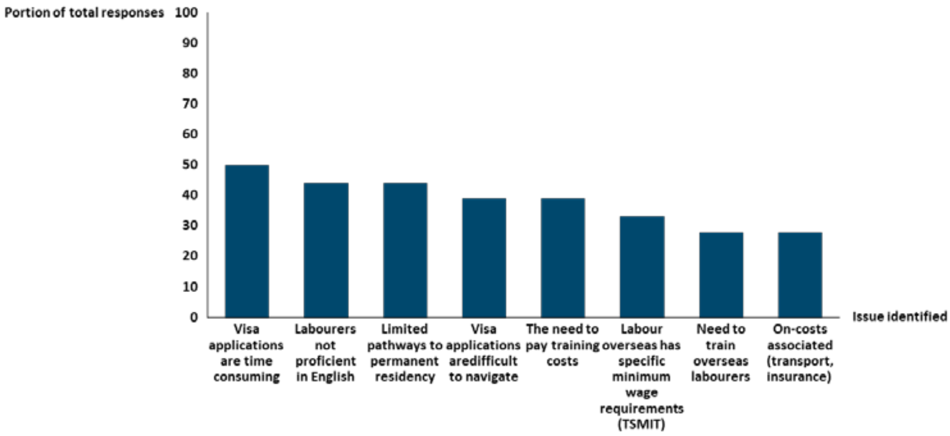
Figure 14: Reasons given by respondents for pursuing permanent residency applications

Source: AMPC 2020 Processor Survey, table 61.

Negative feedback related to visa use

Several responses to the Processor Survey highlighted some key areas of improvement for visa programs by identifying several negative experiences. Figure **15** indicates the most commonly reported issues or limitations processers experienced when using visas. Top issues were that visa applications are time consuming, employees were not proficient in English, and that there are limited pathways to PR, so the workforce remains transient and temporary.

Figure 15: Issues or limitations identified as occurring from using visa programs



Source: AMPC 2020 Processor Survey, table 51.

This is in addition to the respondents who already reported that they found using the visa system 'somewhat' or 'very' hard to navigate (see Figure 11). These insights correlate with the findings and strategic recommendations Visa Project 1, which highlighted costs, complexity, and the disruption of transient labour as the primary issues around use of visa employment in meat processing.

Meat Industry Labour Agreements

With regard to the MILA visa stream specifically, 44 per cent of respondents who do not have a MILA reported the primary barrier as a 'difficult process to obtain,' with 33 per cent claiming the MILA is 'not necessary,' and 11 per cent noting 'cost' as the major barrier. Further frustration is evident in the 89 per cent of respondents who indicated that they have paid into the Skilling Australian's Fund (SAF), while the majority of these are not able to report having benefitted from doing so.

Costs of visa

Table 3 below shows the average of total cost estimates reported for visa applications, migration agents, training, accommodation, transport and health insurance/related health costs for visa workers under different visa classifications. The very high costs for 403 and 482 subclass visas can be related to the challenge associated with assisting employees access employment in Australia; 417s typically have lower costs given they come to Australia with their visas already in place. These figures should be taken as indicative only, not all processors using visas would use a migration agent for example.

Table 3: Average respondents cost estimates for visa expenses

Visa Subclass	Application fee	Migration agent	Training	Accommodation	Transport	Health care	TOTAL
403 temporary work visa (PLS)	$310	$6000	$1000	$0	$0 *Excludes airfare on costs*	$500	**$7,810**
417 – working holiday maker visa	$485	$500	$1000	$0	$0	$0	**$1,945**
482 (temporary skills shortage visa (MILA stream)	$4000	$2500	$5667	$1000	$200	$0	**$13,367**

Source: AMPC 2020 Processor Survey, tables 63-66.
Note: for the 482 visa stream, training costs includes the annual SAF payment (between $1200-$1800 annually, depending on turnover) – this indicates that nearly $3000 of additional training is being provided at cost.

To provide an indication of the quantum of costs annually for the industry, building on those insights provided in Visa Project 1, there is currently approximately 600 subclass 403 PLS visa holders working in meat processing plants.[2] This equates to more than $4 million in annual industry cost.

Impact of COVID-19 on meat processing labour and visa use

The impact of COVID-19 on meat processors' ability to source labour has been a significant impediment to operations. Considering COVID-19 domestic public health regulations and international travel bans, the Processor Survey reported that labour demand has remained somewhat steady, going up for some plants and down for others. Labour supply, on the other hand, was reported to have decreased by most respondents, most likely due in part due to restrictions on the entry of visa workers.

Labour availability overall was ranked as a top concern by processors (69 per cent), followed by availability of visa holders specifically (31 per cent), and then ability of processors to access government supports (24 per cent). The largest proportion of respondents reporting a decrease in labour availability have plants located in Victoria (67 per cent).

The consequences of COVID-19 have seriously jeopardized, or in many cases ceased, the ability of visa employees to support processors; with the survey reporting comments such as 'we are having issues due to visa holders stuck in China', or 'we can't get new visa holders into the country'. If the barriers to visa employees endure, many processors may find the productivity of their operations substantially compromised in the near-term.

[2] AMIC provided PLS numbers.