



Murraylands
Food Alliance



**Regional
Development**
Australia
MURRAYLANDS & RIVERLAND INC.
SOUTH AUSTRALIA



MURRAYLANDS FOOD ALLIANCE

WORKFORCE INNOVATION PROJECT

EXECUTIVE SUMMARY

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WORKFORCE INNOVATION PROJECT

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While every attempt has been made to ensure that information within this document is accurate at the time of writing, Strategon accepts no responsibility or liability for any use or action undertaken as a result of the information quoted or cited therein.



Section A - Executive Summary

Background

The agrifoods sector is recognised as one of the focal points of Australia's next potential 'super wave' of economic growth nationally¹. Increasing global demand, emerging consumer preferences for traceability, our reputation and performance in bio-security, our climate and our location close to Asia, assist to prime the nation's agrifoods sector for significant growth. The Murraylands plays a valuable contributor and is well placed to achieve significant forecasts growth forecasts.

The Murraylands Food Alliance is a collective of the Murraylands largest food companies involved in the production, processing and manufacturing of food product.

The Murraylands region²:

- is the third largest processor of lamb and beef in Australia
- is Australia's largest exporter of beef, lamb and mutton
- produces 50% of SA potatoes, SA's meat chickens, SA's onions, and over 50% of SA's olives
- produces 70% of SA's mushrooms, and
- is the largest producer of lettuce and broccoli in SA.

Whilst significant business growth is forecast, a current limiting factor is a skilled and available workforce. With a current workforce of 30,000, the region projects a need for 2,000 – 3,500 new positions over the next two years.

Yet, the agrifoods sector nationally and the MFA, face major hurdles to delivering on their business growth. With a lack of sufficient, suitable skilled workers, this is a well-documented barrier to the national and regional sector development³.

In the region, various employment strategies and programs by both government and individual member companies continue to fail to attract sufficient local workers, yet unemployment is higher than the SA averages, especially in the Murray Bridge area, and latest figures indicate it has worsened in the last period. The Murraylands region has some substantial social issues and this results in the usage of foreign workers by many of the MFA companies to fill the demand for labour, representing a significant cost to business and lost opportunity to the regional community and its people.

MFA employers also recognise they face attraction issues even for those locals seeking and capable of employment, which often compounds the available workforce issue. The lack of workforce supply is significant and without the prospect of improvements will have a detrimental impact on business growth.

The purpose of this project was to identify the current human resource and workforce development practices of the Murraylands Food Alliance, to gain a consolidated MFA workforce profile, and to identify the related challenges and opportunities for collaborative action.

Recommendations are intended to inform joint action and provide evidence for advocacy to government and local service supports, to increase effectiveness of the proposed industry initiatives.

¹ Agrifoods Skills Australia. (2014). *2014 Environmental Scan of the Agrifood Industry*.

² Murraylands Food Alliance Profile 2015-2016, p.4. (Based on 2011-2012 operational data; workforce demand 2013 data.)

³ As above, footnote 4.

The recommendations and evidence gathered for this report seek to provide a basis for development of such a strategy, and for a fresh take on the issues collectively with government and community stakeholders.

Whilst it is likely to need a 10-year focus to address the long term workforce supply issues, a holistic strategy focused on the Murraylands region needs integrated and sustained effort from:

- Government
- Industry
- Education
- Community.

The MFA member companies were identified as industry leaders, a collective of the Murraylands biggest food producers, processors and manufacturers and collaboratively formed the Murraylands Food Alliance. It can be assumed through the process of data collection and analysis that other food industry companies operating in the Murraylands would also face much of the same workforce issues raised in this report and therefore may benefit by joining the MFA or working with MFA to address and resolve their collective issues.

The Key Recommendations of this Report are:

1. Address skill and labour shortfalls
2. Build the availability of a local workforce for the future, to reduce the current reliance on short term migration and enhance the local community
3. Improve people management capabilities and practices
4. Improve the experience of current migration based employment for the worker, employer and Murraylands community
5. Improve the systems capacities and capabilities of the MFA companies, as platforms for improved workplace productivity, people and HR information management.

A Snapshot of the MFA Workforce

as at January 2016



Recruitment Costs
\$19K-\$13K
 Cost of recruiting new staff



Staff Turnover
 A significant cost in excess:
>\$20M
 PER ANNUM



Direct v Contract
72% **28%**
 Direct employees Contract employees



Largest Work Group
 Meat Boners, Slicers and Slaughterers
350+
 CURRENT WORKERS



Primary Language
64+%
 Primary language not English



Short Stay Visas
67%
 CONTRACTORS



Residence Location
24%
 Workers residing outside Murraylands



Female Workforce
33%
 Compared with **47.8%** of the region's population



Average MFA Workforce Age
31.6
 YEARS OF AGE

(Based on data submitted N=4-5)

Recommendations and Actions

1 Address skill and labour shortages

Both labour and skill shortages are experienced in the Murraylands. Current aspects to this issue include:

- i. access to sufficient numbers of persons for core job operational roles needed in volume. Insufficient locals ready, willing and able to be recruited means these roles are currently largely staffed with foreign workers with limitations on their stay/retention because of Visa conditions;
- ii. access to persons with new, higher level or more specialised skill sets, as the nature of the agriculture/horticulture industry is changing in line with market and economic forces.

MFA interviews indicate mixed responses to companies experiencing labour shortages. Three of the 11 members indicate no difficulty recruiting the numbers of workers they need in key occupational groups they require currently, but there are some inherent reasons for this in the nature of their business at this stage, eg. a company at consolidation rather expansion stage, or significantly smaller size operation currently than other members, or local recruitment of the workforce is possible because of the smaller size and nature of the product handled and its volumes. The remaining members all report difficulties in gaining sufficient skills or labour for the requirements of their business, either currently or in terms of supporting future business plans. (See the MFA Workforce Profile in Section D.1 and Chart 16, pg 39.)

Key occupational groups for which it is difficult to source sufficient labour (and therefore those resourced significantly with foreign workers on Visas), include:

- Crop workers
- Meat and poultry workers.

The effects on MFA and the Murraylands community of these labour shortages include:

- high costs to business of recruitment, turnover, and in HR personnel time⁴;
- constraints on production and productivity;
- potential distraction of funds from investment/ expansion;
- greater reliance on short term foreign workers;
- potentially higher WH&S risks due to communication barriers;
- pressure on community harmony from the combination of factors such as high local unemployment and the presence of short term foreign workers with limited English, community connections or social supports;
- potential lost opportunities for local business and employment growth, through the use of volume foreign workers who cannot stay and therefore do not build a life or family in the region.

Other occupational groups difficult for MFA to recruit include:

- Some of the professions, because of the regional/remote workplace, eg Marketing/Business Development
- Sales persons
- Smallgoods packers
- Managers and supervisors.

The top skill shortage areas identified in the company data supplied, were:

- Team Leaders/Supervisor skills – with analysis skills and capabilities in managing a diverse workforce
- Skilled Farm Managers
- Maintenance personnel (fitter-welders and electricians (ideally with automation skills)).

⁴ This resource time can be both or either inhouse or labour hire company.

It is noted that resolution is not easy, not a quick fix and not within the capacity of the MFA alone. Attention to these shortages needs to be multifaceted and longer term in focus. These are national and regional development issues, and MFA can only play a part. The options for their responses to these issues vary depending on the size of the company, resources and their motivation for involvement in building a solution will be driven by the impact of the issue on their business bottom line.

Larger MFA companies with workforce volume needs require strategic actions, working in conjunction with government and the community. Smaller MFA companies with some common needs, can look to resource sharing or shared cost initiatives to address the skills shortages they have. Collective action is possible on a number of these.

Proposed collective actions

Strategic actions for MFA

- 1.1 Work with state and federal governments on adjustments to Migration Policy settings and changes to the Temporary Skilled Migration Income Threshold (TSMIT) to enable longer stay and opportunities to access support services.
- 1.2 Lobby for changes to the work visas, 457 Temporary Work and 417 Working Holiday, to better reflect the needs of region agricultural businesses.
- 1.3 Continue to support local employment and training initiatives.
- 1.4 Lobby for the development of a coherent Australian Population Strategy that considers the economic, social and environmental factors of migration and the importance of migration to regional development.
- 1.5 Examine, with state, federal and local government, the feasibility and infrastructure needs of regional recruitment drives both nationally and internationally, to facilitate cost effective recruitment, a pipeline and smooth, publicised conduit for Australian and foreign workers, and settlement supports.

Operational actions for MFA

Short term (2017)

- 1.6 Examine the feasibility and mechanisms of employment of shared specialist resources for smaller member companies.
- 1.7 Build current worker skills for supervisory roles, eg Develop supervisory development programs in production analysis/efficiency through joint participation in LEAN focused training.
- 1.8 Share with one another, any in-company initiatives in developing workplace skills via programs that exist on managing diversity, respectful behaviours, and supervision.
- 1.9 Progress an Industry Skills Fund application/s to support the new programs proposed above.

2 Build the availability of a local workforce for the future

There are significant, long standing barriers to the recruitment of local and SA based employees for the region and the food processing sector. Effective change to this situation needs a long term focus, and multifaceted strategy development and action, to build upon and link existing small-scale intervention projects.

The MFA has a strong desire to increase the number of local people taking up employment offers and are highly supportive in the development of programs and initiatives that address employment barriers of the local workforce. Members individually expend significant effort trying to attract local people, however report high attrition rates during recruitment processes.

Consultation for this project revealed entrenched issues in the attraction and retention of local employees. The barriers to attraction have been studied for this region over time, and shifts noted, with lack of skills and motivation being the highest scoring factors reported in the most recent study⁵.

MFA companies list barriers to employment as:

- lack of skills
- work readiness
- motivation of the long term unemployed
- physical and mental health issues
- drug and alcohol abuse
- other complex social issues.

Not only do these issues work against the availability of local labour, they add costs directly to the recruitment processes of the members, and undermine their attempts to promote the Murraylands as an attractive, vibrant and growing region in which to live and work.

Current small-scale project based activities will continue to provide targeted numbers of work ready local employees. The Department of State Development (DSD) provides funding for employment programs through WorkReady Jobs First Employment Projects. The Employment and Training Manager, Murraylands Career Development Centre, RDAMR, working with the Regional Manager DSD, is currently developing projects to target skills shortages in the food industry. Projects must identify employer involvement and will combine accredited and non-accredited training, tackle barriers to employment such as transport and housing and provide personal mentoring to identify personal, learning and transition supports required to assist people into sustainable employment.

Regional employment agencies indicated women as an emerging as a local labour pool. Women are reportedly relocating to the region for cheaper housing, and the MFA indicate they have greater suitability for some horticultural tasks because of smaller fingers, manual dexterity and speed, than males. The latest regional demographic data reviewed doesn't highlight this as a trend as longitudinal analysis is not part of this report⁶. However, it does indicate the Murraylands region as having higher percentages of *Lone Person Households* and *Couples with no Children*, than the state averages. There may be opportunities for further demographic and population trend analysis, to inform targeted recruitment activities to specific cohorts.

In terms of lasting intervention and change to local labour availability and suitability, future, long-term actions have the potential to connect with existing collective impact interventions already occurring in

⁵ Regional Development Australia (author Bill Clifford), *Murraylands Jobs, Growth and Investment Snapshot 2014-2016*, p.37

⁶ SA Government. Skills for All. *The Murraylands Region. Workforce Wizard Report*. [Generated online November 2015 from <http://workforcewizard.skills.sa.gov.au/>]

the region. *Collective Impact* is a new form approach to solving complex social problems based on examining existing resources and asking, “How can available funds be allocated differently?”

Again there are needs and opportunities for MFA collective action at both strategic and operational levels.

Proposed collective actions for the MFA

Strategic actions

- 2.1 Continue to support the delivery of projects preparing local unemployed people for work (see Section E.2)
- 2.2 Address the workforce development needs of the food industry and regional amenity explicitly in regional Strategic Plans, economic development plans and roadmaps, in concert with state and local government authorities (see Section E.2)
- 2.3 Invest in long term adaptive approaches to the entrenched social issues of the region (see Section E.2) through collective impact approaches with government and community stakeholders.
- 2.4 Encourage government and tertiary educators in agriculture/horticulture to maintain investment in dynamic careers literature (such as the Career Harvest website) available for the MFA and its members, and regional educators to access electronically.

Operational actions for the MFA

Short term (2016)

- 2.5 MFA members collectively build weblinks from the MFA site to the individual companies' home pages, and members seek to rework their company websites. MFA website styling to be fresh and engaging, with regular home page updates, colour and movement suitable for a school student target audience.
- 2.6 Innovate, redesign and expand on career development models. (see Section E.2)
- 2.7 Tap into existing agriculture careers materials and actively promote and build on them through a Careers Marketing Plan (awareness and promotion strategy focused on primary school children, parents and teachers of those children, as well as secondary school and adult career cohorts, to build better awareness of the vast range of emerging careers in food processing and pathways from secondary education to employment).

Longer term (2016-2018)

- 2.8 MFA group companies to brand and promote themselves collectively as Employers of Choice (See Section E.2), with each member progressively addressing their attraction, development and retention activities, to assist in raising the profile and reputation of the food processing sector in the region.
- 2.9 Sustain a strong focus on promotion of available vacancies and career pathways in agriculture/horticulture/food processing across all MFA members.

3. Improve people management capabilities and practices

The key issue for MFA companies is to increase their competitiveness as employers. This will require them to build their people management capability cost effectively. As agricultural businesses, MFA member companies should be focusing on development as *Employers of Choice* to ensure attraction and retention of a suitably skilled workforce in a challenging labour market, especially given their regional setting. The *Employer of Choice* criteria represent the contemporary Australian benchmark for best practices in workforce development and human resource management.

The Employer of Choice approach is about making a compelling, competitive case for why employees should work for your company, and continuing to demonstrate to them why they should stay. It requires focus by the employer on a range of competitive practices aimed at attraction, development and retention of labour. (Refer to Section D.2 of this report for fuller discussion.)

MFA members have been assessed against these contemporary practices during this project and individually provided with recommendations about key next steps in their journey to being an *Employer of Choice*. They have also been encouraged to develop better understanding of their performance on people management using HR metrics or analytics, so they can identify HR costs to the business, track them over time and monitor improvements through intervention. There is also the potential for benchmarking between MFA companies in time, if they all complete and maintain the Workforce Profile data undertaken during this project. A typical suite of HR metrics for the value chain in a food business has been proposed, and some of this information has been gathered for a small subset of MFA companies, that were able to provide sufficient data during this project.

Key HR metrics for future use are proposed as:

- HR Costs as a percentage of the Total Salary Budget
- Talent Acquisition Cost
- Human Capital Return On Investment
- Employee Turnover cost.

A range of actions can also be taken collectively to build HR management and workforce development capabilities, to underpin this journey cost effectively.

Proposed collective actions:

The following collective actions are proposed for the MFA:

Short term (2017)

- 3.1 The MFA create a HR persons' network within the MFA member companies, and provide a support network and develop a benchmark for labour workforce metrics and HR performance.
- 3.2 MFA members review and upgrade their company website to optimise its marketing of them as employers. Online and social media promotion of job vacancies is another priority of website redevelopment.
- 3.3 The MFA become a corporate member of the Australian Human Resource Institute, to foster understanding of workforce development and maintain currency of competitive information.

Mid Term (2018)

- 3.4 The MFA companies currently without HR personnel investigate options to enter a joint service contract for HR professional services.
- 3.5 The MFA companies without efficient HR Information Systems to manage and collect workforce information, collectively investigate the options for a joint purchase/ subscription or a common choice of a system.
- 3.6 Discuss the development of a Workforce Development Plan with agreed priorities for a ten year strategy with a focus to build the labour supply pool.
- 3.7 Ensure linkage between the MFA Workforce Development Plan and other regional development plans of the RDAMR, State and Local Government authorities.

4. Improve the experience of current migration based employment for the worker, employer and Murraylands community.

Approximately two thirds of the MFA Workforce (64.4%) have a primary language other than English with over forty different language and cultural backgrounds represented. Members identified the workplace risks associated with low levels of English and that communication breakdowns could also lead to lower levels of productivity.

Surveys across the broader Australian population have identified that workers from both English speaking and non-English speaking backgrounds do not have the reading and writing skills to effectively participate in higher level work and training and yet workplace training is the key to productivity improvements, global competitiveness and efficiency. The English language, literacy and numeracy requirements of both foreign and domestic labour are a key factor in increasing workplace productivity and ensuring a safe workplace. Removal of programs such as the Workplace English Language and Literacy (WELL) program, and restrictions on access to the Adult Migrant English Program (AMEP) to those new arrivals with low levels of English, mean there are limited government funded language and literacy programs available to support employers and foreign workers. This further isolates their engagement in the local community and the community's engagement with them. In lieu of such government financed programs, MFA companies may want to invest in improving the English language skills of their workers through targeted workplace language, literacy and numeracy programs.

Similarly, development of a regional, integrated suite of community supports addressing settlement services such as health, education/ language, cultural and religious support services, may enhance the outcomes for all. This, and MFA companies' joint attention to and advocacy of sufficient housing options for their foreign workers, may underpin the attractiveness for longer stay or permanent migration to the region, as has been achieved in the Nhill case study outlined in Section E.3. Strong local leadership has been one of the critical success factors.

Proposed collective actions for the MFA

Strategic actions

- 4.1 Investigate successful settlement models in other Australian states in the food industry.
- 4.2 Jointly advocate for changed government policy re access and improved educational service delivery in the region, available at worksites or hubs at convenient times, for programs in English as a second language, for foreign workers.
- 4.3 Jointly advocate for a regional suite of Settlement Services to enhance the community interaction and supports for foreign workers.

Operational actions

Short Term

- 4.4 Develop joint action on Settlement Services in the interim, in concert with the Industry Leaders Group.
- 4.5 Develop/source a suite of materials that can be used in workplaces as standard practice for the MFA to increase the communication of key workplace initiatives.
- 4.6 Investigate the options for the provision of regionally provided English language and literacy programs for both foreign and Australian workers.

5. Improve the systems capacities and capabilities of the MFA companies, as platforms for improved workplace productivity, people and HR information management.

The use and investment in systems, technology and processes can provide significant benefits to the food processing sector in the Murraylands. With market and financial pressures facing MFA companies along with workforce challenges, it is expected that investment in process automation systems will be considered in the near future and next stages of infrastructure development.

This provides its own challenges to the workforce. Implementation of systems and new processes often requires the application of critical thinking, and analysis, which for some employers was identified as a skill barrier (See Recommendation 2 and related actions).

Current lack of these systems and the capacity to efficiently access, interpret and manage workforce information, is itself a barrier to the strategic management of HR risks and costs to business (see Recommendation 1 and related actions). This lack is also impeding the productivity and effectiveness of some HR personnel in MFA companies. So, while related Recommendations and actions (under Recommendation 1 for example) have been already included in this Executive Summary, some further considerations are brought together here.

Some areas for consideration include:

- It is noted that for some members the lack of availability of suitable telecommunications and broadband limits their ability to access markets and implement new systems;
- Many members would benefit from the sourcing of 'pay as you go' IT systems – for HR as well as other functions on a cost effective basis;
- Production and process engineering assistance was identified as a need for the sector. The application of LEAN and other methodologies to cost effectively improve process efficiency, and improve worker productivity is worth consideration;
- It has been identified that the possible sourcing and sharing of skilled personnel – ICT, production process engineering and technicians – as some Councils in Local Government in South Australia do - may provide much needed technical expertise into the sector, with the costs being distributed and not being an impost on any one company.

Available programs and funding sources to support MFA companies' expansion of export markets, innovation of systems and products were investigated for this project, and a summary of these is included in Section G. However, no specific funding source has been identified to support IT systems development as a platform for business innovation.

Proposed collective actions for MFA members

Short Term

- 5.1 Investigate the Co-Innovation Cluster Program of PIRSA as a possible source of innovation funding for systems capacity development and other areas of planned development identified by the MFA members during consultations.
- 5.2 Scope needs and investigate options for joint purchase or subscription to 'pay as you go' IT systems. (As part of specifying the business demands of such systems, consider the workforce information needs within the context of broader business information needs.)