

PATRICIA APEL

ARE 500-4 MASTERS DISSERTATION

**THE IMPACT OF LABOUR MARKET
REFORM IN THE MEAT PROCESSING
INDUSTRY ON THE CATTLE AND
BEEF INDUSTRY**

JULY 1996

Declaration

I certify that the substance of this dissertation has not already been submitted for any degree and is not currently being submitted for any other degree.

I certify that, to the best of my knowledge, any help received in preparing this dissertation, and all sources used, have been acknowledged.

Abstract

The meat processing industry is one of Australia's largest rural-based industries. The level of costs in the meat processing industry, especially labour costs, is an issue that has been of some concern to the cattle and beef industry in Australia. Aspects of industrial relations within the industry and the employment conditions embedded in industry awards have frequently been cited as having contributed to relatively low levels of labour productivity, which has in turn raised production costs in the processing industry.

The industrial relations system in Australia, which has traditionally been highly centralised, is gradually changing towards a more decentralised approach which is increasingly enterprise-oriented. However, the meat processing industry has lagged other industries in implementing workplace reforms that increase productivity. In particular, improvements to labour productivity have been inhibited by the complexity and multiplicity of awards that apply to the industry and the tally remuneration system that operates under these awards. A high level of industrial disputation and under-utilisation of industry capacity are other problems facing the industry.

A number of recent studies have found considerable scope for improvements in labour productivity that will in turn reduce production costs in the processing industry. Using information available from this previous research, this dissertation examines how labour market reform in the meat processing industry affects the welfare of industry participants. It finds that a 10 per cent reduction in processing costs increases the economic welfare of all industry participants, including livestock producers, the feedlot industry, the processing industry and beef consumers. Consumers receive by far the largest share of the increase in economic surplus resulting from lower processing costs.

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