

# Review of Processing Work Program

## 1. Introduction and Background

The Partnership supported a series of activities to raise standards and efficiencies in Category 2 abattoirs in Indonesia, including delivery of short courses in Meat production, processing and supply chain management to promote skills development in the Indonesian industry and a related program to develop Standard Operating Procedures (SOPs). A program of three courses was delivered in Australia by TAFE Queensland South West (TQSW) for 16 trainees from five Indonesian abattoirs in 2016. Following training delivery, experts from TQSW visited the five abattoirs to identify the current level of SOP implementation. Two follow-up visits were undertaken to provide further on-site training and facilitate the development and implementation of SOPs.

Following on from the skills training and SOPs development activities, TQSW developed a proposal for additional support to the Processing Sector, including: the development of a Meat Training Centre in Indonesia; a study tour to Australia for slaughter house managers; skill and knowledge training to improve standard operating procedures, audit capacity etc.; and North American Standard audits at the five Category 2 slaughter houses and develop training programs to address issues identified.

The ASG evaluated the completed skills training and SOP development activities from a Partnership perspective to understand the value of the investment to Partnership outcomes, as well as from a general impact perspective. It was based on evidence from the project proposal, progress reports and key informant interviews with course coordinators, alumni and managers from the five Category 2 abattoirs.

Options for future support were assessed in relation to impacts from the completed activities, the contributions to meeting Partnership objectives, and the likelihood of providing lasting and significant benefits to the Processing sector. Recommendations were provided by ASG to stimulate further discussion before the Processing Working Group finalised its own recommendations for future support from the Partnership.

### **Skills training:**

The skills training was well managed, efficient and effective in terms of achieving training outcomes. The perception of the Australian industry by Indonesian participants was highly positive.

The training was directly relevant to all participants and highly valued. The teaching techniques were appreciated, and many trainees were trying to emulate the approach used by the trainers to instil more enthusiasm in their own in-house training courses.

The privately-owned abattoirs all undertake in-house training for their staff. Train the trainer type programs would be highly valued by the businesses. They would prefer to learn on-site due to the unique set up of each operation and receive technical assistance on ways to innovate and improve their particular processing systems.

### **SOPs Development:**

TQSW noted that, whilst the majority of the slaughter houses were ISO accredited, their systems were not food safety focused and lacked attention to detail. This was especially evident in all of the cleaning and process control programs.

Implementation of existing Quality Assurance (QA) systems was poor, as evidenced by inadequate management review, internal auditing and staff training programs. It was felt that if companies implemented these programs it will greatly assist the slaughterhouses to meet QA standards.

Whilst hygienic processing and cleaning procedures improved as a result of the visits, there is no financial or reputational incentive for abattoirs to seriously address the development and implementation of SOPs in the current commercial environment.

All of the target abattoirs have experienced a 50% plus decline in production since late 2016 as a result of a combination of external factors that are expected to persist into the immediate future.

Accordingly, there was little impetus to spend money on upgrading SOPs. Instead, the focus of abattoir management was on finding cost efficiencies and niche markets for products.

#### **Contributions to Partnership Outcomes:**

It was evident that the processing skills training and SOP development activities have progressed the Partnership outcomes. However, their immediate effectiveness has been severely curtailed by a highly challenging commercial environment as a result of historically high Australian cattle prices and domestic policies allowing importation of Indian buffalo meat.

The training made a major contribution to skills development through direct training and subsequent on-training by participants, however, future training would benefit from a train-the-trainer model, so that scale-up of learning can occur. Training made a moderate contribution to establishing effective industry linkages, supported by the annual symposium and alumni networks. The Partnership could leverage more from this interaction between Indonesian participants, the industry and government.

The SOPs development activity has contributed towards the Processing Working Group's target of export accreditation for at least one of Indonesia's abattoirs. A significant constraint to achieving this objective appears to be the lack of commercial commitment to the objective at the current time. A more buoyant commercial environment, including identification of specific export market opportunities, may reinvigorate the level of commitment.

## **2. Consideration of TQSW Proposals submitted at the 5th Partnership meeting**

**Australian study tour concept:** There was only modest support for the Australian study tour concept among Indonesian and Australian Partnership members. Most abattoir managers had travelled to Australia previously and had received exposure to Australian systems. As such, this proposal was considered to be a low priority.

**Meat training centre:** There was moderate support among stakeholders for the establishment of a meat training centre (MTC). In reality, this would simply be a unit located within an existing Bogor Agricultural University (IPB) faculty with a single meat processing trainer. The scale of demand and willingness of Category 2 abattoirs and additional Category 1 abattoirs to pay for staff training requires assessment. Given that the MTC has been proposed to provide a sustainable training service for Indonesia, a business case for the program, funded through fees for tuition or another means, would be required.

**Skills and knowledge training:** This component of the TQSW proposal is linked to the training already completed in Australia – specifically, following up on improvements in SOPs, processing hygiene and internal audit capacity. Training in stunning, Halal slaughter and butchery is already available through Ministry of Agriculture (MoA) and Elders. Additional training in train-the-trainer skills was regarded as a priority by stakeholders, so that additional staff could be trained “in-house”.

**Audit of QA system and follow up:** A process of ongoing improvement to processes and infrastructure is desirable, and essential where exporters have identified export markets that they intend to target in the immediate future. However, given that none of the Category 2 abattoirs is actively seeking export markets at the current time, abattoirs have at best only partially improved SOPs as recommended by TQSW, domestic markets do not pay a premium for improved hygiene and standards, and that it is currently illegal to export beef from Indonesia, it may be worth postponing implementation of activities targeting export accreditation until conditions improve.

## **3. Recommendation**

Given the impact on the sector from the cost of cheaper alternate product, combined with high global cattle prices, ASG recommend that the processing work cease for the immediate future. Future support for the processing sector may be reconsidered when the commercial environment becomes more favourable.

The consideration of future support options might start with addressing the following questions:

- Given the current commercial environment, is it realistic to expect that at least one Category 2 abattoir will achieve export accreditation and that this will result in significant financial benefits?
- Is there justification for restricting future industry support to Category 2 abattoirs or should the involvement of the better performing Category 1 abattoirs be considered?
- Are there alternative options for the Partnership to provide support to the Processing sector that will increase efficiencies and returns or minimise losses during periods of low production?