National Farmers’ Federation

Submission to the Department of Employment
Review of the Skilled Migration Occupation Lists

1 December 2017
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The National Farmers’ Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF’s membership comprises all of Australia’s major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.
Statistics on Australian Agriculture

Australian agriculture makes an important contribution to Australia’s social, economic and environmental fabric.

Social >

There are approximately 132,000 farm businesses in Australia, 99 per cent of which are Australian family owned and operated.

Each Australian farmer produces enough food to feed 600 people, 150 at home and 450 overseas. Australian farms produce around 93 per cent of the total volume of food consumed in Australia.

Economic >

The agricultural sector, at farm-gate, contributes 2.4 per cent to Australia’s total Gross Domestic Product (GDP). The gross value of Australian farm production in 2016-17 is forecast at 58.5 billion – a 12 per cent increase from the previous financial year.

Together with vital value-adding processes for food and fibre after it leaves the farm, along with the value of farm input activities, agriculture’s contribution to GDP averages out at around 12 per cent (over $155 billion).

Workplace >

The farm sector employs approximately 304,200 people, accounting for around 3% of the national workforce.

Seasonal conditions affect the sector’s capacity to employ. Permanent employment is the main form of employment in the sector, but more than 40 per cent of the employed workforce is casual.

Approximately 60 per cent of farm businesses are small businesses. More than 50 per cent of farm businesses have no employees at all.

Environmental >

Australian farmers are environmental stewards, owning, managing and caring for 52 per cent of Australia’s land mass. Farmers are at the frontline of delivering environmental outcomes on behalf of the Australian community, with 94 per cent of Australian farmers actively undertaking natural resource management.

The NFF was a founding partner of the Landcare movement, which recently celebrated its 20th anniversary.
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1. Introduction

Our vision for Australian agriculture is to become a $100 billion industry by 2030. The sector is a source of strength in the Australian economy, positioned to capitalise on growing global demand for safe, high quality food and fibre over the coming decades.

To achieve our vision, the sector needs regulatory and public policy settings that foster growth and productivity; innovation and ambition. This includes migration policy that is aligned with Australian workforce needs.

The gross value of Australian agriculture was $58.1 billion in 2016-16\(^1\) and is forecast to grow to $63.8 billion in 2016-17.\(^2\) Australian farmers exported $44.8 billion of the food and fibre produced in 2015-16.\(^3\) Agriculture supports 1.6 million jobs across the supply chain.\(^4\)

The agriculture sector faces particular challenges in terms of labour and skills shortages which is likely to worsen over time. Major factors compounding these issues are an ageing workforce, the difficulty in attracting young people to take up a career in the industry, and the remote nature of much of the work.

To position the sector to grow, it needs a sustainable labour supply. The NFF seeks changes to the skilled migration lists to better reflect the ongoing skilled labour shortages across the sector and the need for a reliable, consistent workforce.

The NFF welcomes the opportunity to comment on the review of the Short Term Skilled Occupation List (STSOL) and the Medium and Long-Term Strategic Skills List (MLTSSL) and the traffic light bulletin that has been developed for this process.

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\(^1\) ABARES, *Agricultural Commodities*, (June Quarter 2017).
\(^2\) ABARES, *Agricultural Commodities* (March quarter 2017).
\(^3\) ABARES, *Agricultural Commodities*, (June Quarter 2017).
2. Measures to attract people into the Agriculture Sector

The Agriculture sector actively invests in measures to ensure that Australians have access to skill development that targets the needs of the sector and attract people to work in agriculture. For example:

- As a member of the Primary Industries Education Foundation of Australia (PIEFA), the NFF provides support for the PIEFA mission to

  “engage and inform students, teachers and the broader community about the role and importance of primary industries in the Australian economy, environment and wider community, and the career opportunities available through the primary industries and along the chain of supply of food. “

- The NFF is an active contributor to the recent reform of the Vocational Education and Training (VET) system to better align skill development with the employment needs of industry.

- The NFF created and is a member of Skills Impact, the national Skills Service Organisation to develop the operation of the Industry Reference Committees which develop competency skills standards and qualifications for use by the Industry and the VET sector.

- The ‘Cotton Gap’ program facilitated by Cotton Australia. ‘Cotton Gap’ is an opportunity for school leavers to experience a year working in rural and remote regions of Australia in mixed and varied farming enterprises.

- The Queensland Agricultural Workforce Network works with farmers to develop initiatives to attract local labour. For example the Sweetest Job campaign in the Sunshine Coast and Moreton Bay regions of Queensland led to 150 candidates placed on local strawberry farms in 2016 and increasing local engagement by approximately 300%.

- The Picasso Cow program\(^5\) delivered at Primary Schools where schools are provided with a blank, life size, fibreglass dairy cow to design and paint in one of three related themes – unbeatable Bones, Fuel for Life and Farm to Plate. The Picasso Cows program has been run in over 500 schools, reaching over 80 000 students across Australia.

- The dairy industry Cows Create Careers\(^6\) program introduces students to the industry in farming, food processing, technical and research areas and promotes the many

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career opportunities in the industry. Each year around 14 000 students participate across 23 dairying regions in Australia.

- Stepping stones, a document replicated through dairying regions is a dedicated resource to assist with retention and attraction of staff by providing an overview of building a career in the Australian dairy industry.

- The Employment Starter Kit initiative details all the mandatory requirements for dairy businesses that employ staff, as well as ideas for improving the employment experience on-farm. This is supplemented by the People in Dairy (www.thepeopleindairy.org.au) website which contains up-to-date information for employers and employees.

- In the pork industry, initiatives such as “Autism and Agriculture” by SunPork Farms to employ autistic adults in specialist animal care roles demonstrate efforts to come up with innovative ways of attracting workers.

Despite these efforts, there remains a persistent need to supplement the local workforce with skilled overseas workers.

3. Occupations sought for movement from the STSOL to the MLTSSL

The NFF seeks the placement of the following occupations on the MLTSSL:

- Pig Farmer (121318)
- Agricultural Technician (311111)
- Dairy Cattle Farmer (121313)
- Cotton Growers (121211)
- Fruit or Nut Grower (121213)
- Mixed Crop Farmer (121216)
- Crop Farmers (121299)
- Beef Cattle Farmer (121312)
- Poultry Farmer (121321)
- Sheep Farmer (121322)
- Livestock Farmers (121399)
- Mixed Crop and Livestock Farmers (121411)

4. A reliable and consistent workforce

The farm sector must rely on skilled visa holders to fill the gaps between the number of employees required, and labour supply in the domestic Australian labour market. The restriction of these visa holders to the STSOL, and hence a two year visa inhibits the capacity

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of these farms to engage in workforce planning, to maximise the benefit of further training of these employees, and the transfer of knowledge to new employees.

While it is well recognised that the agriculture industry faces difficulty in meeting seasonal labour requirements, many farms face similar difficulty in attracted skilled labour needs. The National Rural Advisory Council found that most farm businesses consulted reported that managers were the hardest to attract and retain. As the industry becomes more technological, there is increasing demand for specialised skills that make those roles difficult to fill, particularly in the face of competition from other industries in urban locations.

Factors such as an ageing workforce, the remote location of many roles in agriculture and concerns regarding the career paths means that there is limited labour supply in the higher skill roles. This is recognised by the Agriculture Competitiveness White Paper,

“To meet projected demand and exploit market opportunities, the agriculture sector needs both skilled farmers and a skilled and available workforce. However, agriculture has struggled to attract and retain the skilled labour it needs to prosper. This was particularly so when the mining industry was booming. Other factors contributing to this have been declining rural populations as people have moved to larger towns and cities, outdated perceptions of agricultural career paths, and relatively low rates of participation in agriculture-related education.”

The current placement of the occupations outlined above on the STSOL does not give the sector the certainty it needs for effective, productive workforce planning. Workforce planning means having the right people with the right skills in the right place at the right time. Employee turnover costs farm businesses. Each time there is a turnover of employees in an organisation there are the direct costs of hiring, and other costs of decreased productivity for other employees as they take on extra work, the cost of orientation and development, workforce morale and business reputation. A 2008 study of the pastoral livestock industries reported that employee turnover cost the industry between $336 and $364 million a year and on average around $22,500 per employee per farm.

Limitations on access to longer term skilled workers through migration programs means that the farm sector is wearing these costs of high employee turnover and is unable to retain skilled and experienced employees.

For example, in the pork industry, a recent survey by Australian Pork Limited (APL), found that:

- 69% of respondents reported staff vacancies at 1 July 2017;

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9 Ibid.
Respondents were involved in special programs aimed at providing jobs and skills to local workers, including work experience opportunities for local high schoolers, providing training as a Registered Training Organisation, and offering opportunities to disadvantaged workers through the Autism and Agriculture Pilot Program;

- 95% of respondents with overseas workers reported all or most have formal qualification equivalent to Certificate III Agriculture (Pig Production) or higher;
- 100% of those surveyed said they thought that the subclass 457 visa program had been successful in helping to address on-farm skills and labour shortages.

Respondents also identified long term benefits of the subclass 457 visa program as including:

- Improved business productivity (90% of respondents);
- Improved staff retention rates, including for local workers (82% of respondents);
- Improved local community vitality (78% of respondents); and
- Increased skills transfers to local workers (69% of respondents).

The pork industry relies on the Pork Industry labour Agreement for a significant number of employees. However, it also relies on the occupations Pig Farmer and Agricultural Technician to provide a reliable, long term skilled workforce. The APL survey showed that more than half of respondents employing skilled migrants employed some that had transitioned to permanent visas or citizenship, playing a critical role within industry in helping to ease the skills gap, provide certainty for business, deliver productivity improvements, ensure proper attention to animal welfare, contribute to regional communities and help to build an industry knowledge base that is being used to transfer skills to local workers.

One Victoria-based pig producer commented:

“we have sponsored 5 Filipinos through 457 visas in the last seven years, all are still with us and all have achieved permanent residency. All have bought their families and grown their families in regional country areas.”

A study by Dairy Australia found that while the most common reason for using overseas workers was to fill a gap in skills, there were also a significant number who considered overseas workers to be very important and a long term strategy for the business.\(^\text{13}\)

A report by Collins et al. found that new immigrants make an important contribution to regional and rural Australia.\(^\text{14}\) The 2011 ABS Census of Population and Housing found that persons who speak a non-English language at home represent 8.56% of total persons employed in Australian agriculture, fishing and forestry industries. The report by Collins et

al. found that immigrant farmers not only fill labour shortages, but they also bring with them new technological insights gained overseas to apply to Australian farming.\textsuperscript{15}

The NFF recognises that there are avenues for onshore and offshore renewal for visa holders of a skilled migration visa. This adds a significant administrative and financial burden for the overseas worker and the farm business. It also impacts on the certainty and workforce planning capabilities of those farm businesses.

\textit{Case Study:}

A dairy farmer in northern Victoria who has a 750 cow operation has said that she and her husband are considering exiting the industry because of the “enormous difficulty of finding skilled labour”.

The dairy farmer has recently had to resort to employing a 457 visa holder because they could not source suitable local staff. After one of their employees fell ill and could not return to work, the farmer advertised for a dairy farm hand with development opportunities to become a farm manager. They received two applications from Australians and the remaining 50 were backpackers or people looking to be sponsored. They interviewed both the Australians and employed them with a three-month probation. Both employees left of their own accord after failing to turn up for work regularly. The farmer then advertised for a farm manager and all four applications were from overseas. This is when they felt their only option was to employ a 457 visa holder and did not make the decision lightly “because the paperwork is so onerous and time consuming”.

The paperwork for the 457 visa holder was submitted on 17 March. It cost $2730 and they used a migration agent to assist with the nomination process, plus accountant’s fees and weeks of the farmers of time. The farmer explained,

\begin{quote}
“\textit{one of the benefits of the 457 visa was that we would have a skilled employee for four years. This meant that we could invest in training and development of the employee and expect to reap the rewards from this in our business for several years. After the government announcement, our 457 visa was granted the next week. The reforms mean that our employee has been granted a two-year visa instead of a four year visa.}”
\end{quote}

This is not enough time for stability and therefore, will not address the businesses long term labour shortage problems.

\section*{5. Conclusion and Recommendations}

The NFF recommends that the occupations outlined at chapter 2 be moved to the MLTSSL to give farmers certainty in employment planning, ensure that there is an ongoing transfer of skills and knowledge to local workers and address population decline in regional areas.

There is a clear productivity benefit to Australian agriculture in addressing workforce shortages and capturing the benefits of a reliable workforce. The current limitations of these

\textsuperscript{15} Ibid.
roles to a two year visa, albeit with the administrative burden of renewal, is not an adequate solution to labour shortages in the agriculture sector.