



National Farmers'
FEDERATION

Issues Paper



Population Policy: Labour Pains

As Australia's farm sector emerges from drought and gears up for a return to full production it will need an extra 100,000 employees. Where will they come from?





National Farmers'
FEDERATION

Our Members



The National Farmers' Federation (NFF)

Population Policy: Labour Pains

An Issues Paper published by the National Farmers' Federation Limited (ABN 77 097 140 166) April 2010.

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Introduction

The National Farmers' Federation (NFF) strongly urges the Federal Government to consider a broad range of recommendations to tackle the significant issues of skills and capacity shortages in regional Australia.

This chronic shortage, masked by 10 years of drought and the global financial crisis, will increase and deepen as Australia's agricultural sector begins to emerge from drought.

The NFF asserts this is not going to be resolved simply by the introduction of a few employment participation programs. Serious and far reaching reforms are required to ensure Australia's economic capacity can meet its full potential.

Specifically, the NFF is of the view that the Committee should seize the opportunity posed by this Inquiry to address Australia's projected population growth and significantly contribute to the current population debate.

Regional businesses are crying out for a larger workforce pool. This need must be considered as a significant factor when matching population growth with location needs, especially in what capacities and assessing the need to sustain the required population in each region.

Regional Australia & agriculture – economic drivers

Regional Australia plays a major role in the Australian economy. Two of the largest regional employers, agriculture and its closely related sectors through the supply chain accounts for \$137 billion a year in economic activity – over 12% of GDP.

Over 2009-10 Australia's agricultural exports are expected to fetch \$32 billion – despite being drought affected.

In employment terms, Australian farms (as at November 2009) directly employed 317,704 people – around 90,000 down on pre-drought levels. Throughout the economy, some 1.6 million jobs (or one-in-six of all Australia jobs) depend on agricultural production. Over the past two years, and despite drought, agriculture has endured desperate labour shortages.

For example, horticulture in Australia is a \$7 billion a year industry, which generates \$1 billion a year in exports. NFF 2008 analysis revealed:

- 22,000 fruit-picking positions are going begging in horticulture– costing horticultural farms, on average, \$100,000-a-year each in unpicked rotting fruit – while another 80,000 jobs are needed in skilled areas; and
- In the most extreme cases, horticulture farmers are losing \$250,000 per season in rotting produce due to the inability to find labour.

Despite reduced capacity due to drought, Australian agriculture has remained a key economic driver. However, as a rebound from drought and the global financial crisis occurs, regional Australia will lack the labour force to achieve growth and accelerate to full capacity.

Regional Australia is the central character to enabling Australia to experience economic growth and recovery, as well as providing food security to not only Australian's but contributing towards food provision worldwide.

Food security

Indeed, the United Nations advises that in order to feed a world population of nine billion people, by 2050 global food production must increase by 70%. Australia farmers can play a major part in filling that order, but not without labour supply.

Today, some 93% of Australia's daily domestic food consumption is grown and produced in Australia, with around 60% of total farm production destined for international markets. This export task represents 67% of the total gross value of Australian agricultural production.

Capacity to increase that figure exists if regional business has the means by which to increase productivity and build an available workforce pool that is sufficiently skilled to meet business needs.

To maintain agriculture's current stake as a national economic and social driver – as well as the sector's ability to rebound to full production – regional businesses require a workforce that meets the labour needs of those businesses in terms of quantity of numbers and quality of skills.

Existing labour shortages

It is already well documented that regional businesses are experiencing labour and/or skill shortages, agriculture is no exception.

As cited above, in 2008 the NFF identified a shortage, subject to drought lifting, of some 100,000 jobs. This has recently been confirmed by Agrifood Skills Australia in its 2010 Environmental Scan: "*A perfect storm of shortages – are we ready?*", that the sector requires an additional 10,000 to 20,000 workers every year for the next five years.

Both studies further reveal that the nature of employers need ranges widely from 'entry-level' through to 'highly skilled' positions, with the industry view that a certain number of skills are required at entry level. This was identified in the recent Australian Regional Agriculture and Mining Skills (ARAMS) report arising from work undertaken by the NFF and the Minerals Council of Australia in conjunction with the Australian Government.

A range of crucial issues have been identified that point to the critical and growing labour needs of regional businesses that will require a combination of:

- Maximising participation by the local workforce, especially where spare capacity exists;
- Attracting and retention of a skilled workforce sourced beyond the region through domestic relocation; and
- Flexible and focused migration programs – including migration options tied to regional settlement – on both a temporary and permanent basis that fill the job gaps that are not filled by Australians, or bring new investment into regional Australia.

The need to ensure delivery of all three categories of workers will require policy change at all levels of government and across many portfolios. It will also require a co-operative partnership approach between Government, relevant industries and communities.

Recommendations

Key policy issues the NFF contends are required to be consideration by the Federal Government include:

- Appropriate training for those seeking to relocate to ensure they maximise the opportunities to gain access to employment in regional areas including entry-level positions. For example, the current trial of training in joint skill sets for agriculture and mining at entry-level that reflect needs of those industries for entry-level jobs.
- Introduction of domestic relocation incentives through a variety of mechanisms including taxation, training, infrastructure and employment participation for both businesses and individuals to move to regions in Australia that have the capacity for long-term economic viability for sustainable communities.
- Acknowledge the hard and soft infrastructure barriers to regional relocation, particularly in the areas of housing, health, education and childcare and provide funding to remove these structural and social impediments.
- That Employment Services Providers are given greater incentives to promote and assist relocation on either a short-term or long-term basis to undertake employment in regional Australia.
- Changes to employment participation criteria that remove barriers for those on government benefits to move into regional jobs. An example includes the requirement for single mothers receiving a benefit to work 30 hours per fortnight after a child commences school without the capacity for this to be averaged.
- Changes to vocational education funding to suit the needs of regional businesses, particularly skill sets rather than full qualifications, and recognition of higher costs associated in providing training in regional Australia. Further, enable quality training to be more readily accessible in regional Australia and encourage business to properly plan workforce development.
- The Government should assist industry in communicating career opportunities in regional Australia. In particular, the NFF urges the Federal Government to reverse the decision to provide career promotion funding to the State Governments and, instead, reinstate the funding to industry in partnership with the Federal Government.
- Greater education is undertaken by Government in partnership with industry for a better understanding by both employers and potential employees as to some of the flexibilities that do currently exist in the employment participation system that are not readily understood. For example, those receiving Newstart entitlements can work in a job (such as fruit picking) for up to 12 weeks and receive a zero entitlement without needing to relinquish their Newstart status so they can immediately recommence Newstart entitlements at the completion of that job.
- Continuation of a partnership approach in regional Australia between governments and industry to implement leading practice taking into account regional differences. A one-size-fits-all approach does not work and the capabilities or assistance required differs between regions. Regional leadership capabilities are important to this success as identified in the ARAMS report.

- Recognition that domestic relocation into regional Australia is problematic, especially for those wishing to remain close to family and, as such, migration must still be considered as a component in overcoming workforce shortages in regional Australia.
- The Federal Government needs to make changes to immigration criteria for both temporary and permanent migrants, providing incentives to encourage and/or require new Australians or temporary Australians to work and live in regional Australia – including consideration of migration options tied to regional settlement. For example, a reconsideration of the decision to remove the regional concessions from the 457 visa.

As identified by the NFF in its 2008 *Labour Shortage Action Plan*, the Government needs to consider these policy areas from a cumulative perspective rather than separate from one another.

For example, an individual may have a job to go to and the skills to undertake that job, however, if there is no housing available then the worker will not accept the position. Hence, the critical need of this Committee to consider all the contributing factors in determining how best to encourage Australians to work and live in regional Australia.

In addition to government policy shifts in the range of areas identified, there is also a role for peak industry bodies, such as the NFF, to encourage employers to consider alternative approaches to human resource management – encompassing recruitment, retention, training and career pathways for their employees to encourage relocation to regional Australia.

This work can be done at a regional level, industry level (for example, work undertaken by Australian Dairy Farmers Ltd through the people in dairy website) and the joint industry work currently being undertaken by the NFF with the Minerals Council of Australia through a Memorandum of Understanding with the Federal Government.

Resources

To assist the government the NFF urges consideration of the following reports that identify in detail the issues raised by the NFF in this paper:

- Agrifood Skills Australia, 2010 Environmental Scan of the agrifood industries, “*A perfect storm of shortages – are we ready?*”
- National Farmers’ Federation and Minerals Council of Australia Report on the Australian Regional Agriculture and Mining Skills Project, available at: http://www.nff.org.au/policy/workplace.html#cat_2432053498.
- NFF 2008 *Labour Shortage Action Plan*, available at: http://www.nff.org.au/policy/workplace.html#cat_2432053498.
- NFF 2008 analysis: *Summary of Labour Shortages in the Agricultural Sector* available at: http://www.nff.org.au/policy/workplace.html#cat_2432053498.



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