

SUBMISSION NO. 507

BROADACRE FARMING ESSENTIAL LABOUR ISSUES SUBMISSION TO MIGRATION COMMITTEE

Introduction

A recent study carried out by KPMG has concluded, in effect, that the Australian agricultural industry is in the process of undergoing a crisis as more than half of the nation's farmers will retire in the next ten years. In 2011, the average age of Australian farmers was 56. Younger workers are leaving the industry to take advantage of employment generated by the mining boom, and the study warns workers will need to be imported from overseas to meet demand for essential farm labour.

In recent times it has become apparent that farmers involved in what might be termed broadacre farming operations - in NSW, essentially the western and north-western regions - are encountering significant difficulties in finding and retaining employees who are prepared to live and work in what can be reasonably isolated areas, and who either have, or are prepared to develop, the kinds and levels of skills that we as farmers need in order to properly and productively carry out our farming operations.

There is a growing amount of evidence – anecdotal in part, but nonetheless quite compelling – that farm labour shortages are significantly affecting productivity, and causing higher stress and anxiety levels, and exacerbating mental health issues for farmers, in ways and to an extent not previously experienced in the industry.

Further, it is becoming apparent that encouragement given to Australian residents to acquire University qualifications has resulted in increasing numbers of graduates who do not have sufficient practical experience, or possess appropriate operational skills levels, to fill the demand for essential farm labour. Because of their academic qualifications, many do not want anything less than a full managerial position. **The obvious disconnect between academic qualification and practical experience and ability, is fast becoming another significant aspect of essentially the same problem.**

We all seem to have problems in getting and keeping good people for essential farm work. In such circumstances we need a much greater degree of flexibility in accessing and retaining people from overseas, who in many cases are, or who have the capabilities of becoming, good and reliable employees, able to add significant value to our business enterprises, and lighten the load for ourselves and family members who are frequently stressed to the limit.

The present Immigration restrictions and limitations are far too onerous and in many instances, not only totally unsuited to our needs, but actually negative in their impact on farming operations and on farmers themselves. This in turn impacts negatively on regional development and its potential to contribute to an industry which is still the second largest contributor to GDP behind the mining industry.

Changes need to be made.

Recent Survey of Farmers in Moree/Mungindi Area

Questionnaire forms were sent a month ago to a number of farmers in this area, seeking information and views in relation to the above matters. The survey was responded to by persons involved in operating family farms comprising over 76,000 hectares of land. The results were significant, and overwhelmingly in support of the contentions expressed above. The main outcomes were as follows:

1. 90% of respondents felt that too much was being asked of family members because of essential farm labour shortages;

2. 90% of respondents said turnover of farm essential labour caused higher stress levels, increased farm risk profile, and decreased productivity;
3. 49% of farm employees were “backpackers”;
4. 90% of respondents indicated that their farming operation depended on backpackers to meet essential labour needs;
5. Labour shortages have been experienced predominantly within the last 5 years;
6. 70% of respondents indicated they did not require formally qualified labour beyond HSC level, and interestingly, 30% volunteered that “common sense” was the primary qualification needed.
7. 100% of respondents indicated they would employ backpackers for a period longer than 12 months, if it were possible to do so under revised Immigration requirements;
8. 90% of respondents said that their labour shortages had caused their farm risk profile to change;
9. 90% of respondents were not in favour of, and did not feel it appropriate to their operations to engage upon, labour agreements;
10. 90% of respondents said they had employed backpackers suitable for permanent employment in their businesses, and ALL respondents said they would sponsor those backpackers, and others whose abilities suited their farm requirements.

Objectives

Essentially what we are trying to do is to

- (1) Make it possible to employ good backpackers beyond the six month period currently imposed on persons with 417 visas (most backpackers fall into this category);
- (2) Make it possible to have a much more appropriate and relevant definition of "skills levels" that must be possessed by an individual employee, for the purposes of sponsoring him/her, in cases where both parties want that to happen. Current ANZSCO does not reflect the needs of agricultural employers accurately or in any way satisfactorily.. One option is to liaise with Agrifood Skills Australia and request a supporting letter to add the Farm Overseer occupation back to the list.
- (3) Implement a structure and system that actually encourages and facilitates regional sponsorship schemes, and expedites farm labour application processes. DIAC has indicated at the Australian Labour Party Conference late last year that they would assist employers to access the skilled labour they required who have been affected by mining operations who have poached their workforce.
- (4) **Generally, make it possible for essential farm labour skills which we need, to be recognised as constituting a distinct and separate category across all visa classification levels. This is critical.**

Recommendations

1. 417 visa holders

As mentioned above, the main problem is the imposition of the 6 month restriction, or limitation, on the holders of such visas, which prevents them from working for the same business for longer than six months. It is difficult to identify any rational ground for the imposition of such a restriction – if the holder of such a visa is entitled to work in Australia for the full two years, why should it be necessary to require he move from one business to another? What is the utility, or need for such a restriction?

Practically, the restriction operates in a very negative fashion. The experience of most farmers is that an employee who comes to them with perhaps some, but usually little, appropriate experience, takes several months to “find his feet” and become productive (often his lack of experience in those early times causes him to have accidents and other mishaps which in turn causes loss and damage to farm equipment and assets) – and then has to leave his employment, because his 6 months is up.

It takes time and money to train and educate an inexperienced employee. In most instances the farm owner or manager has to invest much of his own time – which necessarily diverts him from properly attending to his own managerial duties – in constant supervision of employees to ensure specific tasks are done properly, and safely. This process can, and usually does, take up much of the first 3 or 4 months of the 6 month period of employment.

It is a necessary process because in broadacre farming, the emphasis is on multi-tasking. The employee has to learn not one skill, or one type of skill, but many. He may be required to work livestock one day, carry out fencing repairs the next day, operate augers and grain outload systems the next, and accept instruction in order to acquire a chemical certificate to operate spray rig equipment, the next. The list goes on.

Investment in skills development benefits both the farmer and the employee – and the industry itself – if the employee is able to remain in employment in the business. This investment is lost entirely, if the employee is required under the terms of his visa to return home, or if he is forced to leave his employment and in so doing moves into another industry entirely. If he simply moves to another farming business in which he is able to utilise the skills developed, the loss is to the farmer who initially employed him.

An important feature of this process is the mental stress and anxiety suffered by many farmers as a result of the frustration, aggravation, and often physical loss and damage to equipment that is a feature of continually having to train inexperienced people, because of the high turnover from the 6 month time period restriction.

What needs to happen is that for certain identified post-code areas – areas in which essential farm labour shortages constitute an obvious problem for broadacre farmers in that area –

- a. the 6 month limitation period should be removed for the entire duration of the visa period;
- b. the visa period itself should be extended to three years, not two;
- c. the farmer/s who have employed the visa holder in that three year time period should be permitted to certify whether or not the visa holder possesses the skills levels and content sufficient to qualify him/her for sponsorship for permanent residence; Australia does not have an open door policy when it comes to Immigration. The applicant needs to be thoroughly assessed for their health and character requirements to ensure that the country does not increase the burden on the health system, does not endanger any of its citizens or create any additional pressure on the financial viability of this country.
- d. this certification should be given priority in determining the suitability of the visa holder for sponsorship under the RSMS. Currently RSMS applications are being processed first under the priority processing guidelines DIAC currently have in place. This time frame is currently 5 – 7 months.

2. 47 ES Applications

There needs to be a much greater degree of flexibility, and procedural reform, in the processes under which farmers can sponsor persons from other countries, for farm employment.

First, there needs to be put into place a procedure for transition from a 417 visa to a 47 ES (RSMS) sponsorship application. As pointed out above, it should be the farmer himself, as a matter of general principle, who should be the primary source of determination as to whether an applicant possesses

the necessary skills levels, in order to qualify for approval. New rules that come into effect 1 July 2012 will need to be considered here.

Second, the present requirement that applicants for sponsorship must make that application only upon returning to their home country, or suffer a serious pecuniary penalty otherwise, serves no reasonable purpose, and should be removed. This is not correct, if the applicant is on a substantive visa and is on-shore they can apply for an on-shore employer sponsored visa. Any applicants not on a substantive visa can still apply for an offshore application whilst still in Australia however at time of decision needs to be out of the country. DIAC advises applicant when the application is at that stage.

3. ANZSCO Levels

The ANZSCO skills identification and definitions need to be overhauled by adding “essential farm labour” as a component, and providing for farmer certification as the main ground upon which satisfaction of the skills requirements, is determined. The definition of essential labour would have to be defined more closely to include “farm overseer”, **but the fundamental requirement is to allow recognition of a skills level/skills content classification that responds to broadacre farming needs and requirements. This is where farmer input/certification becomes critical.**

4. Alternatively

One way of avoiding (in effect) trying to make a “square peg fit a round hole” – by stretching, altering and massaging the present visa structure – is to create a new and completely separate visa sub-class which provides for the incorporation of the above principles, in relation to the broadacre farming industry.

Labour agreements which apply to certain elements of the agricultural sector – horticulture, cotton, aquaculture, viticulture are obvious examples – are quite inappropriate for broadacre farming areas. Most people require typically 1 to 5 “backpacker” employees at most times of the year, even during sowing and harvest, at which times additional labour required may be provided by contractors. Very few operations require 20 or more persons, who might be made available under a labour programme arrangement. Pooling of labour poses practical problems which basically preclude this type of approach as having any merit. This option was suggested by DIAC. Why would this not work if a group of farmers lodged a labour agreement?

At present there is no alternative available other than these labour agreement programmes, and that leaves a very large gap in the immigration structure so far as broadacre farmers needs are concerned.

Summary

1. The visa system structure is far less important than statutory recognition and implementation of a new class of essential farm labour skills levels/skills contents, and recognised ability to perform, as an integral component of that new class definition;
2. Transition from temporary permits to permanent residence, need to be made very much more streamlined and flexible, able to be carried out and completed with considerably less time, effort and anguish.

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