



30 April 2015

Committee Secretary
Senate Education and Employment Committees
PO Box 6100
Parliament House
Canberra ACT 2600
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Dear Sir or Madam,

RE: The impact of Australia's temporary work visa programs on Australia's labour market and on the temporary work visa holders

The dairy industry is one of Australia's major rural industries. Based on farm gate value of production, it is ranked third, delivering \$13 billion of value to Australia's economy each year. There are approximately 6,300 farms producing close to 9.2 billion litres of milk annually, for a farm gate value of just under \$4.7 billion.

The dairy industry welcomes the chance to present this submission to the Senate Education and Employment Committee. The dairy industry is a significant rural employer, directly employing around 43,000 people on farms, in factories and other industry bodies, and it indirectly provides a livelihood for more than 100,000 people in service industries.

This submission is made on behalf of the Australian dairy industry by the Australian Dairy Industry Council (ADIC). The ADIC is the national peak policy body for the Australian dairy industry and represents all sectors of the industry on issues of national and international importance. Its constituent organisations – the Australian Dairy Farmers Limited (ADF) and the Australian Dairy Products Federation (ADPF) – represent the interests of dairy farmers, manufacturers, processors and traders across Australia.

The dairy industry prides itself on its determination to attract, develop and retain local skilled labour through training and education programs. There are a range of initiatives the industry has taken, including the National Centre for Dairy Education (NCDE), which is industry-owned and provides education and training opportunities. The NCDE delivers nationally accredited courses in agriculture from Certificate II through to Advanced Diploma and may offer pathways to degree levels.

The dynamism and innovation of the dairy industry is a testament to this investment and demonstrates the benefit of committing to the industry's most important asset, its people. Unfortunately, like other agricultural commodities in Australia, the dairy industry experiences skilled labour shortages in critical on-farm and manufacturing roles, particularly in rural and regional areas, and often relies on temporary overseas workers to fill these roles. The supply of skilled local dairy farm employees remains lower than demand and proper access to foreign workers is necessary for the industry to be able to take full advantage of the many opportunities presented by emerging markets such as China and in South East Asia.

Many farmers rely on overseas labour to fill essential on farm roles that cannot be filled by the domestic labour force. However, accessing overseas labour through the subclass 457 visa programme is a frustrating and laborious task, leading to delays in recruiting skilled employees

from overseas to fill skills shortage gaps. Some of the challenges with the current process involve Department of Immigration and Border Protection (DIBP) staff being unfamiliar with the skill requirements for many on-farm roles, and a lack of understanding about skills and training recognition from overseas training institutions. These issues are exacerbated by misalignment of the Australian Qualifications Framework (AQF) with the skills classifications used by the DIBP in assessing eligibility for skilled migration.

The ADIC sees a number of inconsistencies in ANZSCO definitions and current practice, such as definitions used in the Pastoral Award 2010, and for a number of occupations that have their skill levels classified too low to enable employers access to the 457 visa scheme. For example, the ADIC believes Dairy Farm Cattle Worker (841512) skill levels are classified too low, at skill level 5, equivalent to Certificate I (AQF level 1). Conversely, classifications such as Dairy Cattle Farmer (121313) are classified too high, at skill level 1, equivalent to a Bachelors Degree (AQF level 7), meaning that many applicants do not pass the required skills threshold.

Further, ANZSCO definitions do not recognise on-farm skilled qualifications between skill levels 1 and 5, which is inconsistent with AQF skills recognition. Under the AQF, Certificates III and IV in Agriculture and the Diploma of Agriculture are consistent with ANZSCO skill levels 3 and 4, yet ANZSCO definitions do not recognise these qualifications for the purposes of skilled dairy farmhands and managers.

The ADIC notes that the next major review of ANZSCO is scheduled to begin following the 2016 census and release of the next full edition of ANZSCO in 2021. The ADIC has contacted the ABS and has received confirmation that it will be included in industry consultation. The ADIC looks forward to working with the ABS in offering recommendations on significant changes required from the existing ANZSCO classifications.

For example, the duty statement for Dairy Cattle Farmer (ANZSCO 121313) lists several responsibilities, such as *maintaining and evaluating records of farming activities, monitoring market activity, and managing business capital including budgeting, taxation, debt and loan management*, that are not relevant to Dairy Farm Production Manager (assessed domestically as being at FLH7 under the *Pastoral Award 2010*) and more relevant to a share farmer, farm owner or farm consultant. An application including these duties can be the basis for a Case Officer to refuse an application.

The ADIC is disappointed that in spite of the complicated nature of visa applications, the DIBP Outreach Officer programme was discontinued in the 2014/15 Federal Budget. The Outreach Officer's in-depth knowledge of the agricultural sector provided a valuable resource to farmers gathering information in preparation for an application. The ADIC considers the reinstatement of the DIBP Outreach Officer programme to be immensely important to ensuring farmers have reliable information that they can follow.

The dairy industry is currently preparing a labour agreement to assist farmers in accessing overseas labour; however, our primary motivation is the difficulty farmers face in securing labour due to the disproportionately high skills level thresholds under the CSOL and the subjective skills assessments of applicants by DIBP Case Officers, rather than fraud (real or perceived) in the 457 programme within our industry.

Labour agreements between an employer and the Commonwealth offer a solution to the difficulties many farmers experience in accessing the 457 visa programme. These agreements are designed to address a genuine, systemic labour market shortage, rather than accommodate an employer's preference for a particular overseas worker, and may include skilled occupations that are not on the approved list for 457 visas. Labour agreements are generally effective for two to three years, and allow for temporary and permanent visas to be granted.

Preparing a labour agreement application is a time-consuming task requiring specialist expertise beyond the resources of most individual farmers. Dairy Australia and ADF are working to secure

a positive industry-wide labour agreement that will recognise the unique nature of the dairy industry, including longer working hours, and allow for 38 hours and 9 hours guaranteed overtime. The negotiation of an industry template labour agreement is in response to growing frustration among farmers seeking overseas workers through 457 visas, or backpackers on working holiday visas.

The current six-month limit for being employed on a farm under working holiday visas undermines productivity due to high staff turnover and the need to continually source, employ and train new staff. This time limit should be extended from six to 12 months.

Another issue that hinders the industry's ability to address its skilled domestic labour shortage through better access to overseas workers is that while dairy farming is a seasonal industry, it is not included on the list of eligible industries. The ADIC has previously discussed with policymakers its views around dairy seasonality, and it will continue to highlight this issue, which has a considerable impact on the dairy industry's access to overseas labour.

Yours sincerely,

Noel Campbell
Chair