



**National
Farmers
Federation**

**Submission to the
Senate Select Committee on Job Security**

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13 April 2021

NFF Member Organisations



CANEGROWERS





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 85,000 farm businesses in Australia, 99 per cent of which are wholly Australian owned and operated.

Economic >

In 2018-19, the agricultural sector, at farm-gate, contributed 1.9 per cent to Australia's total Gross Domestic Product (GDP). The gross value of Australian farm production in 2018-19 is estimated to have reached \$62.2 billion.

Workplace >

The agriculture, forestry and fishing sector employs approximately 318,600 people, including full time (239,100) and part time employees (79,500).

Seasonal conditions affect the sector's capacity to employ. Permanent employment is the main form of employment in the sector, but more than 26 per cent of the employed workforce is casual.

Environmental >

Australian farmers are environmental stewards, owning, managing and caring for 51 per cent of Australia's land mass. Farmers are at the frontline of delivering environmental outcomes on behalf of the Australian community, with 7.4 million hectares of agricultural land set aside by Australian farmers purely for conservation/protection purposes.

In 1989, the National Farmers' Federation together with the Australian Conservation Foundation was pivotal in ensuring that the emerging Landcare movement became a national programme with bipartisan support.

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Executive Summary

The NFF recognises concerns surrounding the impact of insecure work and employment on the economy, wages, social cohesion, and workplace rights and conditions.

The demand for Australia's "clean and green" agricultural produce is growing, both domestically and overseas. Based on its current trajectory, the industry is forecast to reach \$84 billion in farm gate output within the next decade. However, the NFF believes the sector can do better. We believe that the Australian farm industry can exceed \$100 billion by 2030.

This goal is achievable, but very ambitious. It will require an economic environment which fosters growth and productivity. To that end, the NFF has produced the 2030 Roadmap which outlines our strategy for reaching the \$100bn goal. Key priorities of the roadmap are to build and maintain a flexible and skilled workforce in both the short and long term, to promote agriculture as an employer of choice, and attracting motivated and suitably qualified workers to get the produce harvested, the cows milked, and the sheep shorn.

Australian farms employed 326,000 workers on average during 2018-19, including full-time, part-time, casual and contract employees, all of whom depend on their employment in the sector for their income¹.

Australian farms currently face serious adverse conditions that threaten productivity and business sustainability. These include uncertain market conditions, faltering economic growth, and an unprecedented series of social and environmental crises over consecutive years. Specific events that have had an impact on the sector include a lengthy and significant period of drought affecting much of regional Australia (this has eased in some areas,

¹ <https://www.agriculture.gov.au/abares/products/insights/snapshot-of-australian-agriculture-2021#employment-on-australian-farms-is-significant-and-varies-throughout-the-year>

but continues in others)², the catastrophic 2020 Summer bushfires³, and the ongoing COVID-19 pandemic and its domestic and international consequences⁴. These factors have contributed to an environment of deep uncertainty and created additional and compounding financial pressures that have left many farm businesses highly vulnerable to further disruption.

Workforce costs make up a very significant proportion of total expenditure for agricultural businesses (in some cases, it is the single highest recurring expense for a farm). This is particularly true for horticultural producers, for whom labour expenses account for up to 70% of total production costs⁵.

Our industry is unique for the way that demand for workers fluctuates with seasonal demand and due to the fact that many farms are geographically remote. These factors have given rise to circumstances in which demand for workers (including permanent, skilled workers) often far outstrips supply.

For the reasons above, we do not consider job security concerns to be a critical issue for the agriculture sector at this time.

² BOM, *Drought – Rainfall deficiencies and water availability* - <http://www.bom.gov.au/climate/drought/>

³ ABC News, 'Farmers recount heartbreaking toll of bushfire livestock losses' - <https://www.abc.net.au/news/2020-01-07/farmers-recount-heartbreaking-toll-of-bushfire-livestock-losses/11844696>

⁴ NFF, 'Farm sector braces for coronavirus impact' - <https://nff.org.au/media-release/farm-sector-braces-for-coronavirus-impact/>

⁵ CSIRO Data61, *The Future of Australia's Agricultural Workforce* - <https://data61.csiro.au/en/Our-Research/Our-Work/Future-Cities/Planning-sustainable-infrastructure/Future-of-Australias-agricultural-workforce>, p18

Overview of Employment Conditions in Agriculture

The agricultural workforce is continuing to experience significant labour challenges. The conventional wisdom is that agriculture is “old fashioned”, isolated, physically demanding and unrewarding, with limited career paths, and little social status. Low levels of industry involvement in education and training, poor promotion of agricultural career pathways, and the limited capacity of the VET system to deliver innovative training solutions reinforce these negative perceptions. Furthermore, the size of the industry’s workforce is seen to be shrinking, with consolidation and corporatisation of farms and increasing adoption of labour-saving automation and digital technology.

While we believe that many of these pre-conceptions are ill-conceived or overstated, they create a general malaise which contributes to the difficulties the sector faces attracting and retaining workers at both the skilled and un/semi-skilled levels. And while the issue of labour shortages in Australian agriculture is part of a wider, endemic issue, we believe that it is at least partly driven by a lack of knowledge and understanding of the agricultural sector and a consequential poor uptake of agricultural careers. The purposes of this submission is not just to challenge those perceptions, but to suggest measures which will help the sector to contest them.

There is enormous potential for further growth in Australian agriculture – and in the number of permanent positions on offer - in the years ahead, but to fully realize that potential barriers to growth in the Australian agricultural workforce must be addressed.

Types of Employment and Job Security

According to ABS data on forms and characteristics of employment⁶, agriculture employs more full-time staff than part-time staff when compared to the national average: roughly 75% of farm workers are fulltime employees, as opposed to 67% nationally.

However, as we observed above, the sector also relies very heavily on indirect and “non-permanent” forms of labour. Indeed, the proportion of ‘non-employment’ labour far exceeds the national average. Farms engage contractors⁷ and “other business operators”⁸ — as opposed to “employees”⁹ — at almost four times the rate of other industries. Indeed, in 2019 roughly 56% of farm labour was provided by contractors or other business operators, as opposed to just 17% nationally.¹⁰ This proportion of employees versus contractors and other labour sources has remained consistent going back to at least a decade.¹¹

⁶ Catalogue Numbers 6359.0 and 6333.0.

⁷ “Independent contractors are defined as people who operate their own business and who contract to perform services for others without having the legal status of an employee, i.e. people who are engaged by a client, rather than an employer. Independent contractors are engaged under a contract for services (a commercial contract), whereas employees are engaged under a contract of service (an employment contract). Independent contractors’ employment may take a variety of forms, for example, they may have a direct relationship with a client or work through an intermediary. Independent contractors may have employees, however they spend most of their time directly engaged with clients or on client tasks, rather than managing their staff.”

⁸ “Other business operators are defined as people who operate their own business, with or without employees, but who are not operating as independent contractors. Other business operators are distinguished from independent contractors in that they generally generate their income from managing their staff or from selling goods or services to the public, rather than providing a labour service directly to a client. Other business operators spend little time working on client tasks with most of their time spent on managing their employees and/or business.”

⁹ Employees in this survey are defined as people who work for a public or private employer and receive remuneration in wages or salary. Employees are engaged under a contract of service (an employment contract) and take directions from their employer/supervisor/manager/foreman on how the work is performed. This definition of employees is different from that used in the monthly Labour Force Survey]].

¹⁰ ABS - 6333.0 Characteristics of Employment, Australia, August 2019

¹¹ Unsurprisingly, a significant drop of about 6% - 7% in the reliance of other forms of labour in 2016-17 coincided with a comparable spike in full time employment in the sector

This reliance on non-traditional employed forms of labour is caused by a combination of factors.

The principle reason is that the small/family enterprises which make up the vast majority of farms, do not and cannot offer constant employment week-on-week, let alone over 12 months. They have labour needs which are subject to intense fluctuation. Indeed, berry growers may employ 2 people one week and 150 people the next. This is an obvious and well recognized fact in the fruit and vegetable sector but is also experienced by other commodities. In the North Australia cattle sector, most work is carried out in the dry season, with employees leaving the property for several months during the wet season. In the southern cattle sector, autumn and spring rains are the determining factors of higher labour activities such as calving, marking, and mustering. The sheep and wool sectors have higher demand for labour during shearing and lambing and associated activities. In the dairy sector an entire herd can calve at the same time of the year in late winter, followed by peak milk production in spring. Broadacre farms have much higher labour needs during sowing and harvest, with smaller numbers of workers required for the remainder of the year. Furthermore, work in the ag sector can be extremely unpredictable. In the cropping industries, for example, harvest times and volumes are dependent on variances of weather, soil, and climate, the rate at which the produce matures, susceptibility to damage and spoiling, and other factors which are beyond the farmer's control. Horticultural produce, in particular, has a very short "shelf-life". Many fruits and vegetables only have a few hours from the moment they are ready for harvest to the moment they spoil and can no longer be picked. The quality and therefore value of a mango begins to deteriorate at essentially the moment it peaks, and there is a significant risk of the produce spoiling before it even reaches a purchaser, compromising its price and potentially rendering it worthless.

There is also the fact that farm work tends to be quite varied. Given the high rate of "specialisation" in the modern jobs market, roles which traditionally

may have been performed by a generic ‘farm worker’ — such as mechanical work or logistics — are now “outsourced” to independent operators who specialize in the service.

Historically, Australian farmers were ‘Renaissance farmers’, which means they were the experts about most, if not all, aspects of their farm businesses. Today, the specialised knowledge required to manage a farm has increased, making it difficult for farmers to maintain all knowledge and skills needed to run a farm business independently. Hence, farms are increasingly moving away from a solo owner-operator renaissance farmer approach to one of farm business management. In this new paradigm of farming even solo-operators rely on others as sources of an appropriately skilled workforce through the use of specialist services, farm advisers and contractors.¹²

These are constant features of the industry which will not change. Indeed, a 1985 report makes the observation that:

[Modern farm labour force figures] do not reveal the trend for farm labour to ‘move off-farm’ as production process are lengthened and speculation occurs many farms in the early 1900s included among their employees farriers, blacksmiths, carpenters, and other specialist employees. Although the modern equivalents of these people still service the farming community, they generally no longer work on the farm and as such are not counted as part of agricultural employment.¹³

The authors conclude that, while in the 1920s for each person working on farm there were 2.5 people working off farm, in the 1980s this figure increased to approximately 4 people working off-farm for each one person on farm. There is no reason to think this number would have fallen in the intervening 35 year.

Despite this reality, there is currently a push to demonize casual work and other forms of ‘insecure’ employment as inherently unfair and exploitative. By-and-large, such claims are disputed by the NFF. They ignore the counterbalancing benefits (of increased wages and flexibility) that casual

¹² Victorian Department of Primary Industries, *Current knowledge on workforce issues in Victorian agriculture*, September 2015

¹³ Cited in: NFF, *the Australian Rural Labour Market*, November 1995

employees enjoy, the safeguards for casuals which are hardwired into the modern industrial relations system, and the simple truth that no person is “press-ganged” into accepting an offer of casual employment, not to mention the critical need for the flexibility that casual employment offers employers and employees.

The indisputable fact is that casual and other ‘non-traditional’ forms of labour employment sit at the intersection of the Australian industrial relations system and some of the central truths of farming businesses and their labour needs. As such, any workforce strategy (and industrial relations system) which are intended to promote the growth of the sector must allow for a significant degree of flexibility built into the workforce. The fact is that farm labour requirements are very complex and the reliance on various forms of flexible, non-traditional employment — in addition to a reliance on the various recruitment programs, visa schemes, etc — underscores that complexity. The farm workforce strategy must tackle this complexity, while resources which help farmers wrestle with it would also be of critical importance. Regionally located bodies to coordinate short term labour supply across regions, individual farmers to plan their workforce needs, and workers understand their rights, would be a benefit to the whole sector.

A relatively high reliance on contract workers, “casual” workers and other forms of ‘non-traditional’ labour is an intrinsic feature of farm production. Such a point has been previously raised in our submission to the National Agricultural Labour Advisory Committee on the development of a National Workforce Strategy.

Conclusion

As stated in the Executive Summary to this submission – the NFF does not consider job security concerns per se to be a priority issue for the agriculture sector. For our industry, there are far more significant workforce issues in need of immediate attention in order to preserve the rights and wellbeing of workers, safeguard employers, and guarantee productivity. If anything (with the notable exception of seasonal workers) the demand for local, full-time, and permanent employees is only likely to increase in the near future.

If job security remains a high-order concern within other, more centrally located industries, the NFF would strongly suggest that jobseekers turn their eyes to the regions and the abundance of rewarding career opportunities to be found in the bush and the country.