



**Submission to the Senate Standing Committees on  
Legal and Constitutional Affairs:**

**The effectiveness of the current temporary skilled visa  
system in targeting genuine skills shortages**

**17 December 2018**

## NFF Member Organisations





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**

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

### **Social**

There are approximately 88,073 farm businesses in Australia, over 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 gross value of Australian agriculture (excluding fisheries) in 2016-17 was \$61.7 billion, with around 80 per cent driven by exports.

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 agriculture, forestry and fishing sector employs approximately 323,000 employees. Across the supply chain, agriculture powers around 1.6 million jobs.

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.

In the vegetable and horticulture industries, most farm employees are seasonal workers and most of these employees are working in Australia on a visa. In contrast, the cotton industry has more full-time employees, and those workers classified as seasonal are generally Australian or New Zealand residents.

### **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 and protection purposes.

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## **Introduction**

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The National Farmers' Federation's (NFF's) vision for Australian agriculture is to become a \$100 billion industry by 2030. The agricultural sector is already 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.

Nonetheless, to achieve our vision, the sector needs public policy settings that foster growth, productivity, innovation, and ambition. Realistic and pragmatic measures to grow the agricultural labour force and enable access to capable workers will be a central component of these policy settings. Labour shortages jeopardise the future of some farms and prevent the expansion of others. In either case, there are serious costs to the Australian agriculture sector and the Australian economy more broadly. A reliable workforce is critical to the continuity and growth of Australian farms. While a general shortage of workers will limit the productivity of Australian farms, a lack of skilled workers will stifle the industry's ability to innovate and adapt to change, which will have implications for the future of Australian agriculture.

The NFF 2030 vision requires continued growth of the sector. Without access to labour, this growth may not occur.

The NFF welcomes the opportunity to provide input to the standing committee in respect of its inquiry into the effectiveness of the current temporary skilled visa system in targeting genuine skills shortages.

## **The Agricultural Workforce and Visa Programs**

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The agriculture industry's future depends on attracting, training and retaining the next generation of farmers and farm workers. However, given that some of the defining features of farms make their workforces and labour needs unique, flexible thinking is required.

Some of those challenges include:

- A relatively high level of seasonal, casual and contract labour (including harvest labour);
- A wide geographical spread, with much of the work occurring in remote and rural areas;
- Frequent requirements to work long and/or unsociable hours;

- Narrow margins and a “price taking” reality, where the value of the farm produce is effectively established by retailers, both domestically and internationally;<sup>1</sup>
- An ageing labour force; the *average* farm worker’s age is 57 compared to the national average of 39;<sup>2</sup> the *median* age is 49 as compared to 40;<sup>3</sup>
- Lower level of literacy and numeracy across a number of occupation groups and industry subsectors;
- A range of ownership structures, including owner operators, family business models, sovereign wealth funds and multinationals; and
- A high concentration of small and medium sized enterprises.
- Competition from the resources sector which can typically offer higher wages and is known to ‘poach’ skilled workers from the agriculture industry.

These facts were recognised by the Agriculture Competitiveness White Paper, where it is said that:

*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.*<sup>4</sup>

These factors mean that finding and retaining a reliable work force is a significant challenge, and amalgamate to create serious labour shortages for the sector. While precise figures remain elusive, the size and significance of the problem is well documented. Studies indicate that more than 60% of growers in the fruit and veg sector experience difficulty recruiting and, as a consequence, have left produce unpicked.<sup>5</sup> The dairy sector reports that labour challenges cost that sector up to \$364 million each year<sup>6</sup>. Indeed, case studies suggest aggregate losses can range into the hundreds of thousands — occasionally even millions — of dollars. The costs escalate when the impact on future productivity of farms, on the broader supply chain, and the flow-on effect to agricultural communities is taken into account.

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<sup>1</sup> In Australia, for example, a “duopoly” of supermarkets essential controls the markets.

<sup>2</sup> ABS figures from 2011 indicate that people working in the agriculture, forestry and fishing industry had the highest average age at retirement (63.4 years); more than five years older than the average retirement age across all industries (58.1 years).

<sup>3</sup> Department of Agriculture and Water Resources, ABARES Insights, Issue 3, 2018, page 5

<sup>4</sup> Commonwealth of Australia, 2015, Agricultural Competitiveness White Paper.

<sup>5</sup> Howe et al & University of Adelaide (issuing body), *Labour Challenges in the Australian Horticulture Industry*, 2018

<sup>6</sup> National Rural Advisory Council, Report on the workforce planning capabilities of agricultural employers, May 2013

While the industry invests heavily in programs to recruit, train and retain skilled workers within Australia,<sup>7</sup> closing the gap with the local workforce will require time, and even then is unlikely to completely make-up the short fall. Recruitment of overseas workers is the only feasible short-to-medium-term solution, hence the industry's increasing reliance on migrant workers to fill labour positions on farms.

While it is true that some sectors within agriculture rely on migrant workers more than others, these workers play a key role in the industry as a whole. A recent report found that new immigrants make an important contribution to regional and rural Australia.<sup>8</sup> Immigrant farmers not only fill labour shortages, they also bring with them new technological insights gained overseas to apply to Australian farming. And while it is well recognised that the industry faces difficulty meeting seasonal labour requirements<sup>9</sup>, many farms face similar difficulty in attracting skilled labour.<sup>10</sup> Indeed, as the industry advances technologically, 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.<sup>11</sup>

The migration pathways the industry uses are:

- Permanent Employer Sponsored Program;
- Labour Agreements;
- Temporary Skill Shortage (TSS and RSMS) Visas;
- Regional Skill Shortage Visas;
- Temporary Working Holiday Visa Categories; and
- The Seasonal Worker Program.

However, accessing overseas labour through these visa systems is time consuming and often process driven,<sup>12</sup> in terms of the time and resources required to both prepare and process applications.

The challenge for policy makers and for industry is to ensure — without compromising efforts to maintain and grow the domestic workforce — that migration settings are appropriate to the needs of business and that Australia is recognised as a destination of choice for skilled migrants. The migrant worker intake should reflect immediate and future skilled labour needs. Needless to say, it should complement domestic training arrangements, which must deliver the

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<sup>7</sup> See National Farmers Federation, *A Greener Future*, December 2018

<sup>8</sup> Collins, J., Krivokapic-Skoko, B. and Monani, D., New Immigrants Critical to Australian Agriculture, Australian Farm Institute, *Farm Policy Journal* Vol. 14 No 1, Autumn Quarter 2017.

<sup>9</sup> See <https://www.abc.net.au/news/rural/2018-12-04/welfare-harvest-trial-labelled-failure-with-low-uptake/10577082>.

<sup>10</sup> National Rural Advisory Council, Report on the workforce planning capabilities of agricultural employers, May 2013.

<sup>11</sup> Ibid.

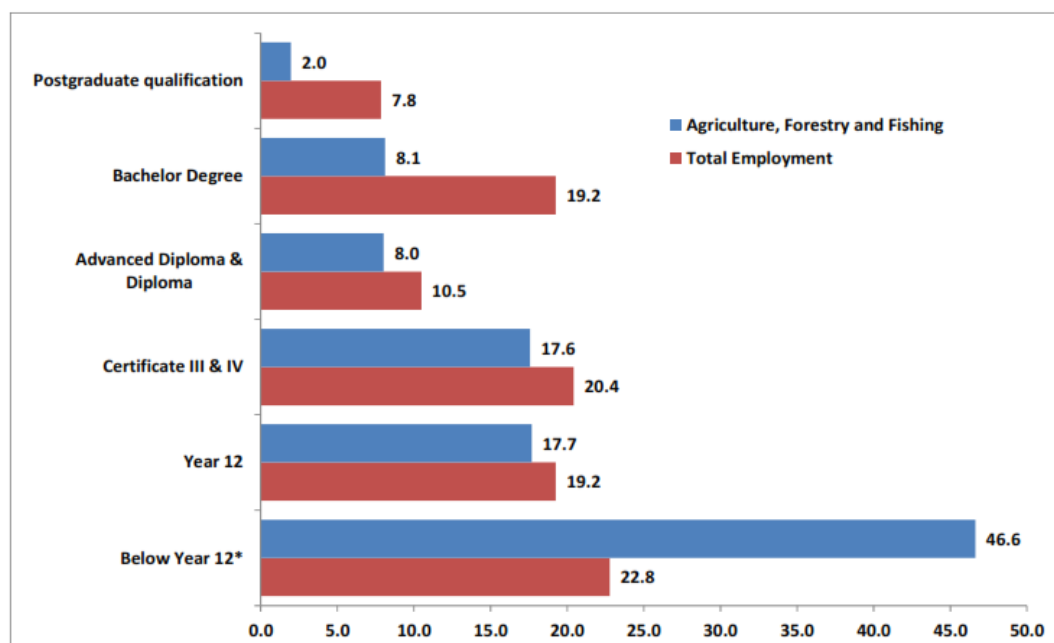
<sup>12</sup> With the possible exception of the Temporary Working Holiday Visa Categories, a fact which may explain the sectors growing reliance on these programs.



backbone of Australia’s skilled labour needs. Nonetheless, it must also be accessible and flexible enough to enable farms to fill actual and projected gaps in labour market activity.

## The Farm Workforce — Skills & Training

Most workers in the agricultural sector acquire their skills through practice and on-site learning, with the addition of some targeted short courses of study. Statistics indicate that the majority of people employed in the agriculture, forestry and fishing industries have relatively low levels of educational attainment. Almost two thirds of the agricultural workforce has achieved a qualification no higher than year 12 or equivalent. Across other industries, the levels are much higher with just 42% limited to high school qualifications. Less than 10% of farm managers are degree qualified, compared to more than a quarter of Australian managers overall.



\* Below Year 12 is an aggregation of the following highest educational attainment categories: Year 11, Year 10, Certificate I & II, Year 9 or below and No educational attainment. Source: ABS 2011 *Census of Population and Housing*.

Nevertheless, in 2011 more than a third — seven out of twenty — of the top employing occupations in the agriculture, food and fishing industries were high-skilled occupations: livestock farmers; crop farmers; mixed crop and livestock farmers; agricultural and forestry scientists; shearers; animal attendants and trainers; and agricultural technicians.<sup>13</sup> In five of these occupations, a majority of workers had no post-school qualifications. Agricultural technicians<sup>14</sup> and

<sup>13</sup> ANZSCO Skill Levels 1 to 3, requiring at least a Certificate III plus two years on the job training.

<sup>14</sup> An increase of around 150 workers or 10 per cent over the year.

agricultural and forestry scientists<sup>15</sup> had increased employment opportunities, but in both categories there has been a decline in the number of graduates over recent years. This is consistent with ABS 2016 census data, which indicates that just 5% of all students in course at the Certificate III level or higher<sup>16</sup> were studying agriculture, environmental or related fields.

The low share of workers with higher levels of educational attainment may be reflective of the long history of unofficial extension activities which farmers rely on to share information and improve farm management and practices; from informal conversations to community and field days. It may also be a product of the remote location of workers and subsequent lack of access to formal education and training opportunities, and the traditional family business structures found in the industry. The prevalence of ‘word of mouth’ work opportunities and on-the-job training are also likely to have contributed.

Indeed, the statistics reflect the fact that within many sectors of the agricultural industry, learning is typically incremental, socially embedded, and occurs over a lifetime. Job pathways can be horizontal or tangential, and involve a ‘building block’ approach to gaining a portfolio of skills which are fundamental to securing and maintaining employment in rural Australia.

In addition, a variety of competencies are required of skilled (and unskilled) farm workers. For example, a Skills and Labour Needs Review<sup>17</sup> survey, conducted by AgForce Queensland, identifies the diverse set of skills that are required of a worker in broadacre cropping enterprises. Categorized broadly, the eleven skillsets which farms required of their employees and contractors in order to run an efficient business:

- tractor & heavy machinery operation;
- animal safety and animal husbandry;
- welding, chainsaw, and workshop machinery operation;
- mechanical servicing and repairs;
- rural safety and OHS qualifications;
- horse and bike riding ability;
- chemical/nutrition application;
- fencing;
- electronic recording (GPS, NLIS) and computer skills;
- integrated pest management; and

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<sup>15</sup> An increase of 500 workers or 22.5 per cent over the year.

<sup>16</sup> i.e. cert III, certi IV, diploma, degree, or post-graduate qualifications

<sup>17</sup> AgForce Queensland, Skill and Labour Needs Review Analysis 2012 at pg 19.

- conservation farming methods, clean energy and carbon farming.

The report concluded that

*The high percentages of skills required by permanent employees in particular and in part time and casual employees and contractors in general, highlights the complex nature of modern broadacre agriculture and emphasises the need for a high standard of training in the basic skills listed above.*

The needs for a broad/diverse skillset is not unique to broadacre cropping. For example, the dairy labour agreement contains a lengthy list of duties for the senior dairy worker which include (but are not limited to):

- coordinating and implementing reproductive programs,
- planning and managing pastures and crops,
- supervising animal health programs,
- supervising staff,
- operating milking plant and equipment,
- performing irrigation works,
- transporting, handling, preparing and applying chemicals;
- maintaining sheds, fences, fixtures and fittings;
- ensuring food safety regulatory requirements are met; and
- operating computer equipment

Similarly the cotton industry's template position description for Senior Farm Hand/ Farm Supervisor describes the role as follows:

*The position involves instructing farm hands and inspecting and carrying out work in areas such as: preparing fields for planting cotton; planting cotton; irrigating, applying herbicides and insecticides; checking soil moisture, weed and insect infestations; harvesting and transporting cotton to the ginners; and maintenance of farm structures and equipment. Experience in cotton specifically, agriculture or broad acre farming is critical to performance in the position. Mechanical and computer skills are important as the position involves servicing and maintaining tractors with sophisticated computer systems and reporting activities electronically. A good understanding of health and safety requirements and managerial skills covering leadership, problem solving, good written and verbal communication, and planning are also important. Given the diverse cultures working on farms, supervisors must be able to operate across cultures and genders. Employees in the position are expected to collect, interpret yield, moisture and other such data to keep track of crop performance. The farm supervisor reports to the Operations Manager*

*on large farms or Owner-manager on small farms. On small farms, cotton growers expect farm supervisors to be able to run the farms in their absence.<sup>18</sup>*

The key point is clear: the labour needs of the farming sector are challenging, and traditional forms of training and education do not always succeed in creating the labour force which the sector requires. It follows that the sector has to be able to draw on a larger labour market than Australia offers, particularly when it comes to skilled roles.

For example, a recent survey by Australian Pork Limited found that 69% of respondents reported staff vacancies on pork farms, and 95% of respondents with overseas workers reported all or most have formal qualifications equivalent to Certificate III Agriculture (Pig Production) or higher. All respondents said they thought that the subclass 457 visa program (now known as the Temporary Skill Shortage Visa) had been successful in helping to address on-farm skills and labour shortages. Respondents also identified long term benefits of the skilled visa programs, including:

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

## **ANZSCO Limitations**

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The emphasis on practical training/learning in farming roles, together with the difficulty in precisely defining these roles, feeds directly into serious concerns regarding the skilled visa programs' deference to the ANZSCO. This rigid statistical instrument is incompatible with the amorphous and rapidly changing skilled labour needs of the agricultural sector.

From an industry perspective, the ANZSCO represents an outmoded and impractical tool for documenting jobs in agriculture. The slow-moving, systematic nature of ANZSCO is not compatible with both the breadth of responsibilities of the farm worker or the rapidly evolving nature of agriculture in which job roles (and titles) are subject to change quickly. As change is crucial to the industry's survival, it is concerning that the preminent statistical tools tied to skilled visa approval does not mirror the state of the industry.

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<sup>18</sup> <https://www.peopleinag.com.au/media/24979/mybmp-leading-farm-hand--supervisor.doc> Further position descriptions available here: <https://www.peopleinag.com.au/cotton/employers/finding-and-hiring-employees/advertising-positions-and-interviewing-applicants/>

Dairy is an example of a sector which may struggle to meet 21<sup>st</sup> century market demands due to skilled labour shortages. The dairy industry requires skilled people to work with animals and manage complex machinery. There are very few jobs in dairy which can be carried out by unskilled workers. Unfortunately, there has been a chronic shortage of skilled labour at all levels in the dairy industry, and the industry continues to rely on skilled migration programmes including the TSS visa and labour agreements. Nevertheless, the ANZSCO does not capture the broad range of skilled roles within the dairy industry. Instead, it reflects the traditional family model with owner operator farmers (Dairy Cattle Farmer, Major Group 1, Unit Group 1213) at skill level 1 (Bachelor Degree) and staffed by largely unskilled farm labour (Unit Group 8415 (841512- Dairy Cattle Farm Worker) at skill level 5 (AQF Certificate 1/compulsory secondary school education).

Similarly, as indicated above, the cotton sector requires skilled persons to carry out a broad range of tasks. The typical position description of a Senior Farm Hand includes instructing farm hands and inspecting and carrying out work in areas such as: preparing fields for planting cotton; planting cotton; irrigating; applying herbicides and insecticides; checking soil moisture, weed and insect infestations; harvesting and transporting cotton to the ginnery; and maintenance of farm structures and equipment.<sup>19</sup> Understanding of the industry is essential, and computer skills, communication and organisational skills, and data analysis skills are highly desirable. A search in Seek.com or the like clearly demonstrates that a number of Farm Hand and Manager and Leading Hand (the mid-manager level) roles are vacant at any one time. Regardless, the ANZSCO merely lists ‘cotton grower’ in its short term skills list.

Another example of a sector which will see significant advancement and technological developments — and therefore changes to the nature of work and the skills requirements — is horticulture, where the uptake of hydroponic growing systems will require a skilled workforce. Various companies with a focus on hydroponics have expanded significantly. The increased use of hydroponics in commodities such as potatoes also indicates a trend toward this technology. Regardless of this, the ANZSCO has not recognised important jobs in this field which involve hydroponic use. The ANZSCO list does not include the roles of horticultural technician, irrigation supervisor/controller, vegetable farm manager, farm overseer, agronomist, or plant propagator – all of which are elements of a forward-looking horticultural enterprise.

For these reasons, the ANZSCO is not adequately sophisticated to provide an accurate reflection of the labour needs of farms, and the visa system’s dependence upon it distorts the system. It should be dissociated from skills shortage visas or amended to reflect the changing needs of an industry such as agriculture.

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<sup>19</sup> See <https://www.peopleinag.com.au/cotton/employers/finding-and-hiring-employees/advertising-positions-and-interviewing-applicants/>

A related issue is the skills and experience **threshold**, which requires a worker to have at least 5 years' experience or bachelor qualified in the relevant field. That very high threshold and the inflexibility which it introduces can mean that a candidate who is otherwise very suited to a role and equipped with relevant and useful qualifications<sup>20</sup> — with some practical farming experience as well — may not be eligible.

## Labour Market Testing Arrangements

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In order to hire a migrant worker through the skilled (and some unskilled) visa programs, an employer must conduct labour market testing. This process requires employers to advertise vacant positions on their farms and document the response to the advertisement. Notionally, this ensures that jobs go to Australians first.

The NFF and industry unreservedly supports prioritising the employment of Australians over migrant workers. However, at least in respect of jobs in the agricultural sector, labour market testing does not promote or achieve that objective. Indeed, the requirement is fundamentally flawed, and fails to provide an accurate representation of local demand for agricultural jobs.

- Job advertisements cannot be aimed exclusively at domestic workers (doing so would breach discrimination laws), so responses are invariably received from both domestic and overseas applicants. Indeed, in many cases the vast proportion of responses are from overseas workers.
- The domestic workers who respond to job advertisements frequently do so merely to fulfil requirements attached to welfare benefits. Research undertaken by the dairy industry indicates that job advertisements are regarded as expensive and largely ineffectual.<sup>21</sup>
- The testing does not address the reality of job placements in the sector, where many positions are filled using informal means such as 'word-of-mouth' referrals and non-traditional media (Facebook and Gumtree). This means that many genuine applicants will not be picked up by the labour market testing, further skewing the results.
- There is little empirical evidence supporting the notion that labour market testing will protect Australian jobs. Indeed, the fact that the requirement is not imposed before employing temporary visa holders with work rights, such as students and backpackers, undermines the rationale of the process (in addition to skewing any results).

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<sup>20</sup> E.g. engineering, IT, project management, electrical and business

<sup>21</sup> Dairy Australia (2017) *The Power of People on Australian Dairy Farms*, Victoria.

- The cost and inconvenience of engaging a foreign worker under one of the skilled migration programs means that few employers — and certainly not enough to make a significant impact on the national labour market — would resort to migration programs unless they had a genuine need.

Labour market testing is a generally onerous process for farmers for little return — especially given labour shortages are a known problem for their industry and arguably shouldn't need to be proven. The dismally low uptake of the Seasonal Work Incentives Trial, which allows job seekers to earn up to \$5000 without losing income support payments, is testament to the general lack of domestic interest in agricultural roles.<sup>22</sup>

It follows that the need for labour market testing should be abandoned. Alternatively, a labour market template could be developed for areas with a demonstrated labour shortage, significantly reducing the time and effort associated with obtaining a labour agreement.

## Short Term Skilled Lists

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Following the transition in March 2018 from 457 visas to TSS visas, the agricultural occupations<sup>23</sup> have been located on the short term skilled occupations list and hence a two year visa, rather than a long term skilled occupations list. This is extremely problematic. It limits the ability of farms to engage in workforce planning, to maximise the benefit of further training of these employees, and the transfer of knowledge to new employees. More specifically, these changes:

- Deprive 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. Limitations on access to longer term skilled workers through migration programs means that the farm sector is bearing the costs of high employee turnover and is unable to retain skilled and experienced employees.
- Create turnover within the industry which, in turn, creates unnecessary costs for farm businesses. Each time there is a turnover of employees in an organisation there are the direct costs of hiring, as well as indirect costs such as decreased productivity in other employees as they take on extra work, the cost of orientation and development, workforce morale and business reputation.<sup>24</sup> A 2008 study of the pastoral livestock industries reported that

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<sup>22</sup> See: <https://www.abc.net.au/news/rural/2018-12-04/welfare-harvest-trial-labelled-failure-with-low-uptake/1057708>

<sup>23</sup> 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).

<sup>24</sup> National Rural Advisory Council, Report on the workforce planning capabilities of agricultural employers, May 2013.

employee turnover cost the industry between \$336 and \$364 million a year and on average around \$22 500 per employee per farm.<sup>25</sup>

- Make the sector less attractive to overseas workers. The personal cost of relocating countries has to be offset by the attraction of making the move to live and work — usually in remote parts of — Australia. The shorter the duration of the move, the less viable it will be as an option. It follows that, in addition to exacerbating the costs to farms, placing farming occupations on the short/medium term skills list makes it harder for farms to attract quality personnel.
- Generally reduce the accessibility to workers with specialised skills crucial to the industry. Without a pathway to permanence, fewer skilled workers may be attracted to the position, in turn impacting the sustainability and integrity of the industry. A reduction in workers highly skilled in animal-handling, for example, means the welfare of the animals may be compromised. To this end, APL has received a letter of support from the RSPCA, endorsing the need to attract suitably skilled workers to the pig farming industry so as to ensure pigs are handled with the utmost care.

## Costs

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There are significant costs associated with the skilled visa system. In addition to the significant administrative and application expense associated with engaging a skilled migrant worker — which requires small farming businesses with a limited human resources capacity to engage expensive migration professionals such as lawyers and migration agents — the employers must ensure that migrant workers are paid an amount equal to or greater than “Temporary Skilled Migration Income Threshold”<sup>26</sup>.

Furthermore, businesses must contribute to the Skilling Australia Fund. Through this, a levy of \$1,200 or \$1,800 (depending on turnover) per intended year of employment is payable at the time of nominating an employee and for each year of the visa. This levy replaced a training guarantee benchmark, which required the employee/sponsor to upskill its own work force (or spend 1% of payroll training private citizens), a far more sustainable and pragmatic approach to requiring businesses to contribute to the development of the Australian work force.

The government may take the view that the integrity of the Australian migration and labour system requires that a cost be associated with engaging overseas

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<sup>25</sup> Ibid, referring to Meat and Livestock Australia Limited 2008, Attracting and retaining staff in Australia’s beef, sheep and pastoral wool industries, Sydney, December.

<sup>26</sup> Currently \$53,900 per annum



workers. Nevertheless, for a price taking industry operating on very tight margins, this level of costs is unsustainable.

## **The use and effectiveness of labour agreements**

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Labour agreements are offered by government as a means of overcoming some of the shortcomings — or rigidities — in the structure of the skilled visa programs, in particular where the ANZCSO codes are not reflective of the business's needs. Industries within agriculture have their own industry-wide labour agreements, including pork and dairy.

While they can be an effective way of securing labour, these agreements can be costly and time-consuming and the approval process features significant shortcomings. Some of the concerns expressed by our members are as follows:

- The 'template' arrangements have taken up to two years to negotiate and implement, requiring substantial commitment of private and public resources.
- Requests for labour agreements based on those template arrangements can then take more than six months to process. This delay, during which the farm has to manage without the necessary contingent of skilled staff, has a significant impact on business productivity.
- The needlessness of the 'labour market testing' process (as described above) is underscored in the case of labour agreements, where, in addition to the individual business having to bear the cost and inconvenience of the application process, the industry has gone to the significant additional expense of developing and negotiating a new form of template arrangement with government.

## **Conclusion**

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The skilled migration programs should be reformed to better respond to the realities of doing business in Australia in a labour environment which imposes significant pressures on farming businesses. In particular, the system should acknowledge the sector's reliance on skilled migration programs — despite its preference for domestic workers. Far from subsiding over the short-to-medium terms, that reliance will only increase as the sector pushes towards a \$100 billion industry by 2030.