

Q10 What occupations should be **added** to the Medium & Long-term Strategic Skills List (MLTSSL)? Please also include occupations that you propose should be moved from the Short-term Skilled Occupation List (STSOL) to the MLTSSL.

The occupation of Dairy Cattle Farmer (ANSZCO 121313) should be moved from the STSOL to the MLTSSL.

Q 11 Please outline the evidence or data that would support these occupations being added to the MLTSSL.

[Max 2,500 characters]

A permanent skilled workforce is required to produce milk and operate dairy farms

A dairy farm is a seven day per week operation. Dairy cows are usually milked twice a day in specially designed, electronically controlled milking sheds. Milking stalls in these sheds can be set out in a 'herringbone' pattern or on a continuously rotating platform called a rotary that allows the cows to easily and efficiently move through the dairy with minimal handling. Once milking is finished, a farmer may also be busy with feeding livestock, sowing and fertilising pastures and forage crops, making hay and silage, working with animals, including calving and managing sick animals, working with machinery, irrigation and water management, milk quality assurance, fencing, planting trees for shelter and shade and to protect waterways, occupational health and safety, business and financial management, human resources, such as managing staff, going into town to buy supplies, attending agricultural shows and cattle sales. Seasonal events like calving, which typically takes place in the spring, and crop planting and harvesting, are busy periods that dictate a lot of the other activities farm staff need to fit into each day.

Approximately 24,500 people are employed on Australian dairy farms (*In Focus*). Each person is employed in one of five positions – Assistant Farm Hand (31%), Farm Hand (30%), Senior Farm Hand (30%), Production Manager (5%) or Business Manager (2%) (*National Dairy Farmer Survey*). More than 170 separate skills in 11 specialist areas are required across these positions (*Dairy Skills Framework*). As farming becomes more intensified and technological due to globalization and innovation these skills are expanding shifting employment needs more towards the managerial levels (*National Rural Advisory Council Report*).

There is a shortage of skilled labor at all employment levels in the dairy industry

It was estimated that Australian farms faced shortages in excess of 100,000 workers as of June 2009 with further shortages in agribusiness and agricultural science (ANZ Insight 2012). These agricultural labour shortages have already resulted in opportunity costs, particularly in Australia. Increasing competition for labour from other industries, particularly from Australia's higher paid mining sector, has added to the pressure.

Low entry rates into agriculture are especially concerning given the ageing of farmers and agricultural scientists. Over the past few decades the average or median age of farmers has steadily increased in Australia to the mid-50s. The various attempts at succession planning by government and industry agencies has been largely offset by the loss of young people from the regions to the cities.

In terms of the dairy industry approximately two thirds of farms find it difficult to source reliable skilled staff (Kondinin Group). There are not enough local workers to fill employment needs across all of Australia's eight dairying regions (*Regional Australia Institute Policy Paper*). While the number of tertiary graduates in agriculture related disciplines are increasing the number of positions available is far greater than the number of graduates. Only a portion of graduates are taking up employment in farming, with sectors like banking and agronomy competing in the labor pool (*Australian Council of Deans of Agriculture Report*).

The skilled labor shortage is not due to inadequate industry workplace conditions

Attracting and retaining staff often requires an industry to demonstrate it has a long-term future, that its employment conditions are the same or better than alternatives and career and business development prospects are available for successful candidates. These requirements have been satisfied by the industry for a substantial period.

The long-term outlook for dairy is positive. Rising populations and changing diets are increasing demand for dairy. As incomes rise and nations become increasingly urbanised, individuals tend to receive more of their calories from proteins (including dairy) as opposed to basic carbohydrates (mostly grains). Global demand for dairy is expected to increase by 2.5 per cent per annum to 2020, largely driven by increasing

urbanisation and rising incomes in emerging markets (Deloitte 2017).

The near-term outlook for Australia's dairy farm businesses is also positive. In 2017-18 the average Australian dairy farm is expected to generate a profit of \$41,000. This is being driven mainly by a projected increase in farm cash income from an average of \$89,600 per farm in 2016-17 to \$137,000 per farm in 2017-18. Increased milk production and higher farmgate prices are offsetting drier seasonal conditions which increases farm costs like fodder (ABARES 2018).

Generally, the dairy industry offers a satisfactory workplace environment. Rates of pay are fair and competitive with many farms offering above the award. Many are adopting flexible work arrangements to balance work and family commitments. Farm workers are involved in the design of work such as the introduction of new technologies to make work less arduous and more attractive.

These conditions, placed in the context of labor procurement difficulty, suggest that the industry is considered an employer of last resort in small area local labor markets.

Skilled migration, with a pathway to permanent residency, has been successful for the industry

Skilled migrants have filled the skilled employment gap in the past (current and yet to be published PHD research from the University of Melbourne). This has resulted in many dairy farm businesses adopting skilled migration as a long-term employment strategy (*Power of People on Australian Dairy Farms Survey*). It is estimated that of the farms recruiting overseas workers around 32% plan to use the skilled migration program. In addition to wages and other employment conditions the key attraction has been a pathway to permanent residency. This is a main reason why skilled migrants choose Australian dairy farms as their work place over other countries (Salgado unpublished).

A continuation of the skilled labor shortage will impede industry and regional economic growth

It is estimated that due to the relative scarcity of agricultural land and water in major growth markets, particularly in Asia, Australia could more than double the real value of annual agricultural exports by 2050. This would result in an additional A\$710 billion of revenues in 2011 dollars for Australia over the next four decades. Moreover, the prize could increase to A\$1.7 trillion if global demand for agricultural products grows faster, and if the country boosts production volumes, shifts to higher value products and addresses several challenges including attracting skilled labour (ANZ Insight 2012).

Consistent with this context 28% of Australia's dairy farms are forecast to grow over the next 12 months (*Power of People on Australian Dairy Farms Survey*). For this growth to be realised more skilled employees will be required across all employment levels. Currently around 30% of farms who have found it difficult to attract skilled labor have had negative farm business performance (*Dairy People Fact Finder*). Issues such as high staff turnover costs (direct costs of hiring, and other costs of decreased productivity for other employees as they take on extra work, orientation and development, workforce morale and business reputation) reduce capacity for investment in productivity or profitability enhancing initiatives on the farm or across the supply chain.