



Australian Dairy Industry Council Inc.

4th December 2015

Usha Arif A/g Director
Migration Planning and Stakeholder Engagement Section
Planning, Design and Assurance Branch
Immigration and Citizenship Policy Division
Department of Immigration and Border Protection

Via email: migration.submissions@border.gov.au

Dear Mr Arif,

RE: ADIC Response to Planning the 2016–17 Migration Programme

The dairy industry is one of Australia's major rural industries spanning across every Australian state. Delivering \$13.5 billion to Australia's economy, with a farm gate of \$4.7 billion, it ranks third behind the beef and wheat industries. Approximately 6,100 farms produce close to 9.7 billion litres of milk annually and it is poised to grow with the right opportunities.

The dairy industry welcomes the opportunity to provide input into the 2016-17 Migration Programme. The dairy industry is a significant rural employer, employing approximately 40,000 people directly on farms and in dairy factories. Related service industries, such as transport and logistics companies, as well as veterinarians and feed companies, provide further employment in association with the industry. Dairy, like other agricultural commodities, is currently experiencing labour shortages in critical on-farm and manufacturing roles, particularly in rural and regional areas, and some dairy farmers rely on overseas workers to fill these roles.

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.

This submission outlines the ADIC's response to the discussion paper. In particular, the submission requests the Department consider dairy when planning the 2015-16 migration programme as there is both a current and expected demand for skilled labour in the dairy industry which is unable to be met by the domestic labour market.

Should you require any clarification of the comments contained herein, please contact the ADIC on (03) 8621 4250.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Simone Joliffe', is written over a light blue horizontal line.

Simone Joliffe
Chair, Australian Dairy Industry Council

ADIC Response to Planning the 2016-17 Migration Programme

The ADIC makes this submission in response to the following key questions outlined in the issues paper:

1. How can the government ensure migration programme settings are responsive to changing economic environments in Australia and overseas and the future demand for labour?
2. How can the government help states, territories and regions to meet their skill needs and other considerations regarding migration?
3. What considerations are important in planning the migration programme with the increasing number of temporary entrants in Australia?

In providing this submission, ADIC continues to advocate for policies which address the diverse nature of its existing practices and seeks to complement its needs, including to:

- Streamline and fast-track the application and approvals for 457 visas for skilled dairy workers
- Reinstate the Department of Immigration and Border Protection Outreach Officer Programme to assist farmers with immigration matters
- Extend the allowable work duration of 417 and 462 visas from six to 12 months
- Include dairy on the list of eligible industries for the Seasonal Worker Scheme and on the Skilled Occupation List
- To revise Australian and New Zealand Standard Classification of Occupations (ANZSCO) skills descriptions for dairy farmers to align with industry skills descriptions.

The ADIC appreciates that the Department is seeking input on the permanent migration programme. Whilst the above policies are focussed toward temporary migration, ADIC makes this submission with the understanding that temporary migrants are a factor for consideration when planning the permanent migration programme.

Introduction

The Australian dairy industry is a vital contributor to the Australian economy and the lifeblood of many regional communities. It is also one of Australia's leading rural industries in terms of adding value through downstream processing. Much of this processing occurs close to farming areas, thereby generating significant economic activity and employment in regional Australia. As the industry continues to experience a skilled labour shortage and the demand for skilled workers increases, it is essential dairy farmers and processors have access to skilled migrants to help meet this shortfall. It is vital to the growth and prosperity of the industry, as well as the future of Australian agriculture.

A skilled industry

The dairy industry is a skilled industry with many positions both on-farm and in processing requiring significant on-the-job training and/or formal qualifications.

There are a range of occupations available on-farm which require training, both formal or otherwise, to complete tasks associated with dairy farming. It is a highly-skilled industry with proficiency in animal husbandry and milk harvesting base prerequisites.

Some of the positions available and the skills necessary to perform on-farm tasks are set out in the table overleaf. Also listed are the qualifications which can be gained to perform these tasks, some of which are organised through the National Centre for Dairy Education (NCDE).

Position	Experience/skills	Qualification options
Milker (relief or otherwise)	Animal husbandry skills Skills in milk harvesting	Cert II in Agriculture Cups on Cups Of (NCDE)
Calf Rearer	Up to 6 months experience in rearing calves	Rearing Healthy Calves (NCDE)
Assistant Farmhand	Animal husbandry skills Skills in milk harvesting Feed management skills	Cert II in Agriculture Cups on Cups Of (NCDE)
Farmhand	Animal husbandry skills Skills in milk harvesting Feed management skills	Cert III in Agriculture (NCDE)
Senior Farmhand	Animal husbandry skills Skills in milk harvesting Feed management skills Pasture Production and Cropping Plant Equipment and Infrastructure Maintenance	Cert IV in Agriculture Cups on Cups Of (NCDE)
Dairy Farm Production Manager	Minimum of a Certificate IV in Agriculture (or equivalent)	Diploma of Agriculture Cert IV in Agriculture
Dairy Farm Business Manager	Minimum of a Diploma of Agriculture (or equivalent) High level Business Management skills High level people management skills	Advanced Diploma of Agriculture Diploma of Agriculture Cert IV in Agriculture

*Information gained from Stepping Stones, All Stars, Dairy Australia

In addition to formal qualifications, dairy employees require significant on-the-job training. This is largely attributed to the safety risks associated with working with technical equipment and operating machinery, as well as the responsibility for animal welfare, including rearing calves.

In the processing sector, there are a range of positions with formal qualifications attached to the roles.

The NCDE delivers the following training in the processing sector.

Career	Training/Qualifications
Operator	Certificate II in Food Processing
Cheese maker	Food Technology
Team leader	Certificate III in Food Processing
Production Planner	Certificate III in Food Processing
Production Supervisor	Certificate IV in Food Processing
Factory Manager	Vocational Graduate Certificate in Food Industry Management Undergraduate Degree in a relevant field eg. engineering

Source: NCDE 'Careers in the dairy industry' 2015

Current skilled labour shortage

The dairy industry is currently suffering a chronic skilled labour shortage, despite the industry investing heavily in training and up-skilling its workforce and attracting new entrants.

The industry runs a variety of programs in schools to attract new entrants to the dairy industry. *Picasso Cows* is delivered at Primary School where schools are provided with a blank, life size fibre glass cow to design and paint in one of three related themes – Unbeatable Bones, Fuel for Life and Farm to Plate. At the end of 2013, the Picasso Cows program had been run in over 500 schools, reaching over 80,000 students across Australia.¹ In Secondary Schools, *Cows Create Careers*

¹ <http://www.dairy.edu.au/discoverdairy/teachers/picasso-cows>

introduces students to the industry in farming, food processing, technical and research areas and promotes the many career opportunities in the industry. Each year around 15,000 students participate across 23 dairying regions in Australia.

In 2006, the dairy industry recognised the need to have a dedicated training centre to upskill and train current and future dairy farmers. The National Centre for Dairy Education delivers nationally accredited courses in agriculture from Certificate II through to Advanced Diploma and offers pathways to degree levels.

The industry also provides dedicated resources to assist with the retention and attraction of staff, including Stepping Stones, a document replicated in dairying regions, which provides an overview on building a career in the Australian dairy industry. The Employment Starter Kit initiative details all of the mandatory requirements for dairy businesses that employ staff, as well as ideas for improving the employment experience on-farm. This is supplemented by the People in Dairy² website which contains up-to-date information for employers and employees.

The above programs represent just some of the many programs in place to attract and retain staff in the Australian dairy industry. Yet, despite this continued investment in training and qualifications, as well the fact that Australia's pay-rates are cost-competitive with our nearest neighbour and one of our main competitors, New Zealand,³ it is still not enough to meet dairy's growing demand for skilled and qualified workers.

The Victoria agrifood sector (approximately 68% of dairy farmers are in Victoria) rate labour shortages as the number one issue hampering performance.⁴ Furthermore, in the five years preceding 2008, almost two-thirds (64%) of the 59% of dairy farms who had tried hiring domestic labour said they often or always had difficulty finding the right people.⁵ These comments are supported by statistics which show that some key dairy regions experience extremely low unemployment rates. For example, South-West Victoria (including Warrnambool), which is one of the largest milk producing regions in Australia, has an unemployment rate of 1.5%⁶ and the Shepparton area has an unemployment rate of just 3.6%⁷. This is in comparison with Australia's unemployment rate of 6.2%.

The dairy industry is seeking to improve the industry's access to overseas labour in order to address the shortfall in appropriately skilled domestic workers.

Growing demand for workers

The dairy industry is likely to experience a growing demand for skilled employees in the medium to long-term. As farms get bigger and opportunities to increase production continue, there will be an increased need for more specialist skills on farm. However, as the average age of farmers continues to increase and younger generations choose the city life, the gap in employment is likely to grow. There are also a range of other factors which are contributing to a growing demand for workers on Australian dairy farms.

As access to Asian markets increases, so does the demand for Australia's safe, healthy and nutritious dairy products. Medium term projections of population and income growth in Asia, coupled with changes in dietary demands, point to increasing demand for dairy products.

The number of farms has fallen by more than two-thirds over the last three decades from 19,380 in mid-1985 to 6,128 in mid-2015. At the same time, milk production has risen from 6 billion litres to 9.7 billion litres.⁸ Although there are fewer farms, the average farm size is larger and consequently there

² <http://www.thepeopleindairy.org.au/index.htm>

³ <http://www.thepeopleindairy.org.au/engagement-reward/pay-rates.htm#Managers> and

<http://www.fedfarm.org.nz/publications/media-releases/article.asp?id=659#.U2b0hL5--70> -- The Federated Farmers/Rabobank Farm Employee Remuneration Report 2013

⁴ McKinna et al & Regional Development Victoria (issuing body) (2010). *Performance issues impacting the development of the Victorian agrifood sector*. Albert Park, Vic. McKinna et al

⁵ People in Dairy FactFinder 2013, pg. 60).

⁶ http://lmip.gov.au/default.aspx?LMIP/LFR_SAFOUR/VIC/WarrnamboolSouthWest as at 30 October 2015

⁷ http://lmip.gov.au/default.aspx?LMIP/LFR_SAFOUR/VIC/Shepparton as at 30 October 2015

⁸ Australian Dairy Industry In Focus 2015

is an increase in the number of workers required on these farms. As a result in 2009 approximately 70% of dairy farms employed people other than family members – an increase from just 30% in 2004⁹.

This trend is expected to continue into the future. Recent modelling by Dairy Australia suggests that based on 2% annual growth, the dairy industry will need the following additional people on farm in the following positions by 2024.¹⁰

Position	Number of people
Assistant Farmhand	739
Farmhand	716
Snr Farmhand	693
Production Manager	115
Business Manager	46

Coupled with growing demand for workers, is the demographic change of rural communities and the increasing age of farmers.

Rural communities are experiencing significant demographic change as populations decline. Since the majority of jobs in agriculture are based in rural areas, the declining population presents difficulties with attracting and retaining workers. The younger generations, in particular, are departing rural areas to seek other career and educational opportunities.¹¹

The age profile of farmers has changed markedly over the past few decades. The median age of farmers increased by nine years between 1981 and 2011, while the median age of other workers increased by just six years. Over the same period, the proportion of farmers aged 55 years and over increased from 26% to 47%, while the proportion of farmers aged less than 35 years fell from 28% to just 13%.¹²

Conclusion

The future of the dairy industry is bright, with the opening of export opportunities and demand for Australia's safe and nutritious products continuing to grow. However, this future depends on recruiting, training and retaining the next generation of farmers, food scientists, processing workers, and industry service providers. The dairy industry is working hard to address this matter, particularly through the National Centre for Dairy Education and it is always the dairy farmers and processors' first choice to employ local people. However, despite this investment, there is still a gap in the number of suitably experienced and enthusiastic employees available to fill available roles. Access to skilled migration has become a crucial part of this solution and will continue to be in the future.

⁹ Dairy Moving Forward, 2010, pg 142

¹⁰ These positions are in addition to the current opportunities available and do not take into account industry turnover which currently sits at 15% per annum.

¹¹

<http://www.abs.gov.au/ausstats/abs@.nsf/2f762f95845417aeca25706c00834efa/3d196e4d297f42c9ca2570eb0082f628!OpenDocument>

¹² <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features10Dec+2012>