



INQUIRY INTO THE VICTORIAN ON-DEMAND WORKFORCE

Victorian Farmers Federation Submission in Response

The Victorian Farmers Federation

The Victorian Farmers Federation (VFF) is the only recognised consistent voice on issues affecting rural Victoria and we welcome the opportunity to comment on the Victorian on-demand workforce..

Victoria is home to 25 per cent of the nation's farms. They attract neither government export subsidies nor tariff support. Despite farming on only three per cent of Australia's available agricultural land, Victorians produce 30 per cent of the nation's agricultural product. The VFF represents the interests of our state's dairy, livestock, grains, horticulture, flowers, chicken meat, pigs and egg producers.

The VFF consists of a nine person Board of Directors, with seven elected members and, a member representative Policy Council to set policy and seven commodity groups representing dairy, grains, livestock, horticulture, chicken meat, pigs, flowers and egg industries.

Farmers are elected by their peers to direct each of the commodity groups and are supported by Melbourne-based and regionally located staff.

Each VFF member is represented locally by one of the 200 VFF branches across the state and through their commodity representatives at local, district, state and national levels. The VFF also represents farmers' views on hundreds of industry and government forums.



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The Victorian Farmers Federation welcomes the opportunity to comment on the inquiry into the Victorian on-demand workforce.

The issues are complex

Whether a person is an Independent contractor or employee is not a new issue. This issue has always been complex as is shown by the abundance of case law. In fact, the foreword of the inquiry into the Victorian on-demand workforce background paper outlines the problem.

The Victorian Farmers Federation appreciates the problem and wants to work with the government on this issue.

The gig economy

Generally the gig economy is based on performing “gigs”. Just like a rock band performing a gig, a gig may be a one time performance by an independent contractor or may involve performing several gigs.

Similarly, individuals can perform a gig (task or service) for another individual or business. With the rapid rise of technology available, people and businesses are able to be in touch with one another over the internet, over the Phone or Facebook, to network and contract their services. This form of labour force is proliferating and is expanding into different industries.

Agriculture cannot remove itself from being involved in new methods of communication and of purchasing services whether they be for goods or employment services. Digital technology is where jobs are predominantly advertised and as the current employment market is tightening, agricultural enterprises need to engage with the market to compete for services.

Agricultural industries

As yet the agricultural industry is not yet fully immersed into the gig economy but it is quickly increasing. The industries that have received the most attention previously are the transport carrier industry and the food delivery services. This does not mean that other industries will not be affected in the future; indeed they will.

While it is important that flexibility or new ways of business occur, it is also important that controls are in place to protect both employees and employers. The Australian economy will

change and the result is sometimes a burden on the taxpayer. Therefore governments should try to have plans in place to tackle changes in a fair and equitable way. These plans must take into account the change to the structure of industries and the structure of our economy and society.

The on-demand labour issues appear to be quite complex and differ between the commodity. All commodities use labour on demand at various times and for various purposes.

However, all agriculture industries have the following in common:

- They strongly contribute to the Australian economy;
- Exports are strong across various commodities and are a long term benefit to our economy;
- Our exports compete against the exports of other countries which have much lower costs of doing business – especially pay and add-ons;
- Agriculture is subject to circumstances outside its control – from weather to hours of light to supermarkets etc
- Agriculture changes quickly – both in technology and people

Horticulture, in particular, needs to be very in tune with seasonal activity. All jobs are life stage dependent whether it be pruning, weed control, harvest or planting. Scientific papers paid for via farmers levies are clearly pointing out the need to ensure sufficient resources (labour and other) are available to get the best result, minimise costs, maximise yields and remain competitive.

Also, the structure around employment has changed to using backpackers under 417 visas, seasonal workers under the Seasonal Worker Program (SWP), long-term regional visa holders as well as locals. These changes reflect the changes to the Australian economy and society such as: more tertiary education (including overseas), more prosperity in the economy, more choice for young people, cheaper travel for young people (on reciprocal backpacker visas), and many others. We are not saying that these changes are not good, but that they are a fact of life. In fact, changes such as the use of the SWP are positive and have been strongly supported by farmers – especially in horticulture.

The use of guest workers is a global phenomenon.

The use of online services for finding people to employ is now normal – in fact, the Seasonal Workers Program (SWP) requires employers to advertise online before offering jobs to SWP participants.

A short look at Facebook or Harvest Trail shows how much these services are used across agriculture – shearing, livestock, grain, irrigation, dairy, horticulture, eggs, pigs, flowers, potatoes and chicken meat. In fact, many people looking for jobs, look online first.

Also, it is important that Australia and Victoria keep up with the changes in communication if we wish to attract young(er) people for work whether casual or full time.

Horticulture farmers using the Seasonal Worker Program are directed to use Jobactive to advertise for locally based (Australian) labour in order to meet labour market testing. The scheme allows recruitment of workers from nine Pacific Countries if there is unmet demand from local labour. Consequently they choose to advertise using the free government service operated through Centrelink. The timelines for recruitment are tight, and a farmer wishing to support the nine Pacific countries via employment services engagement will use this advertising service in preference to all others advertising.

The National Harvest labour trail, operated in Victoria by MADEC attracts considerable backpacker labour, not necessarily local labour. MADEC also is a Seasonal Worker Program approved employer offering labour hire services, so they are a contractor competing in the provision of labour services whilst holding the National Harvest Labour contract.

Farmers across the board use Jobactive, and find it quite helpful. Often, however, this is also for on-demand labour.

Specific Agricultural Industries

Individual agricultural industries have specific issues around on-demand labour due to the differences in each industry. We have highlighted: dairy, livestock, horticulture, pigs and grains. Other industries also use on-demand labour but on a lesser level.

Dairy

Agriculture is a very fast-changing industry. Not only does the technology around farming change quickly, but so does the way farmers are able to respond to outside influences. For example, the drought is making the cost of water along the Murray to increase rapidly. Currently it is \$500/gb and likely to go higher.

This particularly affects the dairy industry at this time of the year. We hear that in the North of Victoria there are over 4000 dairy cows for sale at the moment and farms closing down. Those which are not closing down are trying to reduce their costs as much as possible to be able to stay in business. This includes labour costs.

In practice, this means that most of the work is done by the family and other people are employed on a needs basis for one shift or a particular job or, sometimes, more. With the number of closed farms in that area, it is easy to find people at the moment who understand the situation. However, as the farms are sold, this will change.

The long-term outcome is difficult to predict but it is clear that as the current situation is a fundamental shift for the northern dairy industry, there will be a fundamental shift in how labour is employed. Therefore it is important that there is room for farmers to consider all options without being drowned in paperwork or being put in a position of closing down because they cannot afford staff.

Livestock

The livestock industry uses short term labour for shearing. Some shearers work for contractors, but quite a few work on-demand. So do wool classers and roustabouts. Large farms tend to have a on-going contract with a shearing contractor, but smaller farms employ shearers on-demand. This particularly applies to lifestyle farmers who only have a few sheep. Wool classers are often independent and work off Facebook, Gumtree etc. Roustabouts and pressers also fall into two streams – working for shearing contractors or working independently.

The people employed to work with the sheep before and after the shearing, are often work under a contract for stock agents or are independent. They find work on Facebook and Gumtree etc.

Livestock farmers also employ farm hands. In the past one person would work full time for many years. However, with the drought, this has changed to just employing some-one on a short term basis. These people are found on Facebook, Gumtree, the local pub etc. Although the local pub is not on-line, it is still on-demand.

Horticulture

The labour problems of Horticulture have been in the media over the past couple of years. So, Ms James will have a good understanding of the issues.

However, there are another couple of issues which we would like to flag.

Firstly, as welcome as the SWP program is, it is not enough. The regulation and red tape around it is substantial – including pastoral care. It is also an expensive program but does become more economic as staff return year after year. Most SWP employers are Labour Hire Contractors, although more farmers are joining. However, the level of paperwork is the blocking point. The program does not supply enough people to approach the need of the industry.

Horticulture also has a need for on-demand staff for pruning, and other work which would not necessarily allow engagement of workers for a reasonable length of time, eliminating the use of seasonal worker programs and does result in the employment by task, a gig. Although, this may be done on contract, difficult seasons and the attitude of banks, change how this happens. It is important that farmers be able to have flexibility to be able to stay viable as otherwise the full-time people they employ will also be out of a job.

Pigs

The Victorian Pig industry has access to the national Labour Agreement for staff. This has been a great benefit to the industry by enabling them to bring in trained staff when they

cannot find local people. However, there is still a need for on-demand labour to deal with circumstances out of their control.

Pigs must have care every day. If a person is going on holiday, it is easier to ensure care of the pigs than when some-one is suddenly ill. Short-term on-demand labour is important.

Some farmers deal with these difficulties by using contractors or doing it themselves. Others use locals who want to work intermittently. There is no intent to do anything illegal, the demand is due to circumstances. The days are gone when farmers could afford to employ more people than they need day-to-day, so as to cover these circumstances.

Grains

The grain industry is very reliant on machinery and the people to run them.

For a number of years, the cost of new machinery has been out of the reach of smaller grain farmers. They employ contractors, who sometimes employ people from overseas. Locals are also sometimes looking for short term work.

The grain receival depots also employ seasonally, and sometimes, on short-term ie on-demand labour. The staff doing these jobs changes with the season and situation.

CONCLUSION

Of course, the drought and hard economic times in some industries has made it even more likely that farmers will use on-demand labour to minimise their costs and use family the rest of the time to stay in business. The broader issue of seasonality is also important. Farmers need to do things on their farms at the time they need to be done ie fruit must be picked, sheep must be shorn. Seasonality is also the broader issue of how a business is run ie the length of the day determines what happens, when animals cycle affects how a year is planned. This is why flexibility is so important and why we are so concerned about the cost and effort of red-tape and regulation. The total cost of doing business in Victoria needs to be compared with the total cost of doing business with our competitors especially New Zealand, Canada, Vietnam. Agriculture does not have any fat anymore. We cannot afford to employ people fulltime to fill in for holidays, illness etc. We are reliant on Government to not impose more costs, so we can continue supplying quality food and fibre to Victorians, other Australians and to export. Agriculture has always had an element of on-demand labour. The current economy and society has grown this requirement.



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