

National Agricultural Labour Advisory Committee
Department of Agriculture, Water and the Environment
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10 July, 2020

Dear Committee

Thank you for the opportunity to provide this submission into the National Agricultural Workforce Strategy.

WoolProducers Australia are providing this submission on behalf of the national sheep and wool industries, represented by the following organisations Sheep Producers Australia, Australian Wool Innovation, Livestock Contractors Association, Shearing Contractors Association of Australia and the Western Australia Shearing Industry Association. Collectively we represent and invest in the production, harvesting and animal husbandry sectors of the sheep and wool industries.

The submission does not include the post-farm gate workforce of the sheep and wool industry, due to the remit of the abovementioned signatories, however it is worth noting the significance of the post-farm gate sectors in terms of employment including transporters, meat processors, wool store handlers, livestock agents and wool brokers and both wool and sheepmeat export sectors. These sectors are reliant on the Australian sheep and wool industries continuing to produce high quality and sustainable products.

The submission outlines the collective positions put forward on the teleconference consultation with Mr John Azarias and Mr John Williams and representatives from the Department of Agriculture, Water and the Environment on 29 April, 2020.

Should you wish to discuss our submission further, please contact me on 0488 554 811, or via email jhall@woolproducers.com.au.

Kind regards



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WoolProducers Australia

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Executive Summary

The Australian sheep and wool industries together are a significant food and fibre sector in regard to both production and economic measures, and as such these industries require a substantial workforce to operate.

This submission will focus on the on-farm skills and workforce requirements for production, harvesting and animal husbandry.

We are supportive of the National Farmers Federation and their vision for Australian agriculture to become a \$100 billion industry by 2030. Opportunities for the industry to benefit from its reputation for producing safe, high quality food and fibre will enable agriculture to work towards achieving this vision.

By ensuring the current and future labour requirements of the sheep and wool industry, the economic benefits, both at national and regional levels will remain. It will also ensure that our exceptional animal welfare standards will continue to be met. These are both key facets of meeting the \$100 billion industry goal.

The national sheep and wool industries are a significant employer in regional areas, however there are continuing issues with sourcing both skilled and un-skilled labour.

Reasons for this continuing labour gap include an ageing workforce, the rate of new entrants not keeping pace with the attrition of the current workforce, competition for labour from other sectors, remoteness, seasonality of work and in some cases workplace conditions.

In some sectors, particularly the wool harvesting sector, there is an over-reliance on migrant workers to fill these gaps.

The continued de-funding to the TAFE system over a number of years has seen the opportunity for formalised qualifications and practical training for current and future sheep and wool industry workers also decline.

Government support assistance regarding unemployment also makes it hard to access seasonal workers due to the processes involved with starting and stopping payments as work becomes available and then ceases given the nature of seasonal work.

While there are recognised qualifications and training available for all facets of the production sector, in many cases they are not a prerequisite for employment. This is beneficial for many as experience can be taught on the job, but there are limitations in terms of career development and expansion which may be a deterrent for people considering entering the industry.

There are a number of training and education initiatives available to attract new entrants to our industry, however, to date it has not materialised into addressing the workforce shortage. Promotion of the many benefits that jobs in the sheep and wool industries to those who are unaware of its nature, including those in urban areas, could assist in accessing a currently unutilised pool of employees.

There are also a number of initiatives, both industry- and government-led that could assist in developing a vibrant and sustainable workforce to meet the needs of the national sheep and wool industries. These include targeted visas and underpinning programs, modification of current government support assistance for unemployed and students and promotion of the positives of our industries to currently un-tapped sources of personnel.

Australian Sheep and Wool Industry Background

The Australian wool industry generated \$3.82 billion in export income in 2018/19. Furthermore, the global wool textile industry relies heavily on Australian wool, particularly Merino wool. Australia is the most significant wool producer in the world, accounting for around 23% of total wool production. Australia also accounts for around 70% of the world's Merino wool and around 85% of world production of superfine wool (18.5 micron and finer). In total, around 40% of the world trade of raw wool is from Australia and 50% of China's imports of raw and semi-processed wool are sourced from Australia. China's wool textile industry has resumed from its COVID-19 induced hiatus and is seeking to buy Australian wool for its mills.¹

Australia is the world's largest exporter of sheepmeat and is the world's second largest producer of lamb and mutton. The off-farm meat value of the Australian sheepmeat industry was approximately \$6.6 billion in 2018/19. During that time, Australia exported 66% of total Australian lamb production and 96% of total mutton production, with the value of lamb being \$2.3 billion and mutton exports generating \$1.23 billion. While domestic expenditure was approximately \$2.6 billion on lamb and \$51 million on mutton in 2018-19 (MLA estimate)².

The wool industry and sheepmeat industry are inextricably linked and together they support regional economies throughout Australia and together the industry employs around 200,000 including producers, shearers and shed hands, livestock contractors, transporters, wool brokers, exporters, processors, logistics and storage companies.

The current and expected future sheep and wool industry workforce and skill needs

The current national sheep flock is estimated to be 63.7 million³ head this year, which is the lowest level in over 100 years, however, even with these numbers there are large labour requirements to ensure that the industry can continue to operate. Indeed, the lack of labour may be a contributing factor to the lowering of flock numbers as aging producers require greater assistance to manage their properties.

The main on-farm workforce requirements are station/farm hands and managers, shearing and livestock contractors, wool classers, shearers and wool handlers.

There are specific skills required for these distinct roles. Skilled farm owners, managers and workers are a critical part of agriculture increasing farm gate output.

The overall aim of any future workforce strategy for the sheep and wool industries is to ensure that there is an efficient, reliable and competent workforce to address the future needs of industry.

¹ National Council of Wool Selling Brokers Australia

² <https://www.mla.com.au/globalassets/mla-corporate/prices--markets/documents/trends--analysis/fast-facts--maps/mla-sheep-fast-facts-2019-1.pdf>

³ <https://www.mla.com.au/news-and-events/industry-news/sheepmeat-demand-to-remain-strong-as-supply-forecast-to-tighten/>

Generally speaking, the agricultural sector has an ageing workforce, with the average age of a farmer being 57⁴. Anecdotally, the sourcing of general on-farm labour, such as farm hands, is often difficult as the supply of labour is not keeping up with the ageing workforce.

There are also other factors that are adding to this shortage, such as competition for labour from other agricultural and non-agricultural sectors, workplace conditions, remoteness and a general lack of knowledge and understanding of the industry by young people and those in urban areas, of the employment opportunities that the sheep and wool industries offer.

Additionally, the seasonality of both shearing and livestock contracting make it hard to attract and retain labour into these sectors. For example, while the pay of shearers is adequate, it is the downtime, due to either a lack of continuity in work or weather conditions, which sees shearers' and wool handlers' annual income lowered.

The shearing industry has critical shortages of shearers and wool handlers. The shearing workforce is also ageing which has resulted in an over-reliance on migrant shearers and wool handlers, particularly from New Zealand, although there are other nationalities that assist with the harvest of the Australian wool clip.

The 2016 census reported that there were 2,482 shearers in Australia, which was down 13 per cent on the previous census⁵. AWEX reports that there are approximately around 14,000 registered wool classers in Australia⁶, although the number of practicing classers is thought to be much lower.

The livestock contracting sector is also seasonal in nature and potential workers are quite often receiving government support payments such as the Newstart Allowance (currently the JobSeeker Scheme), which are decreased or cease when they take on seasonal work. Whilst employment is obviously a positive, the issue arises when the seasonal work finishes, there is a waiting period of a number of weeks before seasonal employees are entitled to restart support payments, this in many cases inhibits potential workers undertaking seasonal work.

The effectiveness of current education and training arrangements, including programs designed to promote sheep and wool industry careers to students, at meeting the agriculture industry's workforce and skills needs

Agricultural workers have lower educational qualifications than the general Australian workforce, with 45 per cent of agriculture industry workers having a non-school qualification, which in most cases (23 per cent) was a certificate level qualification, this is compared to 67 per cent of the overall Australian workforce.⁷

Whilst formal qualifications can be sought from Certificate II to Bachelor degrees, generally speaking most jobs involving the production, harvest and animal husbandry in the sheep and wool industries can be taught 'on-the-job' and do not require formal or recognised qualifications, the exception being wool classing which does require registration after the completion of a Certificate IV.

⁴ <https://www.abs.gov.au/ausstats/abs@.nsf/mf/7121.0>

⁵ <https://www.abc.net.au/news/2018-03-14/working-to-attract-more-shearers-to-austalian-sheds/9545014>

⁶ AWEX

⁷ ABARES 2018, Snapshot of Australia's agricultural workforce

The sustained erosion of funding to the TAFE system over a number of years has seen the opportunity for formalised qualifications and practical, hands-on training for current and future sheep and wool industry workers also decline.

However, there are other training and education initiatives aimed at attracting and retaining new entrants to the sheep and wool industries.

Capturing students' attention at an early age is important and we see initiatives such as the National Merino Challenge, School Wether Competitions and Hay Inc as important breeding grounds for the next generation of the wool industry.

It is also important that the benefits of a career in the sheep and wool industries are well understood and promoted at primary, secondary and tertiary levels in educational institutions.

Specialist skills, such as shearing and wool handling remain a priority with over \$1.8m committed to in-shed coaching and workshops for 2019/20 (subject to social distancing requirements). Shearing schools, such as the recent Mungha Whalla & Brookton schools for indigenous youth in Western Australia are a good example of how AWI in partnership with Government (DPIRD), industry (WASIA), growers and local community not only create the training opportunity, but also a pathway to employment and further training.

Adequate numbers of highly skilled professional staff to harvest and handle a high-quality wool clip in a timely manner is key to the profitability of the wool industry.

Whilst AWI has long funded free training for novice, improver and professional shearers and wool handlers through its regional coaching program and these shearing schools have been well supported and well attended, more schools and training are needed at all levels without relying solely on one organisation and an ad hoc approach to training delivery between states. Retention rates from training are also unknown or considered low.

The lack of harmonisation between states and training delivery is also an issue. For example, wool classing courses can vary by up to \$10,000 between states, which is affecting supply of new entrants.

Whilst there are a number of pathways and programmes available to entice new entrants and retain existing workers into the sheep and wool industries, the reality is there is still a gap in labour availability and industry requirements.

Best practice examples and case studies of sheep and wool industry workforce development and potential innovative approaches aiming to deliver better outcomes

There are a number of ways that could encourage young or new entrants to the sheep and wool industries.

Dedicated Ag Visa

Whilst the preference is to always utilise domestic labour to fill labour gaps, the reality is this is simply not an option in the foreseeable future. Therefore, we seek the establishment of a dedicated Ag Visa as advocated for by the National Farmers Federation.

While the Working Holidaymaker Visa has been utilised by all sectors of the sheep and wool industries for short term labour needs, the Pacific Labour Scheme and the Seasonal Workers Program are unsuitable for both the shearing and livestock contracting sectors.

A dedicated Ag Visa would match international workers with the jobs that need to be filled. This would also expand the pool of countries from where workers can be sourced.

International workers with a genuine interest in agricultural work would be encouraged to apply for an Ag Visa and be assisted to transition from unskilled work to skilled positions.

The aim of the of the Ag Visa would be to build a long-term farm workforce, including pathways to permanent residency for successful Ag Visa holders and their families.

Seasonal Sponsorship Visa

Consideration should be given to the possibility of a three- to six-month Sponsorship Visa where the employer would have to submit supporting documentation to have a particular worker able to return for the next season. This would assist in addressing the seasonal worker shortage for both the harvesting and livestock contracting sectors, who have to train new staff each season, for example those utilising the Holidaymaker Visa.

Alternatively, the Holidaymaker Visa could be extended to nine months rather than the current six-month period, which would provide labour certainty for both shearing and livestock contractors for a normal season.

Visa Exchange

There is a high demand currently for shearers and many contractors are having difficulty finding enough staff to undertake all the work, particularly during peak periods.

Traditionally our workforce is supplemented by shearers from New Zealand. However last year the New Zealand Contractors Association significantly increased their base rate of pay to shearers to retain their shearers as they were also encountering shortages of shearers. This has resulted in reducing the number of NZ shearers coming to Australia placing further pressure on our available workforce.

Currently the UK provides temporary three-month working visas for shearers to work in the UK that can be obtained as often as required over multiple years.⁸

Many Australian shearers take advantage of this to provide continuity of employment as the peak season periods in the UK and Australia are at different periods. New Zealand already allows shearers to enter from the UK year on year with many Welsh shearers among the best in the world in competition shearing.

There is no similar visa offered in Australia.

We are advocating for the creation of a similar three-month working visa as a reciprocal arrangement with UK shearers for our busy period of August-October and January-March. This would significantly assist demand without detracting at all from local employment. The visa would cover the very busy times when additional workers are needed.

⁸ <https://www.gov.uk/government/publications/concession-for-temporary-employment-as-sheep-shearers-wrk26/concession-for-temporary-employment-as-sheep-shearers-wrk26--2>

This could also be extended to South Africa where there are many shearers looking for work. The South Africans are world champions at blade shearing and also excel at machine shearing so there is a ready-made workforce available.

Government Assistance for the Unemployed to fill Seasonal Work Requirements

The government should amend the assistance measures i.e. the current JobSeeker Scheme, to enable workers who gain seasonal, casual employment to pause their payments for the duration of the work season but allow the recommencement of assistance payments once the season has finished. This would of course involve the employer providing supporting documentation to verify the seasonal, casual nature of employment at commencement and cessation.

Additionally, the Single Touch Payroll system which is now compulsory for all employers to submit at the end of each pay run will confirm to the ATO who is still employed under this scheme.

Gap Year Initiative

The purpose of the Gap Year initiative is to provide an opportunity to young people to experience working in the sheep and wool industries, between completion of secondary schooling and the commencement of tertiary studies.

It has been proposed that this could be facilitated by a website that allowed interested people to be matched with suitable agribusinesses across Australia.

This could be a good way of exposing those that have not had an opportunity to experience the sheep and wool industries, such as those from urban areas.

This could be further incentivised by HECS/HELP subsidies for participants.

The only downside to this initiative, is that it is not a long-term, strategic solution for labour shortages and without an incentive, gap year opportunities already exist and simply are not filling the workforce requirement gap.

Raising awareness of employment and capacity building opportunities that exist in the sheep and wool industries

As previously mentioned, there is a general lack of knowledge of the opportunities that exist in the sheep and wool industries and the various career pathways that are available.

Below are some ideas that could assist in raising the profile of these opportunities, whilst also addressing the labour shortfall:

- Sporting clubs are often the heart of the regional experience for the younger generation, so actively involving regional clubs to encourage programs that allow for both work and sporting commitments. This can have a two-fold effect on regional economies, firstly by filling a labour gap and secondly assisting the sporting club, which in many circumstances are central to localised social gatherings and community activities.
- The location and distribution of vocational and formalised training provision needs to be made more widely available in remote and regional areas. This may encourage those that live in these areas to not only gain hands-on industry experience, but also gain formalised training leading to a more sustained career path.

- The current high-levels of displaced workers due to the COVID-19 pandemic may present an opportunity for the sheep and wool (and broader agricultural) industries to promote secure and long-term career opportunities to those that may not have considered this previously due to higher employment rates in other geographical and industry sectors.
- Similarly, the recently announced cut to University fees for agricultural degrees by 62 per cent also presents industry with an opportunity to promote career opportunities, particularly to urban based students.