

12 March 2015

Workplace Relations Inquiry  
Productivity Commission  
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Dear Sir/Madam,

**RE: Productivity Commission Review of the Workplace Relations Framework**

The dairy industry welcomes the opportunity to provide comment on the Workplace Relations Framework Review. The comments below are made on behalf of the industry by Australian Dairy Farmers (ADF), the national peak policy body representing dairy farmers across Australia, and Dairy Australia, the national services body for farmers and industry.

Australian dairy is a \$13 billion farm, manufacturing, and export industry, with an extremely positive future, including strong potential for growth. The industry directly employs 43,000 people on farms, in factories and other industry bodies, and indirectly provides a livelihood for more than 100,000 people in service industries.

The dairy industry's most valuable asset is the people who work in it, so it is important to the industry that workplace relations adequately enable a fair, flexible and productive environment in which to operate.

With increasing domestic and international demand for nutritious, quality dairy products, the Australian dairy industry is poised for significant growth. Dairy farm businesses have been adapting to, and capitalising on, these developments by increasing the scale of their operations. For many dairy farm businesses, a large number of which are family-owned, this has necessitated hiring more staff. However, many dairy farmers have encountered difficulties around employing new workers largely due to a lack of flexibility in the workplace relations framework.

The Pastoral Award 2010, for instance, does not sufficiently reflect the realities of dairy farm business operations. The Fair Work Commission is currently reviewing all modern awards, with the Pastoral Award 2010 being the award applicable to dairy. The dairy industry has expressed support for the removal of the Award's three hour minimum engagement clause, which states that staff employed on a farm must be rostered for a minimum of three hours per shift.

The three hour minimum engagement has had a number of negative ramifications on farm business operations. For instance, the clause removes any incentive for staff to milk in a time-efficient manner, thus lowering productivity. Many dairy farm businesses choose to allow milkers to go home as soon as they have finished milking in order to motivate staff to work efficiently. However, this means that farmers often pay for time in which no actual work is performed, and these payments are higher on public holidays.

For many dairy farmers, this has a significant impact on the business' costs and results in expenses that could be reappropriated toward more productive uses such as investment in technologies. It also results in further inefficiencies as dairy farmers are more overworked, and lowers the farm's contribution as an employer in the area.

ADF supports the work of the National Farmers' Federation around the three hour minimum engagement in response to Fair Work Commission's Review of the Modern Award. We are hopeful that the Commission will recognise the significant challenges posed by the current Pastoral Award 2010.

In addition to some rigidity in the workplace relations framework, inefficiencies in visa application processes to sponsor foreign workers exacerbate difficulties in finding appropriately skilled staff for dairy farms. A robust labour agreement that would give dairy farmers greater access to skilled foreign candidates is vital to the progression of the industry. ADF and Dairy Australia are currently working with the Department of Immigration and Border Patrol to secure a positive agreement.

The Australian dairy industry supports a healthy and pragmatic workplace relations framework that will enable a productive work environment, and commends this comprehensive review of current arrangements.

If you require further detail regarding the comments made in this submission, please do not hesitate to contact myself on (03) 8621 4200. Alternatively, ADF policy officer, Kelly Im, is available to discuss this matter further.

Yours sincerely,

**Noel Campbell**  
President