

Changing farmer demographics and the implications for farm labour demand and other farm policy issues

Background

Farmer populations in Australia and internationally are experiencing significant demographic change. Statistics show that almost universally in developed countries there is a continuing decline in the number of full-time professional farmers as farm consolidation occurs, and an increase in the numbers of part-timers or lifestyle farmers. In addition, there is an increasing tendency for farm businesses in some sectors (poultry, pork, horticulture and some cropping sectors) to operate under close contractual arrangements with processors and marketers, a dramatic change from the more traditional open-market agricultural production systems that have existed in the past.

These changes in farmer demographics have significant implications for a broad range of farm policy issues, and have been the subject of a number of comprehensive reports internationally (the USA and the UK in particular). There have also been some reports completed in Australia – most recently by the Australian Bureau of Statistics.¹ Generally, these studies have examined demographic changes, but have not extended into likely future policy implications.

There are a number of policy implications arising from changing farmer demographics. Regional communities that previously serviced farm businesses have declined in some areas as farm employment has been reduced. In other areas, new farm enterprises – particularly plantation horticulture and grape production – have resulted in increased but changed employment opportunities. The resulting changes in demand for and availability of regional services and infrastructure create new policy challenges.

A significant implication of changing farm demographics is likely changes in both the amount and nature of demand for farm labour in Australia. Larger farms with higher levels of mechanization probably employ relatively less full-time, low skilled labour, but require access to highly skilled specialist contractors. They may also have high demand for labour on a seasonal basis.

The availability of skilled contract labour, and seasonal casual

labour is already becoming a challenge at a regional level, and this problem seems likely to get worse as rural populations decline and age. Quantifying potential future changes in farm labour demand, and identifying potential strategies to help meet that demand will be a significant focus of this project.

Other potential policy issues requiring consideration will include agricultural education systems, rural training policies, industrial relations policies, and the role and manner of delivering rural extension and advisory services.

Project Objective(s)

1. To review statistics at both national and state levels on changes in Australian farmer demographics, including all farm sectors, and including both professional and part-time farmers, and to compare those changes with changes observed in the farm sector of other OECD countries.
2. To examine changes that have occurred and likely future changes in the amount and nature of demand by farmers for farm labour, in particular skilled contractors and casual seasonal labour, and to identify policy strategies that may assist in ensuring future farm labour demand can be met.
3. To analyse the likely implications of demographic changes for other farm policy issues, in particular RD&E, natural resource management, farm support measures, rural and regional infrastructure policies, landuse planning, commodity demand and supply response changes, farmland tenure and future farm investment issues.

Scope

The project will be conducted in two separate stages, with Objective 1 the focus of the first stage of the project, and Objectives 2 and 3 the focus of the second stage.

The successful tenderer will be required to submit an interim report at the conclusion of the first stage, at which time the objectives and activities required to conduct the second stage of the project will be reviewed.

The study will involve an examination of all relevant available statistics in Australia, including ABS and ABARE statistics, as well as papers and reports that have been published on these issues.

¹ ABS (2004) "The Micro-dynamics of change in Australian Agriculture 1976-2001" Neil Barr, Department of Primary Industries Victoria. AGPS Canberra.

The study will also involve other sources of Australian information, including but not limited to Local Government and Commonwealth Census and employment statistics. These other sources may include grain, wool, livestock and produce agents information on client numbers, and statistics compiled by statutory Research and Development corporations.

It is anticipated that throughout the course of the project, the researchers will consult with relevant Commonwealth and State agriculture agencies, relevant Research and Development Corporations, and private-sector farm service and marketing organisations.

In relation to international statistics, it is expected the researchers will access USDA, Agriculture and Agri food Canada, MAF (NZ) and DEFRA (UK) statistics and recent reports, as well as relevant OECD reports and statistics.

The relevant timeframe of interest in relation to statistical trends will be the past ten to fifteen years. The study will examine the issue from an Australia-wide perspective, but will also involve consideration of State and regional-level changes, and changes within commodity groupings. The study will consider changes in relation to a range of demographic factors, including but not limited to the following;

- age and sex of farmers
- scale of farm operations
- full-time, part-time and contract farm enterprises,
- types of enterprises, and
- nature of land/capital ownership

Inherent in the scope of the study will be a need to consider the adequacy of current definitions used by Government agencies and statisticians to define and differentiate groups of farmers.

Outputs

The researchers will be required to prepare two related but separate reports. The first report will address Objective 1 of the research project. After the delivery of that report, the project will be reviewed to ensure the subsequent objectives remain relevant and appropriate. A second report will then be required as an output from Stage 2 of the work, and will deal with findings in relation to Objectives 2 and 3.

Each report will include an Executive Summary, as well as comprehensive appendices of relevant statistics, and a full list of references cited. Project reports will need to be written in plain English, suitable for a non-technical audience, and include relevant tables and graphs.

The Australian Farm Institute envisages presenting the findings of the project in a number of public forums, in which researchers should anticipate participating. The cost of participation in one such forum should be included in any tender submitted.

The Australian Farm Institute will be publishing the outcomes of the project in both electronic and hard-copy forms, and anticipates extracting several shorter papers from the research project, that may be published by the Institute.

Timing

It is anticipated that the successful tenderers will commence work on the project by August, 2004, and that the project will be concluded by November, 2004.

Project Management

The Australian Farm Institute will require the successful tenderer to establish a project management team consisting of AFI and contractor staff to manage the project and to ensure project milestones are met and outputs are delivered.

The contractor will be required to nominate the specific staff who will be engaged on the project, and the extent of their involvement. Substitution or secondment of staff will not be permitted without written approval by AFI.

As noted above, the project will be carried in two stages, with a review point at the conclusion of Stage 1. This will provide an opportunity to refine and focus the objectives and required activities for stage 2, which it is anticipated will entail approximately 50% of the total resources required to complete the project.

Costs included in tenders must be all-inclusive, and provide a fixed-price costing for the entire project, broken down into stages. No variation of costs will occur in the absence of written approval by AFI. A schedule of required progress payments should be included in tender documents.

Fees/Payments

An indicative total budget for the project is approximately \$60,000, although this may vary depending on the extent of involvement of co-funders.

Contract agreement

The contractor will be required to enter into a legally-binding agreement with the Australian Farm Institute as part of the commissioning of the project.

Further information

Questions or requests for further information should be directed to:

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