



National Agricultural Workforce Strategy

Submission to the National Agricultural
Labour Advisory Committee

3 August 2020

To the National Agricultural Labour Advisory Committee,

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to make a submission to the National Agricultural Workforce Strategy consultation.

The BCCM is the national peak body for co-operatives and mutuals in Australia. It is a member funded and driven organisation, representing co-operatives and mutuals in all industries including agriculture, finance, insurance, mobility services, health, housing, retail and wholesale.

Our membership includes leading agricultural co-operatives that support the profitability of thousands of Australian primary producers by providing market access, increased bargaining power and reduced business costs. The largest agricultural co-operatives in Australia have a combined turnover of approximately \$6.5 billion (National Mutual Economy Report 2019).

Agricultural co-operatives are important both as direct employers of labour in food and fibre value chains, but also as ready-made, trusted networks of thousands of primary producers, with untapped potential to drive bottom-up, industry-led solutions to workforce challenges. Our submission highlights opportunities for government to work with agricultural co-operatives to drive new workforce solutions that ultimately contribute to the goal of a \$100 billion agricultural sector.

In recent months, BCCM hosted three policy roundtables with agricultural co-operatives in a range of commodity sectors and regions as part of the Co-operative Farming program. Workforce challenges, and potential industry-driven co-operative solutions, were one of the consistent themes. These discussions with leaders of agricultural co-operatives have shaped our submission.

Co-operatives understand that investing in the employment pathways to attract Australians into great jobs in agriculture, ultimately benefits the farming community. The sector recognises it is the responsibility of industry to invest in the education and training infrastructure and the traineeships and skilled jobs to build the sustainable and productive workforce of the future.

This submission sets out how our industry is prepared to invest in workforce development and also how government can support co-operatives to develop sustainable business models and undertake trials that can be learned from and shared widely for the benefit of Australian agriculture.

The BCCM would welcome the opportunity to provide further information on any matters raised in this submission.

Yours sincerely,



Melina Morrison

Chief Executive Officer

Contact

Anthony Taylor

Policy Adviser

info@bccm.coop; (02) 8279 6052

TABLE OF CONTENTS

Executive Summary	4
Part 1: The role of co-operatives in Australian agriculture and agricultural employment	5
1.1 What are co-operatives and mutuals?	5
1.2 Co-operative agriculture: a response to market failure and a driver of industry growth	7
1.3 The size and scope of co-operative agriculture in Australia	9
Part 2: Workforce challenges and opportunities in the agricultural co-operative sector	10
2.1 Attracting professional and skilled workers	10
Pilot proposal: Agribusiness career pathways for women and harvest casuals	11
2.2 Attracting production and seasonal workers	14
Pilot proposal: Incentive scheme to retain trained workers through COVID-19	15
2.3 Availability of local training and education for modern agriculture	17
Pilot proposal: School to work pathway project and regional labour pool	18
2.4 Farm business continuity	21
Appendix: Co-operatives Alliance fact sheet	22



EXECUTIVE SUMMARY

Co-operatives are strategically important in Australian agriculture both as direct employers in food and fibre value chains and as ready-made, trusted networks of thousands of primary producers.

Co-operative ownership by producers embeds a culture of industry collaboration and an ongoing focus on solving market challenges for the benefit of farmers and the industry.

Historically, in Australia and around the world, co-operatives have been vehicles for millions of farmers to work together to access markets, get fair prices for their products and ultimately build sustainable businesses. Australia's largest agricultural co-operative, CBH Group, was formed in the 1930s because the price of a jute bag was higher than the grain the farmer filled it with.

The agricultural co-operative sector consists of more than 230 businesses owned by 20,000 primary producers. The largest agricultural co-operatives in Australia have a combined turnover of approximately \$6.5 billion (National Mutual Economy Report 2019). As trusted partners to thousands of farmers and as significant processors and marketers in many commodity sectors, agricultural co-operatives can play a unique strategic role in driving industry-led solutions to workforce challenges across the agricultural supply chain.

The Business Council of Co-operatives and Mutuals (BCCM) consulted with the agricultural co-operative sector to identify current and future workforce challenges for the sector. Agricultural co-operatives identified a number of key drivers of the workforce challenges for their industries, businesses and members:

- **Recruiting professional and skilled workers:** recruiting and retaining skilled workers in the regions.
- **Attracting production and seasonal workers:** securing access to seasonal labour supply in the context of COVID and existing migration policies.
- **Availability of local training and education for modern agriculture:** New workforce training and skills to keep up with technological development and provide clear local pathways into long-term employment.
- **Farm business continuity:** Ensuring farm businesses themselves remain profitable, including through succession pathways and access to sustainable workforce.

The co-operative sector believes these challenges are surmountable by industry working in partnership with Government to try, test and learn from undertaking pilot agricultural workforce projects.

This submission provides details of several opportunities to address these challenges through industry-led, place-based solutions. Agricultural co-operatives propose a series of three (3) Pilots where Government can match fund industry contributions to trial workforce projects aimed at overcoming systemic labour issues.

In summary, these are:

1. A labour hire co-operative supporting school leaver agricultural career pathways trialled by a cluster of agricultural co-operatives in the Northern Rivers region of NSW;
2. A worker incentive scheme trialled by Sweeter Banana Co-operative in Carnarvon WA to retain local workers through seasonal peaks and troughs; and
3. Agribusiness career pathways for harvest casuals and women, run by CBH Group across regional WA.

If successfully piloted, these workforce projects could offer industry driven template solutions to be replicated in regions across Australia, with the objective of being self-funded and lessening reliance on subsidies and Government interventions.

The industry in partnership with its peak body BCCM stands ready to assist Government to address the systemic workforce challenges that hinder the realisation of a \$100 billion agricultural sector benefitting all Australians.

Part 1: The role of co-operatives in Australian agriculture and agricultural employment

1.1 What are co-operatives and mutuals?

Co-operative and mutual enterprises (CMEs) are businesses that are formed to provide goods and services to members on an equitable basis. Co-operatives operate in many industries including agriculture, banking, insurance, health, housing, retail, transport, tourism and motoring.

The members of CMEs can be producers (businesses), consumers, employees, a likeminded community or a combination of these stakeholders. Agricultural co-operatives are typically producer-owned.

Norco Co-operative is a 125 year old business owned by the dairy farmers that supply it with milk. The co-op seeks to maximise the milk price paid to members.

Fast Facts:

- There are more than 2000 co-operatives operating in Australia of which around 230 are in agriculture.
- Eight in 10 Australians are members of a co-operative or a mutually owned business.
- Australia's largest co-operative by turnover is an agribusiness worth \$4 billion pa in export earnings (CBH Group).

Co-operative governance and legal structures

CMEs can be for-profit, not-for-profit or charitable and can use a variety of legal structures, but always have a constitution that reflects a mutual purpose and governance model:

- Co-operatives and mutuals can register as companies. They may meet the new definition of a 'mutual entity' now included in the Corporations Act 2001 since 2019.
- Co-operatives may register under bespoke state and territory legislation, the Co-operatives National Law. The Co-operatives National Law embeds one-member, one-vote and the seven international co-operative principles in the co-op's governing legal documents.
- Other structures or arrangements such as an incorporated association, Aboriginal Corporation or trust can be used, provided the constitution or deed embeds mutual purpose and governance.

The co-operative sector adheres to the principle of Education, Training and Information for members and employees

Co-operatives are guided by seven internationally agreed principles. These are tried and tested principles that keep co-ops focused on delivering value to their members over the long term.

The fifth Co-operative Principle is Education, Training and Information. Co-operatives succeed when their members have appropriate education and training to participate in co-operative governance and staff at all levels have the knowledge and skills to carry out the co-operative's objective of delivering value to members.

The agricultural co-operative sector invests in co-operative education for members and staff in a number of ways:

- CBH Group has invested part of its surplus into its farmer leadership program to develop new leaders in the co-operative and recently adopted an education objective in its constitution.
- Oz Group Co-op is investing in education for its grower-members to give them the knowledge to improve on-farm productivity.
- Northern Co-operative Meat Company has invested in a member services division to assist its members to boost farm sustainability.
- BCCM is a joint co-operative sector effort to improve education, training and information about co-operatives. BCCM is delivering the \$2.5 million Commonwealth funded Co-operative Farming program to educate farmers, foresters and fishers about running successful co-operative businesses.



1.2 Co-operative agriculture: a response to market failure and a driver of industry growth

The Discussion Paper highlights trends in agriculture such as moves to more value-added products, increasing farm size, decreasing farm numbers, increasing international competition, and changing consumer preferences that will impact workforce. The Discussion Paper also notes the need to consider actions that address the flow-on impact on workforce of 'external forces such as weather conditions and natural disasters'.

Like other businesses, farmers, fishers and foresters face a range of business risks. However, farming is an increasingly uncertain business with a long period between the investment by the farmer and the realisation of revenue. It has been shown that Australian farmers are particularly exposed to volatility and shocks largely outside their control, including:

- Climate and weather variations: such as recent droughts, floods and fires
- Local and foreign policy and political changes: such as changes in trade policies
- Market conditions/market failures: the bargaining power of different players in a supply chain beyond the farm gate, supply and demand for inputs, including labour
- Other shocks such as the COVID-19 pandemic

In response to these pressures, primary producers in Australia and around the world have long relied on co-operative enterprise to develop processing, marketing and transport services with a view to long-term profitability, industry development and resilience. More than 200 million farmers are members of a co-operative globally.

Collective action in the form of institutions providing services, procuring inputs and marketing/processing outputs has played an important role in the strategies of independent agricultural producers in most advanced agricultural nations...

The two most frequent economic justifications for forming [agricultural] co-operatives... were:

- (1) Individual producers needed an institutional mechanism by which they could bring economic balance under their control and because of excess supply induced prices, and*
- (2) Individual farmers needed countervailing power when confronted with monopsonistic and/or monopolistic market structures*

Professor Mike Cook, Food and Agricultural Marketing Issues for the 21ST Century (FAMC, 93-1)

The Australian dairy, grain, cotton, apple, berry, almond and macadamia industries have all been developed to their present size through the co-operative efforts of producers.

There are many successful co-operatively owned Australian food manufacturers creating regional employment and adding value for farmers, and in the past, this was a bigger contributor to regionally based manufacturing.

Producer-owned co-operatives are successful at:

- Enabling the production of high-quality Australian food produce
- Maintaining traditional ways of life whilst providing economic growth to strengthen regions
- Helping to maintain local ownership of strategic food assets, thus increasing food security
- Generating significant export earnings
- Facilitating the competitiveness and viability of independent farming businesses by providing access to domestic and international markets
- Facilitating economies of scale by enabling individual businesses to jointly own and control their supply chain
- Enabling smaller owners to stay in business and remain independent
- Spread wealth back to owners through produce rebates and profit sharing, and
- **Providing long term, quality local employment**

The co-operative approach can respond to a range of challenges, including workforce challenges.

The recent report *'Beyond Business As Usual: a 21st Century Manufacturing Culture'* documents the contribution of co-operatives and medium-sized private firms to Australian manufacturing. The report highlights how farmer-owned co-operatives share benefits with members, employees and the community. For example, in relation to employment, the CEO of Northern Co-operative Meat Company said:

"The New South Wales branch of the Australasian Meat Industry Employees Union have rated the abattoirs across the state. We were very highly rated by the AMIEU in regards to pay and conditions, friendliness of the management and a positive culture and environment to work in."

Appropriately enabled, food processing and marketing co-operatives can grow to global scale manufacturing businesses that support the goal of a \$100 billion agricultural industry while providing pathways to quality, local employment in the regions.

Examples of global scale farmer-owned co-operative manufacturers and marketers that operate without diluting local ownership include:

- Ocean Spray (cranberries, United States)
- Fonterra (dairy, New Zealand)
- Arla Foods (dairy, Denmark/Sweden/United Kingdom)
- IFFCO (fertilizer, India)
- Danish Crown (meat, Denmark)
- Zen-Noh (various commodities, Japan)

In Europe, farmer-owned co-ops have around 60 per cent of the market for processing and marketing agricultural commodities. In the United States, it is around 28 per cent. In these jurisdictions, fiscal, competition and business regulatory policy appropriately enables co-operation among farmers to scale processing and marketing for the long-term development of agricultural industries.

There is a resurgence in recognition of the role and potential of agricultural co-operatives to play a strategic role in the ongoing growth of Australian agriculture. Recent funding for BCCM's Co-operative Farming educational program for farmers, fishers and foresters is one example. Through this program, the co-operative sector is partnering with Government to deliver co-operative mentoring, education and advice to help primary producers to understand the benefits of working together with other producers to access markets, pool capital and labour and boost returns.

1.3 The size and scope of co-operative agriculture in Australia

There are more than 230 agriculture and fishing co-operatives in Australia owned by approximately 20,000 primary producers. These co-operatives are significant and well-regarded regional employers.

The largest agricultural co-operatives in Australia have a combined turnover of approximately \$6.5 billion (National Mutual Economy Report 2019).

Co-operative	Commodity sector	Main activities	Turnover	Number of members	Total direct employees (includes seasonal)
CBH Group	Grain	Logistics, marketing, processing	\$3.79bn	3900	2350
Norco Co-operative	Dairy	Processing and marketing, rural store operations	\$591m	300	900
Geraldton Fishermen's Co-operative	Seafood	Logistics and marketing	\$402m	300	100
WAMMCO	Meat	Meat processing and marketing	\$380m	2000	500
Northern Co-operative Meat Company	Meat	Meat and hide processing and marketing	\$209m	1000	1000
Almondco Australia	Nuts	Processing and marketing	\$193m	150	250
Marquis Macadamias	Nuts	Processing and marketing	\$180m	180	400
Dairy Farmers Milk Co-operative	Dairy	Supply	\$135m	420	4
Oz Group Co-op	Berries	Processing and marketing, rural store operation	\$132m	120	190
NSW Sugar Milling Co-operative/Sunshine Sugar	Sugar	Processing and marketing	\$100m	600	400
Murrumbidgee Irrigation	Irrigation	Infrastructure management, water services	\$100m	2300	180
Australian Dairy Farmers Corporation	Dairy	Supply	\$98m	n/a	3
Yenda Producers Co-operative	Farm inputs	Farm inputs, farm services	\$83m	1500	200
Murray Irrigation	Irrigation	Infrastructure management, water services	\$80m	1500	160
CCW Co-op	Grapes	Supply	\$77m	600	4
Totals			\$6.55bn	14870	6641

Based on National Mutual Economy Report 2019 and BCCM internal research. Current financial year figures will be different.

Part 2: Workforce challenges and opportunities in the agricultural co-operative sector

The Discussion Paper notes trends including an ageing population, internal migration from rural and regional areas to urban centres and a competitive labour market are challenges for workforce recruitment and retention in agricultural industries. Feedback from agricultural co-operatives on workforce challenges for their industries supported a number of these themes, which we have identified below.

We have also outlined opportunities the sector has raised for industry-led responses to these workforce challenges. The benefit of the co-operative model in responding to these challenges is that the challenge is defined by farmers and the industry itself, and the benefits of the solution flow back to the farmers, employees and regional communities in which the enterprises operate overcoming the negative impacts of value transfer and intermediaries.

2.1 Attracting professional and skilled workers

Agricultural co-operatives in a range of primary industries have noted the challenges in recruiting and retaining professional and skilled workers.

Some have paid a premium to recruit staff from major cities, and others report dwindling pools of skilled workers to draw on. For example, fishing co-ops have noted the smaller number of skippers, shipwrights and diesel mechanics.

At the same time, there are opportunities for agricultural co-operatives to build on their existing workforce to have the range of skills needed. CBH Group has noted the untapped opportunity to turn its seasonal workforce, which includes many university students, into career workers with the co-operative, progressing from seasonal work to employment relating to their education.

Pilot proposal: Agribusiness career pathways for women and harvest casuals

Proposer: CBH Group, regional Western Australia

The grains industry is the largest agricultural sector in Western Australia and fourth largest export industry overall. CBH's 3,900 grower members produce an average of 14.7 million tonnes of grain annually (depending on the season, about 40-50 per cent of the entire Australian grain production) and contribute almost \$4 billion to the State economy each year.

Established in 1933, CBH is the grain bulk handler and supply chain operator for most of the WA grains industry, operating a large and complex supply chain comprising road, rail and port infrastructure and approximately 150 up-country receival points which receive, store and transport grain to four ports at Kwinana, Geraldton, Albany and Esperance.

CBH employs around 1,100 permanent employees and an average of 1,250 casual employees over the busy grain harvest period (October-February) as well as various contractors to perform work at its sites throughout the year.

The sheer geographic spread of the CBH network – a land area almost the size of Victoria – and the large number of sites that need to be staffed in regional areas generates workforce challenges for the co-op. CBH has devised two solutions to address recurring issues with staff resourcing.

The size of the co-operative and its commitment to developing a diverse and sustainable agricultural workforce pipeline make CBH an ideal vehicle to try, test and learn from longitudinal pilot employment programs that the co-op will invest in and run.



Pilot Program 1: Increasing gender diversity in technical and trades roles

CBH employs mechanical fitters and electricians in metro and regional locations to maintain equipment and infrastructure at its operational sites.

CBH has found it challenging to attract qualified female tradespeople, particularly in regional locations through the wheatbelt. However, taking a long-term view, CBH is seeking to attract 4-6 female apprentices to train and develop into qualified trade roles, with a pilot program to initially run in its Albany, Geraldton, and Kwinana Port Zones.

Match funded proposal

CBH Group will fund 50 per cent of the costs of the pilot contingent on match funding by the Commonwealth.

The high-level program costs include the recruitment campaign (estimated at a total cost of approximately \$15,000), the wages costs of the apprentices (for the 4-6 apprentices the estimated total cost is \$1 million - \$1.5 million for the total 4-year duration of the apprenticeships) and the reimbursement of education and training expenses (e.g. lectures, courses, books, tools) estimated at a total cost of approximately \$20,000.



Pilot Program 2: Leadership pipeline program to attract, retain and develop future leaders into the agriculture industry

CBH recruits a large, casual workforce over the harvest period. Many casuals are students studying at University or TAFE, drawn from a range of backgrounds and courses including agricultural science, business and trades.

Despite high levels of work satisfaction, students do not typically stay on to work beyond the harvest period lacking a defined career pathway program to attract casual employees into future leadership roles within CBH and in the agriculture industry more broadly.

CBH proposes an innovative leadership pipeline program where workers from the casual pool, graduates and existing front line employees can undertake a structured placement rotation through the different CBH internal business divisions, including grain quality, logistics, safety, planning and site operations, providing them with a fast track pathway for front line leadership roles. The program is designed to create a pipeline of future leaders for the co-op and meaningful employment opportunities in regional WA.

CBH would initially seek to engage six participants for the pilot program for an 18-month period. These people will ideally come from their harvest seasonal workforce.

Match funded proposal

CBH Group will fund 50 per cent of the costs of the pilot contingent on match funding by the Commonwealth.

The high-level costs involved with the pilot include a promotional campaign (estimated at a total cost of approximately \$15,000) and the trainee wage costs of the successful applicants (estimated at a cost of \$1.4 million for the full program period).

Recommendation: That the Commonwealth Government commit to match funding industry contributions towards the CBH Group pilots of new career pathway programs for women and harvest casuals.

2.2 Attracting production and seasonal workers

Like many agribusinesses agricultural co-operatives rely on seasonal labour supply partially or as the primary workforce in some cases.

Geraldton Fishermen's Co-op and Sweeter Banana Co-operative both noted challenges with retaining seasonal workers, particularly with current visa restrictions. Oz Group Co-op relies on seasonal labour hire for 90-95 per cent of their blueberry picking and 50 per cent of the Geraldton Fishermen's Co-op casual workforce are on working visas.

417 visas are an important category. Some co-operatives have reported having to let go of migrant workers who are classified as unskilled, despite their commitment to the business and local region, and move into more senior roles over time (e.g. becoming a production manager).

BCCM members support calls to ease visa restrictions and other solutions to increase the flow of seasonal labour as a supplementary workforce.

However, COVID-19 has increased awareness of the dangers of over reliance on seasonal or mobile workforces.

Co-operatives are embedded in local communities and invested in the social and economic development of regional centres over the long term. They support ways to attract, retain and incentivise a locally based agricultural workforce where possible with the added benefit of combatting the leakage of talent and population especially younger people from regions.

Collaboration between businesses can help drive sustainable and consistent local work opportunities to attract and retain local workers to help grow vibrant and economically strong regions.

Pilot proposal: Incentive scheme to retain trained workers through COVID-19

Proposer: Sweeter Banana Co-operative, Carnarvon WA

The seasonal peaks and troughs of banana packing make retention of a trained workforce challenging for the Sweeter Banana Co-operative based in the remote region of Carnarvon in WA. Traditionally the co-op has relied on backpackers to fill seasonal roles.

With the impact of COVID-19 on labour mobility and supply, the co-operative is exploring new strategies to retain workers for longer. The seasonal variability and the location of the co-operative mean most government-backed placement and subsidy programs such as Harvest Trail are not a good fit and an employer-driven response is required.

Sweeter Banana will trial a new program to retain workers over the low season that could be replicated in other agricultural industries located in remote growing regions if successful.

The key features of the program are:

- Payment of a bonus five hours of award wages during July and August where the work week is significantly reduced due to low harvest volumes;
- Monthly bonus between September and March that scales up to \$1,000 per month for workers who stay on with the co-op.



The co-operative believes the initial increase in labour costs per carton of bananas processed, will be offset with productivity gains and cost savings over the longer term. Reduced workforce attrition will provide more scope for the co-operative to efficiently allocate training costs. Quality is also set to improve with retention of experienced staff. Cross-training in additional roles will enhance staff flexibility and knowledge ensuring further improvements in quality.

The co-operative has funded an initial trial using the one-off COVID-19 cash flow payments. The co-operative seeks government match funding to continue this trial for a further season and to establish the business case for the industry-funded incentive scheme.

It is expected the co-operative will be able to determine if the incentive scheme can be self-funding following this trial.

If proven, this approach could be rolled out in a wider range of agricultural processing and marketing businesses as an alternative to intermediary-driven labour supply solutions and would be less reliant on ongoing subsidy beyond the start-up period.

Match funded proposal

The estimated cost for the pilot of the Employee Retention Program for one season is \$130,000 including employee salary incentives, administration and project evaluation. Sweeter Banana Co-operative can invest 50 per cent of the costs contingent on Commonwealth match funding.

Recommendation: That the Commonwealth Government commit to match funding industry contributions towards continuation of the Sweeter Banana Co-operative Employee Retention Scheme trial.

2.3 Availability of local training and education for modern agriculture

The COVID-19 pandemic has driven home the possibilities for remote working and online education, which could be a boon for agricultural co-operatives and their workforce.

At the same time, agricultural co-operatives noted the importance of local hands-on apprenticeships and ongoing training for workforces to keep up with modern technological capabilities. Some co-operatives see this as a gap in their local area, particularly in smaller towns. The lack of workplace-based training pathways can be a weakness for retaining local labour.

Co-operatives in the Northern Rivers are exploring the potential for greater industry collaboration to provide local employment and training pathways. By working together, agricultural co-operatives in the region can efficiently pool their skills needs while exposing school leavers and other jobseekers to a range of work experience and training opportunities that could boost retention of these workers in the region.

Pilot proposal: School to work pathway project and regional labour pool

Proposer: Co-operatives Alliance, Northern Rivers NSW

The opportunity

The Co-operatives Alliance (CA) is a united group of the largest co-operative employers in the Northern Rivers region predominately in the agricultural sector. They operate in a range of agricultural industries and have significant direct employment in processing, packing and marketing operations. The combined direct employment of CA members is more than 2,000 people and the combined turnover of the businesses is \$1.1 billion.

The CA works to find collaborative solutions to address business challenges. The lack of a reliable, local agricultural workforce has been identified as a major business impediment, including:

- Lack of training and employment pathways for local workers
- Restricted mobility between regions
- Availability of visas
- Small existing labour pool at risk of COVID-19 impacts including ill health and visitors returning to home countries

The CA has discussed a co-operative solution to address local workforce challenges through formation of a regional labour hire co-operative to train, supply and manage the allocation of local jobseekers (including school leavers) to perform labour across multiple industries.

Offering opportunities to school leavers to develop new skills across different agricultural industries will help retain a pool of local workers who can step into roles in various agricultural industries across seasonal demands while delivering efficiencies to participating employers. This is an innovative business model that has been used in other industries and jurisdictions but is underutilised in the Australian agricultural sector.

The Co-operatives Alliance also has strong links with RDA Northern Rivers, which has just launched an employer-driven regional workforce strategy and workforce platform that could be leveraged in this project.



Why a co-op model?

Co-operatives are ideal business structures where a group of people or businesses has a common problem. By adopting a co-operative structure that is focused on member benefit, 100 per cent of the benefits of collaboration will flow back to member-businesses, their staff and the local economy.

Examples of co-operative labour hire and training models

- Seasonal Solutions Co-operative Ltd
 - A New Zealand farmer and contractor-owned co-operative that organises seasonal labour in the horticultural and viticultural industries.
- HunterNet Co-operative
 - A co-operative of engineering, defence and manufacturing firms in and around Newcastle.
 - HunterNet hires and places apprentices and trainees with its member firms, providing back office support to the member.

Proposal for Pilot

CA members have deep understanding of agricultural industries through their management of leading agricultural co-operatives in the region but will require expert support to scope, plan and, if shown to be feasible, implement a pilot of a labour co-operative that is appropriate for the local context.

Contingent on Commonwealth match funding, the industry will contribute 50 per cent project costs (traineeships, in-kind and administration).

The Co-operatives Alliance is proposing a two-stage process. The following are indicative timelines and costings:

Stage 1: Labour Co-op Business Case Development to establish the viability of the pool and map the education and employment pathways available (6 months).

Estimated cost: \$350,000 (Industry/Commonwealth matchfund)

Stage 2: If validated by Stage 1, conduct a **Labour Co-op Pilot** involving an estimated 25 local career pathways with participating agricultural co-operatives (18 months).

Estimated costs: \$1,250,000 (Industry/Commonwealth matchfund)

The Pilot would engage a business consultant to define the pilot scope, and develop the business case and model for Stage 1:

- develop a strong understanding of the local economy and labour market and the strategic drivers for the individual businesses involved.
- Develop a clear understanding of the expertise and business services required to progress the proposal
- Provide case studies of examples of co-ops using proposed models
- Engage and consult with executives of participating businesses involved to understand their interest and concerns about the proposal.
- Develop an agreed business model and structure for the labour co-op
- Allow the Co-operatives Alliance to determine scope and feasibility of stage 2

Recommendation: That the Commonwealth Government commit to match funding industry contributions to the development of a Northern Rivers Labour Co-op pilot program.



Northern Rivers co-operative employers snapshot

Nuts – Marquis Macadamias

- o The world's largest macadamia processor and marketer.
- o Owned by 180 growers
- o Annual turnover of \$180M
- o Employs 400 people, across 2 processing sites including 300 seasonal factory / process workers.

Dairy – Norco Co-operative

- o Owned by 305 members on 205 dairy farms
- o Employs 869 people
- o Turnover of \$675 million
- o Produces milk, cheese and other dairy products for the east coast market.
- o Estimated 9 apprentices and traineeships in next year

Fruit – Oz Group Co-op

- o Australia's largest berry supplier, owned by 160 growers.
- o Employs 200 people, including more than 160 seasonal workers.
- o Estimated 6 apprentices or trainees in next year. Key skills needed are engineering, mechanics and machine operators.

Meat – Northern Co-operative Meat Company

- o Owned by 1000 producers and is one of the last locally-owned co-op abattoirs in Australia.
- o Employs 1000 people.

Fishing – Ballina Fishermen's Co-op

- o 22 member fishers
- o Employs 30 people

Fishing – Clarence River Fishermen's Co-op

- o 120 member fishers
- o Employs 70 people

Sugar – Sunshine Sugar

- o Joint venture between NSW Sugar Milling Co-operative (owned by 500 cane growers) and Manildra Group.
- o Employs 450 people

2.4 Farm business continuity

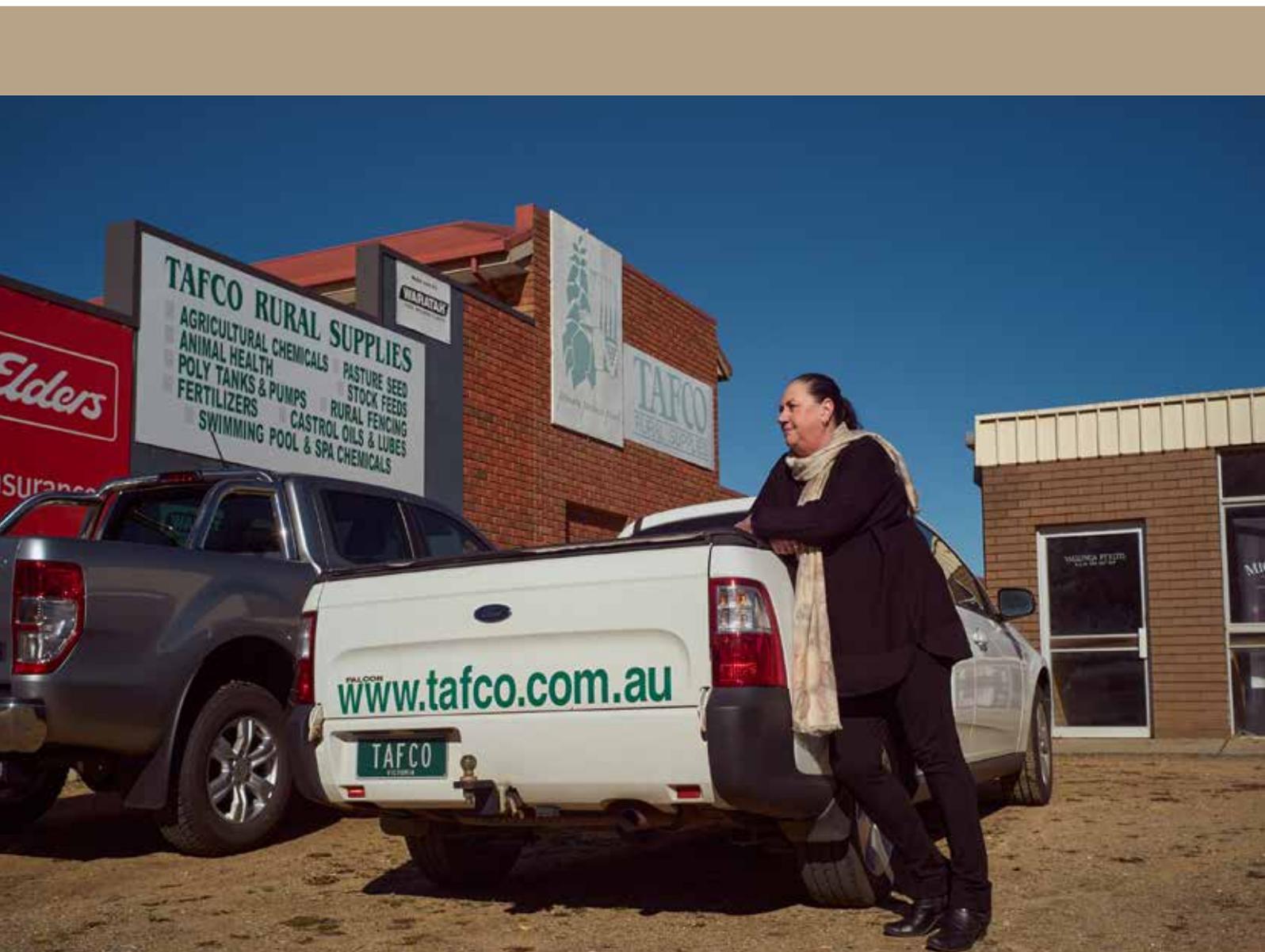
Co-operatives have an ongoing mutual relationship with their member-farms and the sustainability of on-farm activities is therefore important to co-operatives.

Northern Co-operative Meat Company has recently developed an on-farm engagement unit that helps famers to boost sustainability of their businesses.

TAFCO, a co-operative providing pooled farm inputs for more than 600 farm businesses in northern Victoria, noted that its farmer-members often had challenges in securing labour during harvest.

Grower-owned Pioneer Valley Water Co-operative suggested farmer succession was a significant challenge, with older farmers unable to pass on farms to their families because the returns are low compared to other industries. Farmers are skilled self-employed business operators who are an important component of the agricultural workforce.

Recommendation: That the Commonwealth Government work with the industry peak body to identify pathways for successful farm succession to co-operative structures including worker owned ventures





100% FARMER-OWNED CO-OPERATIVES AND MEMBER-OWNED MUTUALS



The Cooperatives Alliance (CA) is an association of Northern Rivers co-operatives and mutuals operating in agribusiness, fisheries and financial services.

Together, the CA powers the Northern Rivers economy through:

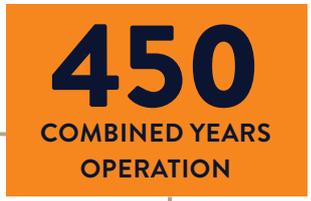
1. Providing good quality employment and supporting the sustainability of local businesses.
2. Donations and support for community organisations and initiatives.
3. A commitment to quality products and business innovation.

The CA is united to raise awareness of the contribution of local co-ops to the economy and to provide leadership in economic and community development in the Northern Rivers.



PRIORITIES FOR REGIONAL DEVELOPMENT:

1. Improvement of transport infrastructure.
2. Appropriate environmental management and planning laws and policies.
3. Reduce regional business energy costs, including through co-investment in renewable energy.
4. Government support for the growth of regional businesses.
5. Government recognition and parity of treatment for co-operative and mutual enterprises.
6. Promotion of the Northern Rivers as a food hub.



MEMBERS:

