

Q2 2017 REVIEW OF HIGHLY SKILLED AND INELIGIBLE LISTS OF EMPLOYMENTS

SUBMISSION FORM

The information you provide below is important to the review process. You are encouraged to be as specific and detailed as possible when providing information.

1. Date of submission

[Please note the closing date is 27 April 2017]

2. Who is this submission on behalf of?

a. Provide name of individual, firm or organisation

Irish Farmers' Association

b. Provide contact details

Patrick Farrell, Irish Farm Centre, Bluebell, Dublin 12, patrickfarrell@ifa.ie, 01 4500266, 087-9488039.

c. Briefly describe the main activity and characteristics of the organisation making the submission [not required for Government Department/State Bodies]

The Irish Farmers' Association (IFA) is the main representative body for farmers in Ireland. It is a largely voluntary structure and comprises committees representing all of the major commodities, ranging from the main farming sectors of beef and dairy to smaller scale, more labour intensive sectors, including fruit, vegetables, pigmeat, poultry, potatoes, mushrooms and the hardy nursery sector.

3. What occupation does this submission refer to?

a. *Occupation job title*

SOC 511 - Agricultural and Related Trades

5111 - Farmers

5112 - Horticultural trades

5119 - Other Agricultural & Fishing Trades not elsewhere classified.

SOC 911 Elementary Agricultural Occupations

9111- Farm Workers.

b. *What status do you propose for this occupation?*

- For inclusion on HSEOL
- For removal from HSEOL
- For inclusion on ICEL
- For removal from ICEL

*Tick one option as appropriate

4. Reason for proposed change of status:

Food Harvest 2020, published in 2009, set out a 10-year strategy for the growth of the agriculture and agri-food sector. This was a whole of industry strategy, and targets were set for growth in output and in value-added for each sector. Since 2009, agri-food exports have increased from €7b to over €11b in 2016. Foodwise 2025, the successor of Food Harvest 2020, set further ambitious targets for the next decade, targeting an increase in export values to €19b. It also identified a need to invest in human capital at primary producer level and to increase the value of primary production to €10b. Overall, the strategy targeted an increase in employment of over 23,000 jobs in the next decade.

This submission refers to the skills and labour supply shortage that has emerged in the last number of years in the agriculture sector for employees. The shortage is arising due to a number of factors, including:

- The fall in unemployment in Ireland, this is leading to a greater labour supply shortage, particularly for lower paid employment. In the past 12 months, the unemployment rate has fallen from 8.3% to 6.4%, and is projected to fall further. This is particularly relevant for the horticulture sector.
- Improvements in the economies of newer Member States. This has reduced the supply of workers who have traditionally filled manual jobs in the horticulture sector since EU accession over a decade ago.
- An increased demand for skilled farm workers, particularly in the dairy sector, arising from the expansion in milk supply and the dairy herd since the abolition of milk quota in 2015.
- Increasing demand for skilled farm workers in the pigmeat and poultry sectors, arising from increased output and increased scale in these operations.

IFA believes that the shortage of labour supply at farm level, both skilled and manual that is emerging, will restrict the ability of the sector to achieve its growth targets over the next decade.

For the horticulture sector (including mushrooms, soft fruit and vegetables), the Bord Bia commissioned 'Labour Review of Horticulture in Ireland 2016' identified a growing shortage of seasonal labour supply, and recommended that consideration should be given to addressing work shortages via the work permit system. The rapid growth in employment in Ireland provides a major challenge to attract and retain workers, with employment opportunities available in many other sectors. The horticulture sector has traditionally relied on migrant labour supply. As unemployment falls in other EEA countries, the labour supply sources of the last decade are beginning to fall. It should be noted that the supply of labour is tightening in a time period where the minimum wage has increased, and horticultural wages above the minimum rates have also increased to maintain a pay differential between entry level and more skilled/experienced workers. In the last period of significant growth in the Irish economy in the late 1990s, employment permits for non-EEA workers were made available for the mushroom sector. This was in response to the difficulties faced by the sector in securing workers from within the EEA. IFA believes that a similar set of circumstances is leading to a situation whereby the ability to secure labour supply from within the EEA is becoming increasingly challenging.

In the dairy sector, research undertaken by Teagasc in its report 'The Growing Demand for Farm Operatives' identifies that the 50% expansion targeted for milk supply in 2020 (of which 35% had been achieved by 2016 is being driven by a restructuring of the sector. The result is larger dairy herds and a requirement, therefore, for greater numbers of employed labour on those farms. Overall, it has been estimated that there is an increased labour requirement on these farms of 6,000. Some of this will be met by the existing labour force; however, there will be a requirement for recruitment of external labour. This is occurring at a time where potential labour supply is falling, as alternative job opportunities increase.

5. Consultation

Have you consulted with, or are you aware if there has been any consultation with, your industry representative body on this issue? [Please complete if you are a private individual.]

IFA representatives have participated in a number of fora examining the labour shortages and skills needs in different primary agriculture sectors. These have included:

- Bord Bia Labour Review of Horticulture in Ireland 2016
- Department of Agriculture Foodwise 2025 workshop on skills needs at farm level
- Consultation with Teagasc on the growing demand for farm operatives in the dairy sector

6. Training and industry initiatives

The Department must be satisfied that the industry is committed to fully utilising the domestic/ EEA labour market before industry considers employing non-EEA nationals. Your submission should include information on any demonstrated industry commitment to training and industry initiatives to enhance domestic/EEA recruitment that you are aware of, specifically:

- a. *To your knowledge, what steps are being taken by industry and employers in the short term and long term to address this shortage?*

To attract and retain staff, over many years the horticulture sector has developed additional supports and services for its employees. These have included accommodation and transport services, and, in some cases, language classes to support integration. In addition, there have been significant improvements in automation and in workplace ergonomics to improve the working environment.

In the dairy sector, consultation is ongoing, following the identification of the labour shortage arising from the expansion of the dairy sector. This is being led primarily by Teagasc and the Department of Agriculture. It is anticipated that specific training and education programmes will be developed over the medium term to supply skilled farm operatives/workers in this sector. However, in the short term, IFA believes there is a requirement to secure suitable labour supply from outside of the EEA, from countries that have undergone a period of expansion in the past. It is worth noting that the dairy sector in the EU operated under a non-expansionary quota regime, up until 2015. Therefore, the supply of suitably qualified labour may not be easily obtained from within the EEA.

- b. *Are you aware of initiatives by the sector to upskill the resident population or plans by industry representatives to engage with education and training providers in ensuring that the sector's skills needs are met?*

FETAC (now QQI) approved training was established in the mushroom sector for training of farm managers, mushroom harvesters and operations workers. Many farms across the horticultural sectors have formalised on farm training and work based learning initiatives in place

Across the other sectors, for example dairy, there are ongoing education and training supports provided by Teagasc, through the agricultural colleges, and through Knowledge Transfer programmes which are primarily for the farmer. Skillnet programmes are also in place which are availed of throughout the sectors.

Collaborative farming, including partnerships, share milking and other structural initiatives have been implemented however although useful they will not alleviate the problem. These structures take time to set up, and do not meet the need for seasonal work for instance.

- c. *Are you aware of the education and training initiatives and programmes that currently exist? If yes, why is the graduate output not sufficient to meet your sector's needs e.g. quality of graduates? quantity? geographic mobility?*

Teagasc are the national agricultural education and advisory body, and have responsibility for providing education and training, both full and part-time, and continuous training through Knowledge Transfer programmes, for the primary agriculture sector.

The shortage of labour supply identified above includes a shortage of numbers with specific skills (e.g. in the dairy sector), or simply a shortage of labour supply overall (e.g. horticulture sector). It doesn't really apply to graduates per say. However, where students in ag colleges and other 3rd level institutions take specialist courses in dairy etc., they tend to be farmers' children and intend to return home to farm, which means they are not available to the broader agricultural sector.

- d. *Does your industry have an agreed skills plan? i.e. a plan for upskilling the current workforce and or potential workforce? If yes, describe the expected outcomes of the plan. If no, what plans are in place to develop one and within what timeframe?*

Foodwise 2025 provided a set of recommendations and actions to address skills needs at primary producer level in order to achieve the growth targets of the sector over the coming decade. The identified skills, needs and actions are set out in Chapter 6, Delivering Growth of the report (page 47 of the report).

- e. *Are you aware of measures taken by the sector to avail of the Department of Social Protection's Employer Engagement Team to source qualified job seekers? If yes, please explain. Also, please explain efforts made to recruit qualified EEA job seekers using for example Eures, Jobs Fairs, industry associations abroad, Jobs Ireland, etc.*

Employers and recruitments bodies, such as the Farm Relief Service, have made efforts to recruit qualified EEA job seekers through a number of routes overseas.

7. Labour market conditions

The Department must be satisfied that industry is committed to meeting its labour needs from the resident and EEA labour market, and that recourse to the recruitment of foreign nationals is only undertaken where a genuine skills shortage exists, rather than other factors relating to the conditions of the employment which should be addressed through means other than economic migration. Please provide any general information that you feel is pertinent in relation to your industry, e.g. wage ranges for occupations where shortages occur, whether the perceived shortage is general to the occupation or only occurs at specific levels of experience, or for very specific expertise.

Regarding the dairy industry, there has been a sudden expansion in farm herd size due to the abolition of milk quotas. Other factors such as more compact calving on farms and other such practices have led to increased workloads at specific times. As a result, there is an immediate need for skilled and semi-skilled labour in this sector which cannot be sufficiently sourced within the existing EEA countries. In most cases salary and working conditions are not the issue but the lack of suitable candidates within the existing labour pool. Farmers have identified such skilled individuals in countries outside the EEA where there is an already established intensive dairy industry but unfortunately due to our current work permit regime

they are unable to employ them. In another area of the food sector work permits were granted in 2014 to boners in meat factories as these craft skills were not available within the EEA countries. It is in fact ironic that this shortage of skilled labour in the dairy sector has resulted in a deterioration of the working conditions for many individual farmers which among other things will unfortunately only exacerbate the health and safety issues on farms.

In relation to horticulture, it is the nature of the industry that many of the jobs in the sector are at the lower end of the pay scale and semi or unskilled workers due to the low margins in the sector. Jobs in most of the fresh produce areas are only seasonal and therefore only suit certain individuals which in general are migrant workers. Many foreign individuals initially find work in the horticulture sector but having once established themselves in the country and maybe improved their language skills they tend to move into other jobs in other areas within the labour intensive economy such as construction, retail etc. This was not an issue until recently as alternatives were not available, however, this has now all changed due to an improved economy. In short, despite the improvement in working conditions etc. on farms and the fact that Ireland has the second highest minimum wage within the EU, producers are now struggling to source manual labour and production operatives in particular, from the existing EEA countries

The expert group on future skills needs (EGSFN) recently produced a report (April 2017) Entitled 'Update on Future Skills Needs in the Food and drink sector'. Unfortunately, it's terms of reference did not include the primary producer but it did raise a number of pertinent points and issues which are detailed below that also apply to the primary food producer.

- Food Wise 2025 projects significant growth over the coming years, with a target of 85% exports growth to €19 billion by 2025, as well as an increase of 23,000 jobs over the period. It is clear, however, that these targets are dependent, among other things, on successfully addressing the skills and labour needs of the sector.
- It states there is a need for operatives at production level and in other specific areas.
- The State's general policy is to promote the sourcing of labour and skills needs from within the workforce of the State and other European Economic Area (EEA) states. Where specific skills prove difficult to source within the State and EEA, an employment permit may be sought by an employer to hire a non-EEA national. Employment permit policy is part of the response to addressing skills deficits which exist and are likely to continue into the medium term. The employment permits system will continue to be responsive to changes in economic circumstances and labour market conditions.
- Of primary concern to many is the current uncertainty around Brexit and the consequent depreciation of sterling which is putting substantial pressure on low-margin sectors (e.g. mushroom) exporting to the UK.

8. Wider economic factors

Wider economic factors may have an influence on occupational shortages. For example, are there reasons associated with productivity, innovation or competitiveness that you think the Department should take into consideration? Please provide evidence.

There has been strong growth in the labour market over the past six months in particular with the CSO reporting the unemployment rate for March 2017 at 6.4%, which is below the forecast of 6.9% which had been forecast by the central bank. If this trend continues we could have an unemployment rate of 5% by 2018, which most commentators agree is essentially full employment. Due to the economic growth across the Eurozone, the demand and

competition for this type of migrant worker has increased with shortages now arising within the existing labour supply of the EEA countries.

The increased productivity and innovation within the dairy industry now demands an increased skillset. Most Irish farmers compete on international markets therefore if we have issues on the availability of skilled and more general labour our agricultural industry will suffer and stagnate. This is very evident at the moment regarding the implications of Brexit. Dairy farmers and mushroom growers, in particular, are sectors within the broader economy who have felt the immediate negative impacts of Brexit due to currency volatility. These farmers should not have to deal with restrictions in their ability to be competitive because of an issue which is within the gift and remit of our own government to alleviate.

Thank you for participating in the review.

Please note that the information provided on this form will be shared with relevant Government Departments and State organisations. This is to promote an integrated approach to addressing skills shortages in the State.