

THE DAIRY INDUSTRY FARM MONITOR PROJECT

FOCUS ON PEOPLE.

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This year the Dairy Industry Farm Monitor project (DFMP) was run for the second time in Victoria by the Department of Primary Industries in conjunction with Dairy Australia. It involves the collection of data from 73 dairy farms across the three main dairy regions in Victoria. The aim of the project is to document the business performance of these farms.

The future of dairying in Australia will see demand for resources such as land, water and labour increase. Farming will require more effective use of resources, including the on-farm people resources. Effective people management is a key to managing a thriving business, however, for some dairy farmers this is seen as a cloud of unknowns and red tape.

In response to the growing interest in managing people, Dairy Australia recently launched its *The People in Dairy* programme. This includes a website with tools to help farmers attract, deploy, retain and develop staff.

To gain an understanding of how the people are managed on dairy farms, information has been collected from the DFMP survey. This includes the areas of wages, people productivity, workload, the age of dairy owner/operators, and the ease of attracting and keeping the right people. This report details this information in a number of categories below.

The following data was collected in June 2008 and refers to the 2007/08 financial year.

WAGES OF PEOPLE WORKING ON DAIRY FARMS.

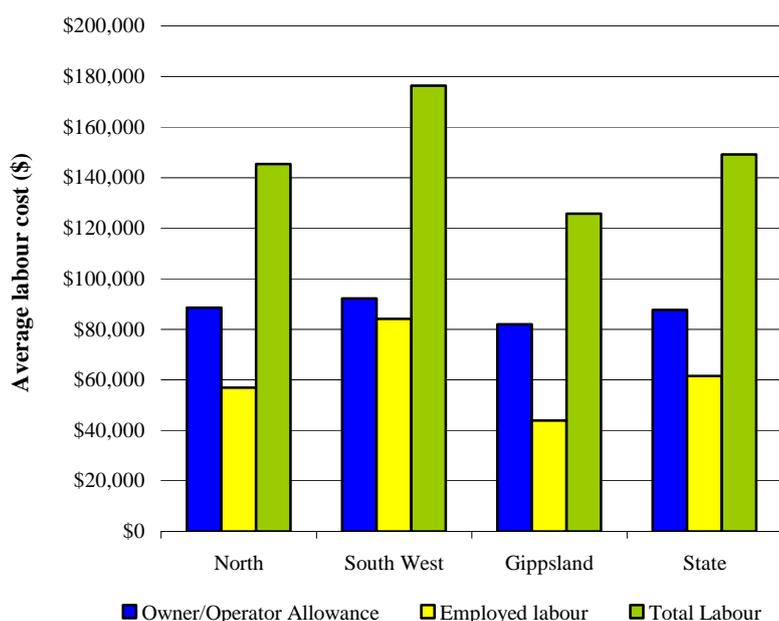


Figure 1 shows the average cost of people on dairy farms. The highest total labour cost can be seen in the South West and the lowest in Gippsland. This same trend follows with employed labour cost, while the owner operator allowance is a fairly uniform cost throughout the regions.

These costs were identified through interviewing farmers. Imputed labour is the allocation of labour costs for the owner, family or sharefarmers. This was taken as the greater of \$400 per cow less paid labour or \$15 per hour.

Figure 1. Average people cost (\$) of owner/operator, employed and total labour.

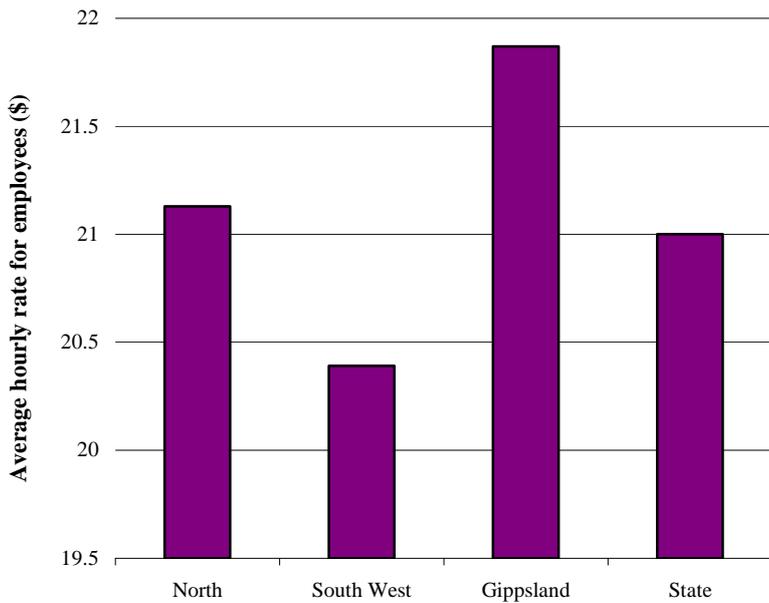


Figure 2 shows the average hourly wage of people employed on dairy farms. Obviously there is variation in this amount depending on their role. It is clear that the highest hourly rate on average for employed people is paid in Gippsland and the lowest average wage is paid in the South West.

It is interesting to note that all of the hourly rates for people employed are above the fifteen dollars an hour in the definition for imputed labour. Wages however only make up a small part of the picture of people in a dairy business. Another important aspect is people productivity.

Figure 2. Average hourly wage for people employed on dairy farms.

PEOPLE PRODUCTIVITY IN THE DAIRY INDUSTRY.

Productive use of people on dairy farms is very important for a profitable dairy business. This productivity can be measured in a number of ways, using kilograms of milk solids per labour unit, hectares per labour unit and milking cows per labour unit.

The *The People in Dairy* project defines a labour unit or full time equivalent (FTE) as working 50 hours per week for 48 weeks of the year. These values were determined from industry consultation to provide information that was seen to be more practical and relevant to the industry. Note that this definition differs from the Workplace Authority's 38 hour standard week and should not be interpreted as a recommendation.

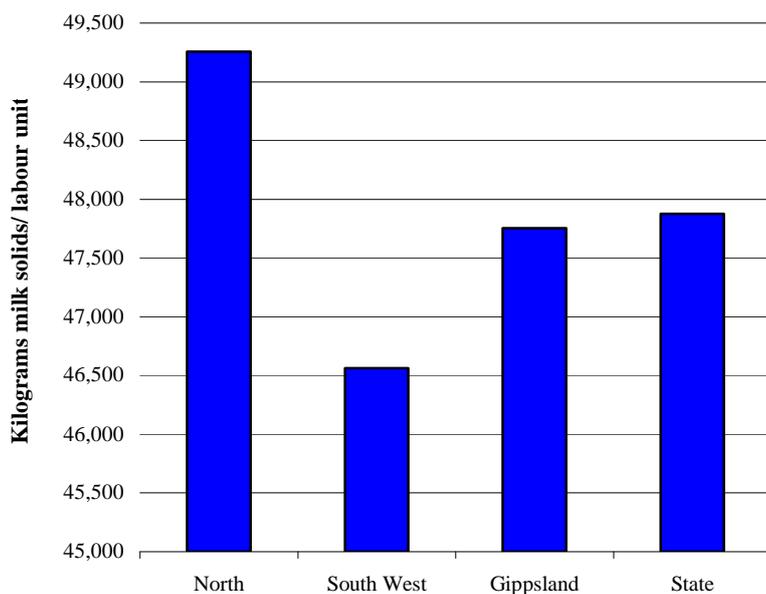


Figure 3 shows people productivity in terms of milk solids per labour unit. It can be seen that the North is the most efficient region in terms of milk solids per labour unit. This efficiency is followed by Gippsland and then the South West.

Figure 3. Average kilograms of milk solids per labour unit across the regions.

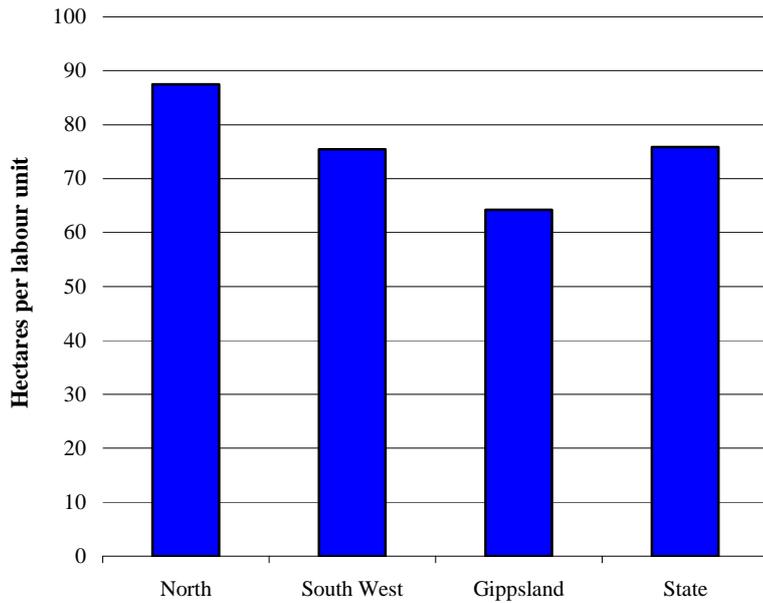


Figure 4 shows the average hectares per labour unit in each different region. The North has the highest hectares per labour unit followed by the South West and then Gippsland

Figure 4. Average hectare per labour unit across the regions.

Figure 5 shows the average number of milking cows per labour unit across the regions.

This measure of people productivity shows the Gippsland region is the most efficient followed by the North and then the South West.

The *The People in Dairy* website states that a rough industry average for good cow/labour unit efficiency is 70-200 cows per FTE. Clearly every regional average is well within this range.

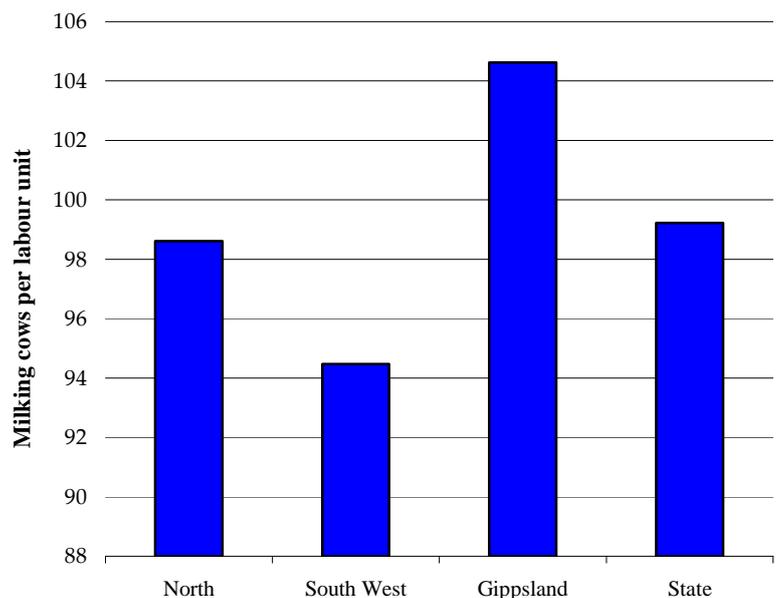


Figure 5. Average milking cows per labour unit.

How does this efficiency leave the workload for people on dairy farms?

WORKLOAD FOR PEOPLE IN THE DAIRY INDUSTRY.

The table below can help supervisors manage staff work levels more effectively.

Table 1. Hours per year indicator from The People in Dairy.

HOURS PER YEAR INDICATOR	
OK	< or = to 2500 hours per year
Caution	between 2500 and 3000 hrs per year
Alert	> 3000 hours per year

For more information on this issue please refer to *The People in Dairy* website.

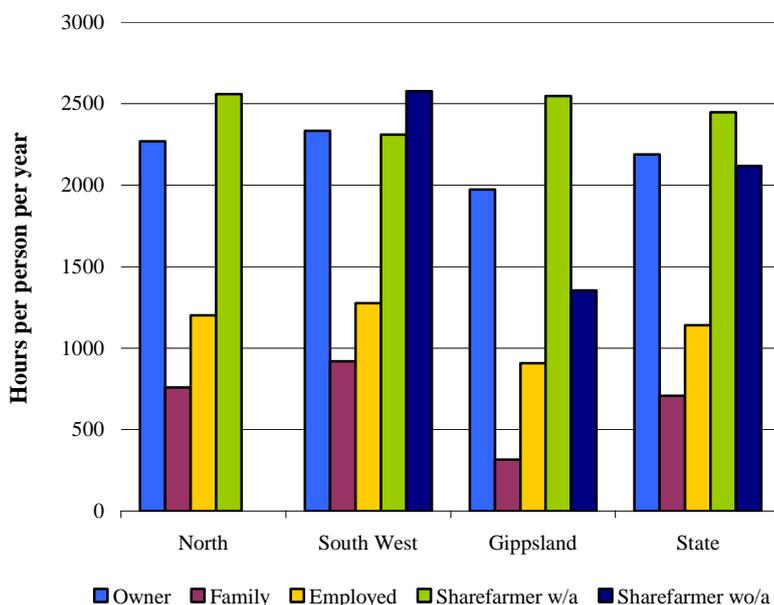


Figure 6 shows the average hours worked per year for different people on a dairy farm. According to the *The People in Dairy* website, the danger zone for hours worked on a dairy farm is over 3000.

According to figure 6, on average some categories are in the 'caution' area but none on average are into the 'danger' zone.

Figure 6. Average hours worked on farm per year.

This does not mean that individually that people are not working into the danger zone defined by *The People in Dairy*. The problem with such high hours worked is achieving a work/life balance, as well as occupational health and safety issues that can arise.

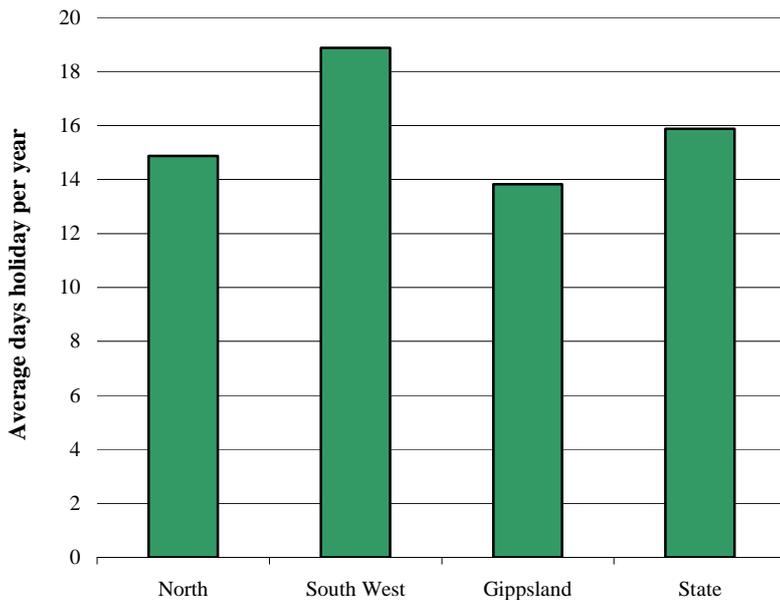


Figure 7 shows the average days of holidays taken per year across the region for dairy farm owner/operators.

The Australian Government's Workplace Authority states that workers must receive four weeks paid leave per year, except for casuals.

This graph shows that on average owner/operators are giving themselves about two weeks leave. This is much less than the national requirements.

The graph also shows that more holidays are taken in the South West than in the North or Gippsland.

Figure 7. Average days of holiday per year across the regions.

Figure 8 shows the average hours worked by the owner/operator per week. The North and South West have fairly similar hours per week worked. Gippsland owner/operators were well below the North and South West.

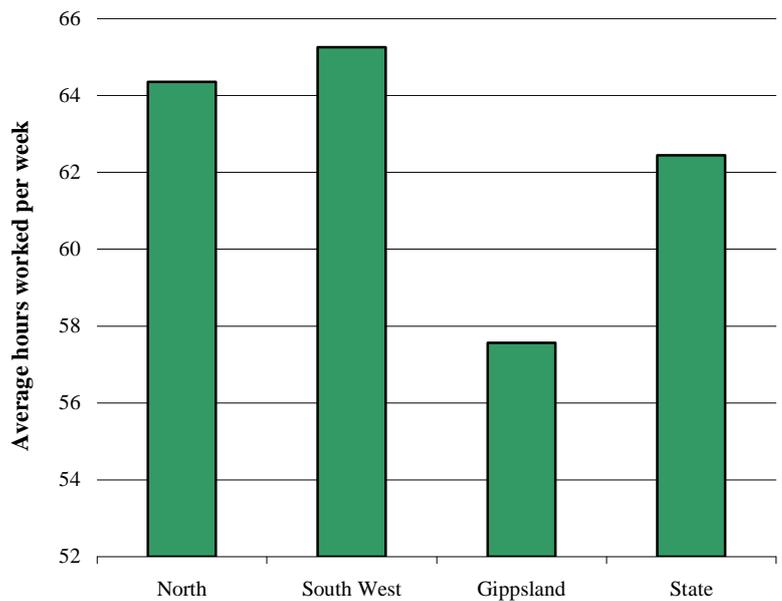


Figure 8. Average hours worked by owner/operator per week.

THE AGE OF DAIRY OWNER/ OPERATORS.

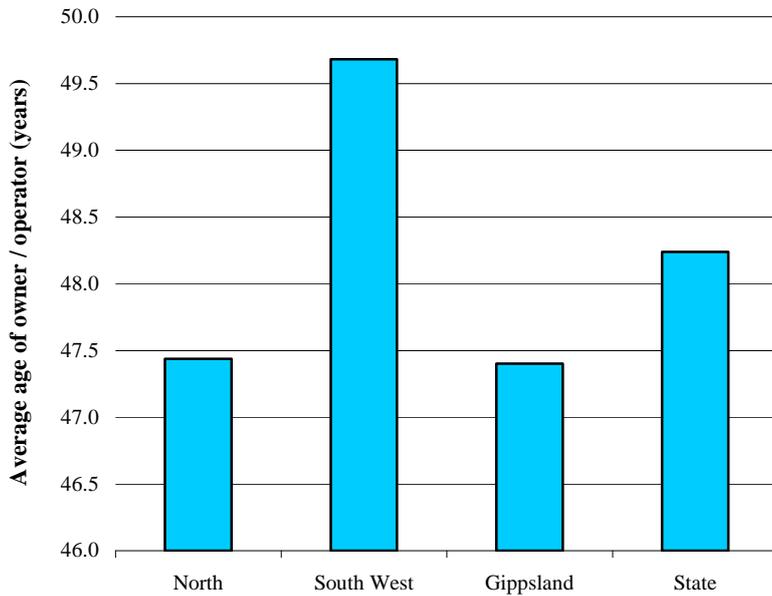


Figure 9 shows the average age for owner/ operators of dairy farms that were interviewed for the report. The regions show that the average age of owner/operators is higher in the South West than the North or Gippsland.

Figure 9. The average age of dairy owner/ operators in years.

ATTRACTING AND KEEPING THE RIGHT PEOPLE ON FARM.

It is a common perception within the industry that for many dairy farmers, finding the right person to match the goals and direction of your farm can be a challenge. Likewise once you have the right person on farm, it is thought that keeping them can be a challenge.

To quantify this assumption, farmers were asked to rank from one to five how hard they found it to attract and keep the right people on their farm.

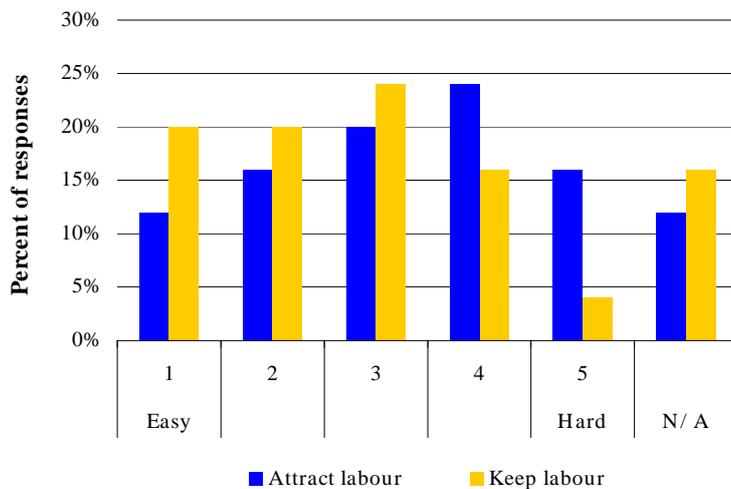


Figure 10 shows that farmers interviewed in the North found it reasonably hard to attract labour to their businesses. Keeping labour in the farm business was seen as easier. The northern data indicated that while some people find this a problem, others do not.

Figure 10. Attracting and keeping labour in the North.

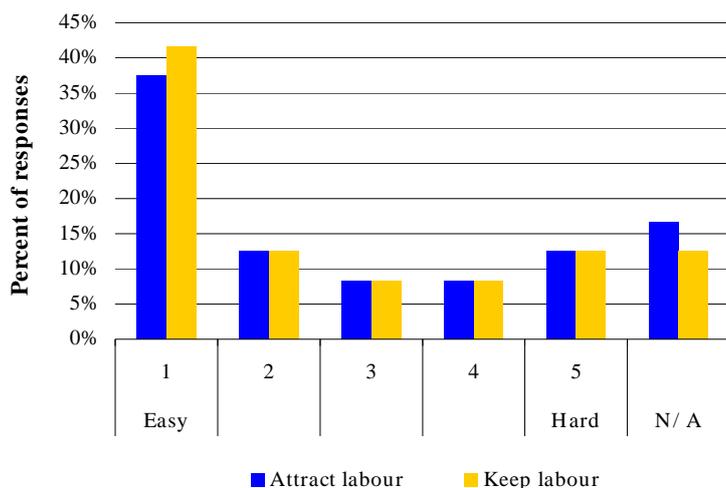


Figure 11 shows that the majority of Gippsland farmers interviewed found it easy to attract and keep the right people in their business. Although a proportion of farmers found attracting and keeping the right people hard.

Figure 11. Attracting and keeping labour in Gippsland.

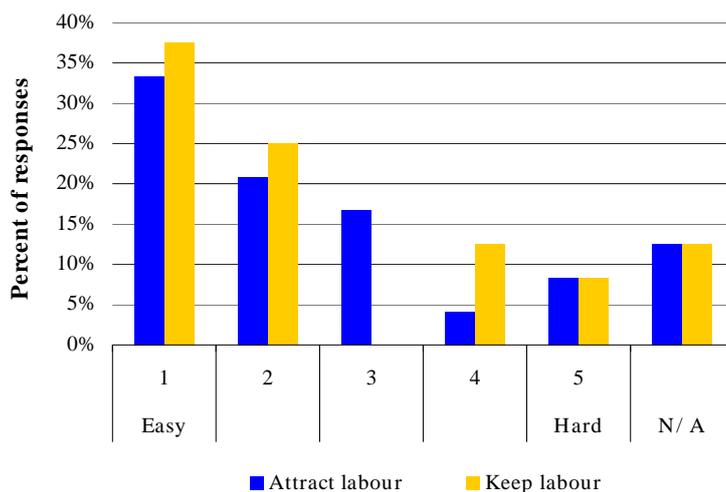


Figure 12 shows that the majority of farmers in the South West found it easy to keep labour and to a lesser extent attract labour to their farm business. There is still a range of responses though from easy to hard.

Figure 12. Attracting and keeping labour in the South West.

From the three graphs it can be seen that attracting and keeping the right people on a dairy farm is more of an issue in the North than the other dairy regions.

THE PEOPLE IN DAIRY WEBSITE

Dairy farmers are not alone in managing the people side of their business; *The People in Dairy* website supports farmers by covering a range of topics from attracting and interviewing staff, OH&S requirements and a range of other topics.

The website outlines three fundamental principles of successful people management-

- Design the farm systems to fit people, rather than trying to find people to fit the system;
- Increase people efficiency and productivity by ensuring the right people do the right jobs at the right time;
- Place great value on having effective working relationships.

The website has a live library, a “coming events” page, a people analysis tool, real stories from dairy farmers and an opportunity to subscribe to the mailing list.

People on dairy farms are a vital component to the success of the business. Research such as the Dairy Farm Monitor project provides a good understanding of current performance on farms, and help identify opportunities for improvements, increasing profitability and farmer satisfaction with dairying.

RESOURCES

The People in Dairy, website: www.thepeopleindairy.org.au

Australian Government, Workplace Authority

<http://www.workplaceauthority.gov.au/graphics.asp?showdoc=/PayAndConditions/fairpaystandard.asp>