

IMPROVING LABOUR MANAGEMENT

for profits



Assisting farmers to identify areas of labour management which will help improve profits





Table of Contents

Foreword	2
WHAT is DairyCHECK?	3
Guide to the Labour Management Manual	4
Introduction	5
SECTION 1: UNDERSTANDING YOUR FARM'S LABOUR SITUATION	6
• What is your current labour force on the farm?	6
• Analysing your current labour performance	7
• Examining your labour productivity and comparing to benchmarks for labour efficiency	8
• Determining your farm's goals	10
• Determining your farm's labour needs for the future	12
SECTION 2: EMPLOYMENT AND LABOUR MANAGEMENT	14
• Managing existing labour	14
• Communication	19
• Dealing with conflict	20
• Recruiting and hiring staff	23
• Getting off to a good start with new staff	28
• Some do's and don'ts from farmers who employ labour	29
SECTION 3: MAKING EMPLOYMENT SIMPLER	31
• Understanding your legal obligations	31
• Some other options to meet your labour needs	33
• Improving existing work practices and using new technology	36
SECTION 4: PLANNING FOR CHANGE	39
SECTION 5: WHERE TO GO FOR MORE HELP	42
• Key labour tools, packages and other courses	42
• References	43



Foreword

Change is occurring at a rapid rate in the NSW dairy industry due to the cost-price squeeze associated with reduced milk prices and increasing costs of production.

Many farmers wishing to stay in the industry are at the crossroads, having to make major decisions on ways to improve farm productivity and profitability.

It is difficult to speculate on future milk prices but the cost of production and living expenses suggest that we will need to continually challenge existing herd sizes and profit margins per hectare and per farm.

Lower milk prices suggest that gradual change will not be the complete answer and productivity gains will have to be made at even faster rates and greater amounts than in the past.

It has been estimated that we will have a shrinking industry when it comes to the number of farms, however, in terms of the production per farm and the adoption of new technology, dairying in NSW will continue to be a growth industry.

A common factor will be the need to increase the effectiveness of existing operations to reduce costs then consider ways to graze and milk larger herds to improve total farm income. This will involve close examination of the key drivers of profit ie herd, shed, feed, labour and farm management.

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WHAT IS DAIRYCHECK?

DairyCHECK is about farmers selecting the most appropriate technology and farm management to improve the overall profitability of their farm.

The project comprises three stages:



Stage 1 – Farm Management Audit - using a “Checklist” to determine management opportunities for your farm by:

- Calculating the impact of deregulation on farm income
- Knowing the strengths and opportunities of your farm
- Identifying financial and physical key performance indicators
- Examining ways to improve profits



Stage 2 – Farm Business Management - using various tools and packages to determine the best ways to optimise the use of resources by:

- Understanding the financial and physical performance of your farm
- Identifying your goals and needs
- Considering ways to be profitable
- Analysing farm profits and performance



Stage 3 – Profitable Production Systems - using the most up-to-date knowledge and skills to develop and introduce new technology and different production systems by:

- Examining different production scenarios
- Identifying and analysing cost effective technology
- Planning the implementation of different systems
- Analysing future options and alternatives to improve profits.



GUIDE TO THE LABOUR MANAGEMENT MANUAL

This booklet looks at labour management to improve farm profitability.

STEP ONE Understanding your farm situation in relation to labour

- Assess the current workforce
- Analyse your labour productivity
- Determine your farm goals
- Plan your farm's labour needs in the future
- Identify opportunities to improve labour productivity

STEP TWO Some guidelines for employing and managing labour

- Effectively manage your existing staff and improve productivity
- Finding and recruiting new staff
- Getting off to a good start – inducting new staff
- Management styles
- Good communication – the vital ingredient
- Managing a family business
- Some do's and don'ts of labour management

STEP THREE Making employing simpler – understanding your obligations

- Legal obligations
- Farm safety
- Improving leadership and team work
- Some alternatives to employing labour

STEP FOUR Planning for change

STEP FIVE Where to go for more help

The DairyCHECK Labour Management manual describes some key management areas and performance indicators to help you achieve improved labour productivity and performance. The manual will hopefully be an introduction to other labour management packages available through your participation in DairyCHECK.

This self-help booklet on Labour Management to improve profits was compiled by:

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INTRODUCTION

The number of dairy farms in NSW has been declining for many years. However, milk production has been steadily increasing each year. This shows that farms are producing more milk, and more milk per labour unit, or it may mean that more labour is being employed on farms, or that both may be true.

There is a high level of “family farm” ownership in NSW (around 90%), and as farm sizes and cow numbers have increased, the labour required to run the farm has often exceeded the capabilities of family members alone. Most dairy farmers now employ labour at some stage during the year.

In this booklet labour management is analysed in two ways. The first looks at the performance indicators such as litres of milk produced per labour unit, labour costs, days lost through accidents and number of days holiday taken. Labour costs are one of the biggest costs of production on a dairy farm, usually second only to feed costs. Therefore, maximising litres of milk and profit per unit of labour are very important measures of whole farm performance.

The second measure of labour management includes the human factors, that is relationships, communication, job satisfaction, leadership and team work. These factors are vital to the smooth running of any business.

Good labour management is about much more than dollars and cents. It is crucial to the success of any business, large or small. Indeed, it is the people on the farm who will determine whether or not the farm will be profitable and sustainable, not the cows or the pasture! The people are the most valuable asset on any farm.

The steps in this booklet are designed to help you and your work team reach your farm goals, by effective and efficient use of labour.



SECTION 1



Understanding your farm's labour situation

WHAT IS YOUR CURRENT LABOUR FORCE ON THE FARM?

Who did what on your farm in the last year? What were your labour costs?

There are many types of labour used on the farm during the year. This may include family members (paid or unpaid), full time employees, casuals, contractors, or sharefarmers. It is useful to make a list of all those people who work for you.

Labour Breakdown Table

Person	Number of hours per week	Number of labour units*	Paid or Unpaid**
Owner/operator			
Partner or spouse			
Other family member 1:			
Other family member 2			
Full time employee			
Part time or casual staff			
Sharefarmer			
Contract labour			
Total			

* To work out the number of labour units on the farm, the owner/operator is classed as one labour unit (provided he or she is working at least 40 hours per week on farm).

The standard working week is now 38 hours. A full time employee is 1 labour unit, and so someone who works for 19 hours a week is 0.5 of a labour unit.

** In any analysis of farm business performance, you need to consider all labour units whether paid or not. The amount of money you would have to find if the hours now worked unpaid had to be paid for is called the imputed labour cost. This figure is used when calculating farm profit and performance.



ANALYSING YOUR CURRENT LABOUR PERFORMANCE

A How many people work on your farm during the year (from Step 1)?

_____ labour units

B How many litres of milk were produced on the farm last year?

_____ litres

C How many litres of milk were produced per labour unit? ($B \div A$)

D How many cows were calved in the last year (calvers)?

E How many calvers per labour unit?

_____ ($D \div A$)

F What were your actual labour costs (include wages, superannuation, workers compensation and training costs)?

\$ _____

G Convert these costs to cents/litre ($F \div B$)

H How many days holiday did each person have in the last year?

I How many work days were lost through accidents or work related illnesses last year?

J How many days were spent in learning and training activities last year for each person?



EXAMINING YOUR LABOUR PRODUCTIVITY AND COMPARING TO BENCHMARKS FOR LABOUR EFFICIENCY



Number of labour units on the farm _____ (A)

Does the number of people working on the farm match the farm's income capacity?

Are there more people drawing an income than the farm can sustain, or are the workloads too high due to under-staffing?



Actual labour costs in cents per litre _____ (G)

(This figure is used in a cashflow analysis of the business.)

Industry benchmarks for labour costs:

< 6 c/l → Good, but needs to be monitored in relation to work load

6-9 c/l → average, and could be improved

> 9 c/l → too high, and not sustainable under low milk prices.

Are you comfortable with your labour costs? Are all people who work on the farm being adequately compensated for their time and effort?

Now, work out the imputed labour cost, that is, the value of all unpaid labour.

Imputed labour cost are estimated by multiplying the number of hours of unpaid work by the Award wage rates, or by a set rate per hour, such as \$15.00.



So what is the real cost of labour, both paid and imputed? \$ _____

(This figure is used in a profit analysis of the business.)



Litres per labour unit _____ (C)

Industry benchmarks for litres per labour unit:

Less than 250,000 → below average, usually indicates a small scale of operation, or that there is more than one family drawing an income from the farm.

250,000 - 400,000 → average for NSW pre-deregulation, but needs to be improved to adjust to changing market environment.

More than 400,000 → above average, and should be the target. Some larger NSW farms are now achieving over 800,000 litres per labour unit.



Are all people on the farm working productively?

This can be a difficult assessment to make when most of the labour are family members.

If your litres per labour unit are low, it does not necessarily mean that you are not working hard enough! It may mean that the scale of your operation is not big enough to support the number of people on the farm. It may also indicate that there is potential to produce more litres with the existing staff.

List some ways that you may be able to make more efficient use of labour on your farm: (eg dairy shed and milking management, irrigation systems, farm layout and laneway design)



Days spent off the farm, holidays, short breaks, involvement in community activities

_____ (H)

How often do you stop to smell the roses?

Employees are entitled to four weeks annual leave plus public holidays. Family members need time away from the farm as well. People who work long hours each week should have a break of four days duration at least every four months to avoid “burnout”. A longer break once a year is also recommended.

Working harder and longer hours may seem like the best alternative when considering business expansion, but it is not sustainable over the long term. The consequences may include high stress levels, poor health, greater incidence of accidents, and great strain being placed on relationships.

Time spent away from the pressures of the farm is essential, and is a measure of the success of the business. Interests and hobbies such as sport or other community activities can help relieve the mundane aspects of dairy farming, and relax and revitalise people.

Plan for holidays and time off to spend with the family, and make sure it happens. Allow staff to know in advance when their holidays can be taken, and then stick to it.





Days spent in training and developing skills and knowledge, such as short courses, workshops, field days, and discussion groups.

_____ (J)

Do you want all the people working on the farm to help you reach your farm goals?

Training and education is vital to business growth and prosperity, since skilled staff are more motivated staff.

Industry benchmarks for best practice suggest that each staff member should spend at least five days per year participating in learning activities. This may include courses, workshops, field days, discussion groups, or formal training such as traineeships or home study programs.

It is important to determine your future staff requirements, then develop a training plan for all staff to meet the needs of the business.



Occupational Health and Safety

How many work days were lost in the last year to work related accidents or illnesses?

_____ (I)

Are accidents and illness limiting the achievement of the farm goals?

Accidents on the farm can devastate a farm business and family. Statistics show that a fatal accident occurs approximately every eleven days on a farm in Australia. Workers Compensation premiums are high for farms compared to other businesses, because of the high incidence of accidents.

Every farm should have an Occupational Health and Safety strategy for ensuring the safety and well being of all people who come onto the farm. There are a number of farm safety courses you can attend. Contact your milk company or cooperative, your nearest WorkCover office, or the Health Department or Agriculture Department in your area.

DETERMINING YOUR FARM'S GOALS

Do you have a vision for the future for yourself, your family and your farm business?

If so, what is it?



Setting goals helps you to understand where you are heading. What are your goals for the next ten years, or five years, or one year? Make a list of goals for the business, and goals for the family.

Try and get everyone who is closely involved with the farm to agree on the goals. A plan on how to meet these goals can then be prepared, and reviewed regularly.

It is important to recognise that each family member will probably have different personal goals and aspirations. Younger generations may not want the same things as their parents, and this needs to be discussed and acknowledged.

Some labour management goals to consider may be:

- Is the farm business going to grow, and if so, will you need more people to do the work?
- Will there be family members entering the business in the near future, and if so, what arrangements are being made to allow for this?
- Do you hope to have someone else milking the cows and doing the farm work so you can take on more of a management role?
- Are all the people involved with the business satisfied with their role in the scheme of things?

Answering these questions, and writing down goals for the people in the business, may help determine what steps need to be taken towards achieving the goals.

- Are there opportunities for off farm employment for some family members?
- What other goals do you have for labour management?
- Can you make any proposed changes using your existing labour, or will you need more help?
- Will the changes lead to improved labour productivity, ie. more litres per labour unit or lower labour costs?
- Do you intend to expand your herd numbers, and if so, how quickly?



DETERMINING YOUR FARM'S LABOUR NEEDS FOR THE FUTURE

How many hours of work are there to be done on your farm each week? Make an estimate. Some jobs will be seasonal or labour intensive for short periods. Try and identify when these times may occur.

Task	*Av Hours per week	Seasonal tasks Av hours per week	Month when seasonal tasks occur
Milking & cleaning up			
Feeding calves			
Rearing heifers			
Feeding cows- shifting fences, feeding silage, mixing grain			
Paddock work- growing and managing pasture			
Irrigation			
Repairs & maintenance			
Cattle breeding and AI			
Cattle health & husbandry			
Administration & bookwork			
Record keeping			
Fodder conservation			
Other jobs			
Total hours worked			

For example, if it takes two people to milk the cows, and it takes two hours to do it, that means: 2 x 2 hours = 4 hours, x 2 times per day = 8 hours per day, x 7 days = 56 hours per week spent on milking.

Having a yearly plan of your labour needs will show you where your busiest periods are, and your peak demands for labour. This will assist with cash flow budgeting, and planning labour needs well in advance.

Include on the plan an annual holiday for yourself and your family, plus staff annual leave periods. People often complain that they can never get away from the farm, but if you plan ahead and make a booking there will be much more chance that it will actually happen!



LABOUR MANAGEMENT CHECKLIST

The following checklist allows farmers to examine some key performance indicators (KPI) that relate to labour management.

Measure	KPI	My farm	Action		Things to Consider
	Benchmark		OK (✓)	Check (?)	
Labour units Paid Unpaid					<ul style="list-style-type: none"> • is each person fully utilised • hours worked per week • fatigue, recreation time • OH&S, legal obligations • use of contractors
Litres per labour unit	>500,000 target 250-400,000 average <250,000 needs investigation				<ul style="list-style-type: none"> • more litres dilutes cost/litre • hours spent in dairy • labour saving devices or systems • job descriptions- specialist labour • calving pattern
Calvers per labour unit	>80 target < 50 check				<ul style="list-style-type: none"> • stocking rate high enough • batch calving • AI vs bulls • dairy shed design/throughput
Labour costs (cents/litre)	< 5c/L target 6-9c/L average >10c/L high				<ul style="list-style-type: none"> • enough milk? • labour productivity • staff turnover • Trainees • outsourcing/contractors • capital for labour
Recreation time	20 days away from the farm per year				<ul style="list-style-type: none"> • family relationships • health and happiness • community involvement • stress management
Training days last year	> 5 per labour unit				<ul style="list-style-type: none"> • skills audit • training plan • courses, workshops, conferences • lifelong learning

A word of caution on using benchmarks

Industry benchmarks are only a guide. All benchmarks need to be considered as part of the whole farm analysis, and not looked at in isolation. The important thing is that you are able to analyse your farm's performance and to understand the reason for that performance.



SECTION 2



Employment and Labour Management

MANAGING EXISTING LABOUR

The four keys to managing people on a farm are:

- **Ensure the people who work on the farm have the necessary skills and knowledge to contribute to the business.**

Identify the skills of each member of your work team. What are their strengths? Are there any areas for improvement or training needed? Can you reallocate or outsource some jobs that are not being done well currently? How might you be able to take advantage of the skills that people may have but are not currently being used – off farm income, other enterprises on the farm?

- **Provide an enjoyable and stimulating work environment.**

Factors which have a significant effect on the attitude people have towards work – include the hours of work, amount of holidays, working conditions, how staff are treated by supervisors and other staff, and how they are valued by the business.

- **Build effective relationships.**

Good communication, mutual respect and trust must be established and maintained between family members, partners, employees and the people outside the farm gate that must be dealt with, such as factory staff, business people, banks, consultants, and government agencies.

- **Have a team approach.**

Each person on the farm has certain skills, knowledge, experience, personality and values that they contribute to the team. Understanding these factors helps you to successfully manage people. The farm manager, or team leader, has a big responsibility in ensuring that all people in the team are interested and motivated, and are sufficiently skilled to pursue the farm goals. This is the key to ensuring that the work gets done and the farm runs smoothly.

Management Styles

While many farms in NSW operate with mostly family labour, there is in effect a team of people who do the work. This usually includes the owner/operator, some family members, and possibly one or two other employees. As farms become larger and the business more complex, more time needs to be spent on leadership and managing the people.

What are the qualities of a good leader? Perhaps a leader is someone who can bring



out the best in other people. Think of a great leader that you have seen or read about, or a leader that you have met in the dairy industry. What were they like?

What makes a person a good leader?

Consider the following models of leadership or people management:

- 1 A **controlling** style of management – where the manager takes close control of staff, regularly issues instructions on what is to be done, and expects staff to report back when the job is done. The manager then issues the next instruction. They are not keen to delegate responsibility to staff, because that means relinquishing control and may lead to lower standards of work. They may have a basic belief that people only work because they have to, and therefore they need to be constantly driven and told what to do. If you turn your back on the staff, they might slacken off or make mistakes. This style of manager generally makes all the decisions at work and expects his/her staff to implement them. He/she becomes frustrated if the job is not done exactly as they would have done it themselves.
- 2 A **coaching** style of management - where the manager sees his/her role as a guide or coach, to show staff what to do and how to do it, and then get out of their way and let them do it. They may have a basic belief that most people enjoy working, they want to be good at what they do, and they gain satisfaction from achievement at work. Managers of this style like to give the people they manage the responsibility for their own actions, allow them to show initiative, contribute ideas and make decisions, and will give their staff encouragement, guidance when needed and a pat on the back when they are doing well. They are not too concerned with how the job is done, so long as the desired outcome is achieved.

Which sort of manager would you rather work for?



These two styles of management are at opposite ends of the spectrum, and in reality, most managers probably operate somewhere in between. Also different situations may require different management styles.

Employees generally respond in different ways, according to the different styles of management. The table below summarises some common employee responses to the two management styles described above:

Moving towards a coaching style of people management could improve the working relationship between many managers and their staff. Passing on responsibility and accountability to employees can be a difficult concept to accept and implement at first. However, unless employees are well trained and empowered to make decisions, rather than being constantly told what to do, they will not be effectively contributing to the farm goals, and they will be reluctant to be accountable for their performance. Excessive supervision is also time consuming, and places a large burden on the time and energy of the farm manager. However, changing behaviours and values that

Table 1: Employees' response to different management styles

Employee factors	Response to management by control	Response to management by coaching
Role	Staff wait for orders and don't undertake tasks unless told to.	Staff are part of a shared work plan and know what to do in advance.
Focus	Clock watching, work to rules, know their rights.	Working toward accomplishing tasks and meeting goals.
Training	Staff are usually given menial and repetitive jobs, not expected to show initiative, have no incentive to better themselves.	Staff are encouraged to continually improve their skills, seek personal growth, and therefore feel valued and want to contribute.
Concerns	The boss watching over the shoulder, that they will make a mistake and get into trouble, that they won't finish work on time.	Not meeting expectations, how can I do the job better, what is the next challenge?
Commitment to the job	Disinterested, unwilling to put in extra effort, just to work the required hours, will leave if a better job comes along, compare their job to what others are getting.	Enthusiastic and motivated, enjoy their work, not daunted by problems or challenges, feel a sense of ownership about their work, are loyal to manager and identify with the business.
Productivity	Low to average, staff become reluctant to change or take on new challenges	Higher and constantly improving, value adding, desire for success, effort is rewarded.



have been intrinsic for a long time will take some time and a effort.

Have you considered how management style can affect staff performance?

Some challenges you may face include:

- Some employees are used to the control image and want to be told what to do and when to do it.
- The relatively small pool of available labour can limit the quality of employees to choose from. This is a widespread problem for the dairy industry and has a lot to do with the image of dairy farming.
- It takes considerable time and effort to improve people management skills.
- Getting people to work as a team rather than a number of individuals will take time, and needs trust, respect and commitment to be built up between all people involved.
- Setting goals can be a threat to some and a challenge to others. Some people may feel confronted by this approach at first, and will need to be moved ahead slowly.
- Treating each person as an asset, not an expense, will change the way you think about training and giving staff the opportunities for personal and professional development.
- Good staff want to be rewarded for their efforts, and want to see a way to get ahead in life.

Consider the following questions:

	Yes	Sometimes	No
Does the farm have effective leadership?			
Do you need to improve your skills in people management?			
Are the people on the farm working as a team?			

Staff Motivation and Retaining Enthusiastic Staff

Coaching rather than a controlling management approach improves motivation.

Motivation comes from within each person, and is influenced by “internal” and “external” forces that the person is experiencing at the time.

- The internal forces may include self esteem, background or upbringing, values and beliefs, relationships outside work.

Understanding how internal forces can influence motivation can assist you in the selection process. Contacting referees and asking relevant questions will give an early indication of the internal forces affecting a person. Good managers take an interest in their staff and show empathy and understanding for their personal life as well as their working life.



- The external forces may include pay rates and working conditions, the effectiveness of communication at work, the level of responsibility given, feeling included in what happens at work, and friends and peers.

You as a manager can influence the external factors by creating a work environment where opportunities are available for the employee to have a positive experience.

People need to feel their own needs are being met, in order to perform well in their jobs. Research has shown that the main needs of employees are:

- To feel valued for their contribution, and to receive recognition for doing a good job. Catch them doing something right.
- To have a sense of being involved, knowing what’s happening on the farm and why, to be included in some decisions, so that their work has meaning.
- To have some responsibility and control over their work day, and to have variety and interest in their day, a sharing of the good jobs with the bad jobs. Don’t expect your employees to do a job that you wouldn’t do yourself.

Usually, wages and conditions are considered important but are lower down on the priority list. Given the hours worked and the hard physical nature of work on a farm, the Award wage may not seem very high to an employee. Therefore, employers need to make working conditions as favourable as possible to attract and keep good staff.

Some questions to reflect on:

	Frequently	Sometimes	Not Often
• Do your employees do only what is necessary?			
• Do you have a high turnover of staff?			
• Do you try to meet the workplace needs of your employees?			
• Do you think your employees are interested in the business?			

How can you, as a manager provide a job and a workplace that meets the needs of your employees, as well as the needs of the business?



COMMUNICATION

How often do problems occur on your farm because of poor communication?

Good communication is important in making sure all the work gets done effectively and in establishing good working relationships with staff. People need to know what is expected of them, some feedback on how they are going with their work, and they need to know that the boss is approachable when necessary.

Communication can often be misinterpreted. Often, it's not what we say but the way that we say it that conveys the most meaning, ie, the tone of voice we use, the accompanying body language and facial expressions.

Listening and giving feedback are very important parts of communication to ensure the message has been understood.

It is important to minimise interference when talking to people. This interference includes noise from machinery or cattle, talking whilst the other person is doing another job, giving instructions whilst on the run. Make sure when you give someone an instruction or message, that they can hear you, they are concentrating on what you are saying (eye contact is important) and they have understood what you said (ask them to repeat it). This may sound obvious, but how often do we talk to someone when we are riding past on the bike, or sitting on a tractor, or walking away with our back turned?

Some practical methods for improving communication include:

- Using a book or white board in a central location, where the jobs for the day or week are written down, and may be crossed off as they are achieved. Messages can be left on the board when staff may not see each other regularly.
- Providing staff with a pocket note book, so instructions can be written down. This is important with young staff who are not yet familiar with the farm and the routine, and who may be nervous to ask for clarification. A farm map with paddocks named may also be useful, especially on larger farms.
- Providing written instructions for complex jobs, such as job breakdown sheets, which give a written step by step list of instructions on a task. These could be really useful for tasks such as servicing machinery, setting up the dairy for milking, cleaning milking machines, calibrating spraying or sowing equipment. Whilst this may seem time consuming to do at first, good written instructions may well save time and money in the long term, by ensuring the task is done correctly every time, by whoever is doing it.
- Weekly staff meetings are very important, and are a great opportunity to allocate the work, discuss general farm issues, explain why jobs are necessary and how they are to be done. Meetings can be a useful forum to give staff a pat on the back, and give them the chance to raise concerns or issues about work matters.
- A social drink or informal bar-b-que occasionally where people can relax and talk about things other than work, may also help to build trust, and make staff feel welcome and part of the team.



	Yes	Sometimes	No
Do your employees understand your instructions?			
Do you listen to the concerns of your employees?			

List ways that communication could be improved?

DEALING WITH CONFLICT

Conflicts occur in every workplace. Many issues may lead to conflict if they are not dealt with effectively.

Conflicts are usually caused by:

- Poor communication and misunderstandings
- Accidents happening or mistakes being made
- People’s basic needs not being met
- People not living up to the expectations others have of them

People behave differently in a conflict situation. These behaviors may include:

- Ignoring, avoiding, walking away, not wanting to talk
- Anger, violence, confrontation, looking for an argument or fight
- Getting upset, crying, sulking, apologising
- Becoming ill, stressed, tired, not wanting to go to work.

So how do you deal with conflict?

You can ignore it or avoid it and hope it goes away. This may work with some minor conflicts. However, most conflicts, even seemingly small ones, if not dealt with will fester away under the surface, usually to flare up at a later date. Conflicts will affect work performance.

It is much better to try to resolve the conflict by talking and negotiation, and to get to a point where all parties involved can agree on the outcome. Resolving conflict is not about the boss finding a “solution” to the problem, and telling those involved the answer! Imposing a solution on people, without them having been involved, will only cause further resentment and more problems later on.

To successfully resolve conflict, consider the following suggestions:

- Decide that you wish the conflict to be resolved, and inform all parties involved.
- Define the purpose for the conflict resolution meeting and think of what all parties would like to achieve.
- Choose the environment and select a time and place that is away from where the problem exists. Choosing and designing an informal atmosphere can assist all



parties to remain focused upon the facts of the conflict.

- Consider having someone not involved in the conflict facilitate the process between the parties having the conflict.
- Set ground rules at the beginning of the meeting, with particular emphasis on avoiding use of criticism, and have all parties commit to the ground rules.
- Map the problem and brainstorm possible ideas for resolving the conflict and display these ideas for all parties involved. Find common ground amongst the possible ideas and use these as a foundation for building a solution.

When people are given the opportunity to get the issues out in the open and to have their say, they will usually come up with solutions themselves.

Trust, respect and good communication between all those who work on the farm. helps to avoid conflicts arising in the first place. Regular staff meetings, or family meetings are a good start. If conflicts do arise, you can make a choice about how they are dealt with.

Consider the following questions:

	Yes	Sometimes	No
Do you have conflicts on your farm			
Are they resolved in a rational manner?			
Are those involved satisfied with the outcome?			

How can you improve the way conflicts are resolved?

Some issues with family labour

What are the most important issues to consider with a family business?



Being involved in a family farm has many rewards and benefits, but also has many complications. Achieving a balance between the needs of the business, the needs and wants of all family members and the health of family relationships is the key to success. If the family is going through a rough patch, the performance of the business will usually suffer as well. Likewise if the business is not performing well, it will impact on the family. It may be easier said than done, but the best approach is to make rational decisions that are best for the business, kept separate from family dynamics and emotions.

Good communication is vital. At regular family meetings each person should be able to discuss any problems and grievances, understand what is expected of them and to have their expectations understood by others. Successful family businesses need to have people working together towards a common goal. However, each person is more likely to identify with the goal if they have been involved in the goal setting process!

Some questions you may want to consider if you are managing a family business:

- Does each family member know where they fit in the business, or what options might be available to them in the future? Have they been included in the process of determining the farm goals and direction?
- Have they been consulted about their goals in life?
- Are all members being fairly rewarded for the work they do on the farm? Expectations and ground rules for wages and conditions should be sorted out early when a family member joins the business.
- How are spouses to be included in the family business when a son or daughter gets married? This is a very important issue, and if not handled properly can lead to many problems.
- How good is the level of communication between the family. Can everyone freely contribute ideas and suggestions? Are they given the responsibility to try something new?
- Is farm transfer a realistic goal for your family farm? If so, has a plan been considered for transferring the farm to the next generation?
- How are non farming family members to be included in asset transfer?

These questions need to be resolved, or they can lead to many years of frustration and resentment for some family members. A trained mediator can be sought to facilitate family meetings, and help to resolve any conflicts.

When you employ labour outside the family for the first time, it may change the dynamics of the family and the business. Both the needs of the family and of the new employee need to be taken into consideration. Some family members may feel threatened, especially if the new employee is older or more experienced than them. The employee may also find it difficult to fit into a close-knit family, and may feel he/she gets treated differently to, say the boss's son or daughter.



RECRUITING AND HIRING STAFF

How can you find the right person for your farm? The following questions may help determine what sort of person you are looking for:

- What level of responsibility will the person have- are you looking for:
 - a manager or foreman to run the farm and manage other staff,
 - someone to do general farm duties under the direction of the manager,
 - or a person with limited responsibilities under supervision most of the time? (Remember the point made earlier about coaching versus controlling, and how you may develop the capabilities of staff by delegating more responsibility).
- What skills and experience will the person need to carry out the job required? (Does previous experience in dairying really matter, if you are prepared to train the person?)
- What hours, wages and conditions are you offering? Will there be weekend work, is there accommodation available, and if not, how far from town are you?
- What are the tasks that need to be done by the new staff member? Write down a job description. Read the tips below about job descriptions first.

Writing a job description

Each person on the farm should have a job description. This will help to clarify the roles and responsibilities of your current staff and it will make it easier for a new employee to know who does what on the farm. It will also clarify the classification and rates of pay for employees under the NSW Dairy Farm Employees (State) Award.

The job description should include the job title (classification), the main purpose of the job, who the person will report to and the conditions of service. Some sample job descriptions can be found in the “Guide to Employing Labour on Your Dairy Farm” published by the Dairy Farmers Association.



SAMPLE JOB DESCRIPTION

Position: Milking supervisor

Classification: General Operator – Grade 2

Reporting to: The Farm Manager

Main purpose of the job: is to apply their skills and knowledge to the procedure of milking cows and rearing calves. The main tasks involved are:

- set up, operate and maintain the milking equipment;
- milk the cows, according to standards outlined in the farm Quality Assurance program;
- clean the milking plant and yards after each milking, and operate the waste management system to the specified guidelines;
- rear calves until weaning age, ensuring optimum health and growth rate;
- identify and isolate from milk supply those cows whose milk is unfit for human consumption;
- Treat cows with medication when required, and record all treatments in line with QA requirements.
- Assist with herd recording monthly, and maintain cattle identification and records relating to calving dates, joining and heat detection.

Conditions of service:

Wages: \$425.90 per week

Hours: 38 hours per week or 76 hours per fortnight, with overtime as required.

Annual leave: 4 weeks per year.

Superannuation: 9% of gross wage

Other benefits: there may be other points to add here such as house supplied (for a specified amount of rent), or incentives for productivity, for example.

This is a sample only, and you may think of other ways of describing the job. This is worth while doing as you will then be clear about what the job is and so will any prospective employees.

Matching the person to the job

Write down the skills and attributes needed for the job. Describe the person you want for the job.

Make sure that you are aware of the requirements of the Equal Employment and Anti-discrimination laws, relating to the way you recruit staff. You cannot, by law, discriminate against any prospective employee, on the grounds of gender, age, ethnic background, religion, disability, marital status or sexual preference.



SAMPLE PERSON SPECIFICATION:

For the milker job described above, the applicant should have:

- experience in milking cows without supervision
- knowledge of milking machines and the operation of milk cooling equipment
- the ability to detect cows with milk unsuitable for human consumption, and to exclude them from the milk supply
- good cattle handling skills
- good record keeping skills
- the ability to be reliable and punctual
- the enthusiasm and motivation to be part of a team working towards the farm goals.

What else can you think of?

When you have compiled a list of skills or attributes you think the person would need to do the job, you may wish to divide these into *essential* skills and *desirable* skills. In other words, what skills or attributes must they have to do the job (essential), and what skills would be good if they had them, but wouldn't really matter if they didn't (desirable).

Advertising the position and finding the right person

There are a number of ways you can advertise for your position, which may include:

- state wide newspapers eg The Land, The Dairy Digest
- your local area newspaper
- your factory newsletter or local NSW Agriculture extension officers newsletter
- job network agencies. Check your local phone book, or on-line job networks and agencies.
- Contacting your local training provider, such as Tocal College or TAFE, or the local high school careers adviser or agriculture teacher.
- Word of mouth - this still remains a powerful and popular method of finding someone in the district.

Written advertisements should contain information about the job description and the skills required, and should state how, when and to whom to apply. Remember that you are trying to attract the best possible person to your farm. First impressions are important, so make your advertisement sound as attractive as you can. A quality advertisement is more likely to attract quality applicants. Ask for written applications, which will tell you a lot about each applicant, and will usually ensure that only genuinely interested people will apply.



SAMPLE NEWSPAPER ADVERTISEMENT

A modern dairy farm in the Hunter Valley is seeking an enthusiastic person to join our team. This person will be responsible for milking 200 Holstein cows in a modern herringbone dairy, and ensuring our goal of premium quality milk is met. Applicants should have skills in all aspects of milk harvesting, including cattle handling and health, operating and maintaining milking equipment. AI certificate desirable. Salary package includes above award wages with incentives for performance, and an attractive 3 bedroom house. Apply in writing by 6th October to the Manager, ABC Dairies, PO Box 000, Singleton. Enquiries phone 34343434.

Interviewing and Selecting Staff

Before you start sorting through the applications, make a list of *selection criteria*, based on what you wrote in the advertisement and in the job description.

Contact the candidates that you want to interview and arrange a suitable time. For those who don't make it to an interview, it is courteous to write them a short note or a phone call telling them they were unsuccessful.

Here are some tips for conducting an interview:

- Prepare a list of questions beforehand
- Make the setting as comfortable as possible for you and the candidate
- Try and put them at ease- most people are very nervous when they start an interview. You want to give them the chance to show you their abilities.
- Describe the job and the conditions at the beginning
- Ask open questions, which require more than a one or two word answer. For example, a closed question might be: "Do you have experience milking in a herringbone dairy?" Whereas an open question would be: "tell me about your previous experience in a herringbone dairy"
- Listen carefully to their answers, and encourage further discussion by using active listening eg "tell me more about....." or "what did you mean by"
- Allow the candidate time to ask questions of you
- Tell them when and how you will get back to them about whether or not they have been successful.

You may wish to include a practical exercise as part of the interview, such as getting the candidate to help with milking, artificially inseminate a cow or drive a tractor.

Remember that recruiting staff is a two way process. There are not many people out there looking for work on a dairy farm, so you should make the job as attractive as possible. You are trying to attract the best person so you should highlight the benefits of the job and of working for you!

After the interview, if you have narrowed the field down to one or two people,



contact the referees they have given. A few well directed questions to a referee can give you another perspective on the applicant. (Please note though, do not contact the candidate's current employer unless they have given permission.)

After careful consideration, and weighing up all the pros and cons, offer the job to the person you think will be best for the job, and will fit in best with the other people on the farm.

Consider your attitude about stereotyping people. Are you biased in your thinking about employing people? For example, some managers would not consider hiring a woman for farm work. And yet, others have found female employees more reliable, careful and better at handling livestock. People from a non farming background can also make really good employees. They may require more time to be trained, but may bring other skills and experience to the business. Don't limit your options for potential employees by having preconceived ideas about the "type" of person you want.

Employing a Trainee

This can be a very rewarding experience and allows you to train a young person your way, and instill the values and goals of the business from the beginning. There are financial incentives from the government to employ a trainee, and the wages paid are lower, to reflect the time spent away from the farm in formal training. Employers of trainees are responsible for providing the necessary on the job training, and must be prepared to do this.

Young people usually make up for a lack of experience, with enthusiasm and a willingness to learn. They generally need lots of encouragement and guidance as they develop their abilities. Their enthusiasm for the job can be wiped out by excessive criticism, overworking, placing too much responsibility on them before they are ready, or conversely by not giving them enough challenges when they are ready for them.

By taking on a trainee, you will have the satisfaction, and the responsibility, of knowing that you are giving a young person their start in the world of work. You will also know that you are contributing to the development of the next generation of dairy farmers. For more details about traineeships, contact the nearest New Apprenticeship Centre, CB Alexander Agricultural College, Tocal or TAFE campuses at Bega, Nowra, Taree or Wollongbar.



GETTING OFF TO A GOOD START WITH NEW STAFF

Does the new employee understand what is going on?

This is an important, and sometimes neglected part of labour management. Employing someone is an investment in time and money and establishing a good relationship with your new staff member is well worthwhile.

Some important steps to take are:

- 1 Prepare the employee for the workplace:
 - show him/her around the farm, and give out a map of the farm, with paddock names or numbers marked on it.
 - Introduce the new staff member to all the other staff and family members involved with the farm
 - Outline the physical details of the farm, and the goals of the farm business.
- 2 Fully explain to the employee what is expected of him or her:
 - give a written statement of duties, listing all the tasks that you expect to be done. Make sure this is fully understood.
 - Outline your expectations and the standards of work that need to be achieved. Tell him/her what to expect from you in return.
 - Outline the chain of command on the farm. Make sure the new team member knows who they are responsible to.
- 3 Complete all the necessary employment records, and ensure that the terms and conditions of employment, including wages, hours, superannuation, weekend work etc, are discussed and agreed upon. (*See Section 3 for more details.*)
- 4 Establish with the employee how tasks are to be done on the farm, and why they are done.
 - For a particular task, you may wish to explain how to do it first, then demonstrate while they watch you. Emphasise the key points as you do. Then let them have a go while you watch, and ask them to explain what they are doing and why they are doing it.
 - Provide positive feedback and encouragement, and allow opportunities for practice.
- 5 Provide motivation and incentive for employees
 - Encourage them to set their own goals.
 - Give feedback on their work performance which reinforces good work habits.
 - Encourage staff to have an input into some decision making. Give them a project to do and encourage them to carry it through.
 - Offer incentives for good performance.



- 6 Establish a review process and a date for an appraisal of employee performance, normally once a year. The review process needs to be comfortable and non-threatening, and be seen as an opportunity for both parties to reflect on the year completed. Staff appraisal may be a new concept for dairy farmers, but is standard practice in most industries. Incentives and bonuses can be linked to the appraisal process, and be a great motivation for staff.

SOME DO'S AND DON'TS FROM FARMERS WHO EMPLOY LABOUR:

DO'S

- treat staff honestly, fairly, with respect and consideration. Make them feel an important part of the team, rather than just a worker.
- pay proper award wages, including overtime. Pay on time, and include a pay slip. Record hours of work each week.
- give each person a clear outline of their duties and what is expected of them. Ensure the tasks they are given suit their level of competence. Be prepared to delegate more responsibility when they are ready for it.
- establish from an early stage the lines of communication and responsibility. It can be very frustrating for a worker to receive instructions from more than one boss, and causes conflict and confusion.
- have regular staff meetings with all staff in attendance, and keep notes or minutes. Outline the work that needs to be done over the next week or fortnight – this can be written in a book or on a whiteboard, and staff can cross off the jobs on the list as they get them done. This can give a great sense of achievement and satisfaction! Explain why things are done the way they are. Encourage ideas from everyone, and acknowledge work well done.
- give acknowledgment and praise for jobs done well. Especially acknowledge when extra effort has been put in, or a particularly hard job has been completed.
- have empathy with staff for their personal lives, and show an interest in their lives outside work. Understand that it is hard not to let events in our personal lives affect the way we perform at work. Be flexible when required with time off for staff to attend to personal matters. They will appreciate you for understanding.
- provide a safe, well maintained workplace, especially where machinery is concerned. Emphasise the importance of safe work practices, and demonstrate them yourself.
- prepare a staff roster, preferably for at least a month ahead, so people can plan their time. Roster in holidays well in advance, and stick to it.
- provide staff with opportunities to improve their skills and knowledge, such as attending field days, workshops, short courses etc, and encourage them to attend. Talk to them afterwards about what they learned.



- give your staff variety in their work day to avoid boredom. Some people like doing repetitive jobs, some do not. Try and share the work around, particularly the repetitive or distasteful jobs. Think of ways to make these tasks easier or more enjoyable. Be prepared to pitch in yourself at times.
- When discipline or criticism is required, criticise the work or the outcome, not the person. Clearly explain how you expect the job to be done next time. Encourage staff to tell their supervisor about mistakes or problems straight away, and deal with it calmly and rationally. If staff are yelled at or abused for making a mistake, they will be loathe to tell you about it next time, and may try to cover it up or ignore the problem.
- take the time to listen to your staff members. Encourage their ideas and input.

DON'TS

- Don't assume that staff want to work as many hours as the owner or manager. Paying overtime does not always compensate for long hours. Enjoying your job, and having a life outside work are very important to most people.
- Don't use put downs or personal criticism or other forms of abuse with staff.
- Don't give false praise or gloss over poor performance at work.
- Don't ignore conflicts or personality clashes at work. Deal with the issues, get things out in the open and talk about them. Try and be impartial and listen to both sides of any argument.
- Don't ignore or fob off staff when they come to you with ideas, requests or problems. If you are busy at that time, arrange a time with them when you can listen and talk about the matter.
- Don't compromise on safety, and never put staff in a dangerous situation.

	Yes	Sometimes	No
• Do you manage your employees well?			
• Have you been able to attract and keep good employees?			

What do you need to change to allow the people on the farm to work more effectively and be more involved?



SECTION 3



Making Employment Simpler

UNDERSTANDING YOUR LEGAL OBLIGATIONS

If you employ someone to work on your farm, whether they are a family member, full time or casual staff, an apprentice or a contractor, you have a number of responsibilities and obligations under the law. These include:

- paying wages, and observing the conditions of the employment Award,
- meeting obligations for superannuation and workers' compensation,
- collecting tax for the Australian Taxation Office,
- providing a safe and healthy workplace, and
- keeping accurate records about your employees.

These obligations are there to protect the rights and welfare of employees and employers alike, and must be observed at all times. In NSW, employment on dairy farms is regulated under the Dairying Industry Employees (State) Award, which specifies the legal minimum working conditions. Any dairy farmer who employs labour should obtain a copy of the Award. This is available from the Department of Industrial Relations or the NSW Dairy Farmers Association.

The Dairy Award deals with the following conditions of employment:

- Who is covered by the Award
- Employees' classification of work, as different classifications attract different rates of pay, according to duties and level of competence
- Pay rates (up to date pay rates are published regularly by the NSW Dairy Farmers' Association in the Dairy Digest)
- Hours of work
- Penalty payments and allowances, such as overtime, shift allowances, public holidays
- Leave, such as annual leave, sick leave, bereavement leave, parental leave, maternity leave, personal carer's leave
- Superannuation
- Dispute settlement and grievance procedures
- Redundancy
- Termination of employment

If you breach the Award for any reason, such as failing to pay correct wages for all hours worked, or not allowing employees their full entitlements for leave, a case may be brought to the Industrial Court or Chief Industrial Magistrate. Breaches of the Award can attract a fine.



The NSW Dairy Farmers Association has produced a comprehensive manual entitled “Guide to Employing Labour on Dairy Farms”, for sale to interested parties. This manual clearly outlines the employment terms and conditions relating to NSW, and is an excellent reference. Information can also be obtained from the Department of Industrial Relations and from the Workcover Authority.

Some important points:

- Keep good records for each employee, especially a wage book, (which records hours worked and wages paid), and issue pay slips with each payment of wages. You can buy these from a newsagent or office supplies shop, or you can download an electronic wages record from the NSW Agriculture website (www.agric.nsw.gov.au). There are also many computer software options for keeping staff records. Authorised officers of the NSW Department of Industrial Relations are permitted to enter premises to inspect employment records. If ever a dispute arises between an employer and employee, it is very hard to argue your case if you have not kept accurate and adequate records. Personnel records must be kept for six years.
- Seek advice about Superannuation and Workers Compensation, and make sure you keep all policies up to date.
- Make sure you employ your staff under the correct classification in the Award, according to the duties they perform. This will determine wage rates, and will also help to design a career pathway for staff.
- the Occupational Health and Safety Act 1983, aims to protect the health, safety and welfare of people at work. Employers are obliged to provide a safe workplace for all employees, visitors and members of the public. Employees are obliged to carry out their work in a safe manner, and to use protective equipment when required. All staff should receive training in safe work practices, and should not be expected to work in any situation that may be dangerous. Advice may be obtained from WorkCover, the Agricultural Health Unit based in Moree, or the DFA, or Dairy Farmers Co-operative about how to ensure your farm is safe.

Checklist for Employing Labour

- Draw up a clear Job Description.
- Determine the correct classification for the employee. This will depend on their level of competence, and of the nature of the duties they perform.
- Determine the hours of work for the employee. Under the Award (as at Jan 1st 2001) a normal working week is 38 hours, or 76 hours in a fortnight.
- Determine the correct wages for the week for each employee, according to their classification, and the hours worked. Hours worked in excess of 38 shall be paid as overtime. Hours worked on weekends and public holidays attract *penalty rates* and/or *overtime rates*.
- Use a Job Application form.
- Put the Job Offer in writing, stating all duties the employee is required to perform. State what Farm Policies you have in place.



- Have a proper induction program in place on the farm, and ensure new employees are inducted.
- Issue a pay slip with each wages payment. This should include: employee's name, normal hours worked in that period, hours of overtime worked, rate of pay, and any deductions removed from the wage, such as taxation and superannuation.
- Ensure the correct amount of tax has been deducted. Establish a superannuation account for each employee and ensure the correct amount is paid each period.
- Ensure a valid Workers Compensation policy is maintained.
- Determine the entitlements for annual leave, sick leave, long service leave and other special leave for each employee. These items should be listed in the offer of employment.
- Ensure that you have a safety management plan for the farm, and that you are providing a safe workplace. Ensure you have provided the necessary personal protective equipment. Ensure that new employees are trained in the use of machinery and equipment, and understand their obligations to use personal protective equipment where appropriate.
- Record any work related accidents or illnesses, and notify WorkCover where necessary.
- Have a copy of the Dairying Industry Employees (State) Award on site.

OTHER OPTIONS TO MEET YOUR LABOUR NEEDS

Employing extra staff may not be the only way to meet an increased workload on the farm. Some other options for consideration may include:

- outsourcing some of the work to free up existing staff, eg contract heifer rearing, sharemilkers, contractors to make silage or grow crops
- providing training for existing employees to develop or expand their skills or knowledge
- replacing some labour with capital inputs and/or new technology, eg new dairy to speed up milking time, better machinery etc.
- Leasing the farm or engaging a sharefarmer.

Farm owners should seek legal advice when considering any contracts or agreements with different types of employment, leasing or sharefarming.

Sharefarmer, Contractor or Employee?

You need to understand the difference between an employee and a contractor or sharefarmer, as there are implications for taxation, superannuation, workers compensation and other employment conditions.



According to the “Guide to Employing Labour on Your Dairy Farm”, “if you incorrectly categorise an employee as a contractor, you can expose yourself to major legal costs if the individual status as a contractor is challenged at a later date.”

So what are the differences?

An Employee:

- Supplies his or her labour for a set period of hours and a set wage.
- Is covered by an Award, which specifies conditions of employment, and employee benefits;
- Takes direction from a manager or supervisor, and does not usually have control over decisions on farm management;
- Is entitled to annual leave, sick leave and other benefits;
- Is not responsible for workers compensation, superannuation and taxation deductions. This is the employers responsibility.
- Does not supply significant capital to the business.

A Sharefarmer:

- Enters an agreement or contract with the farm owner to provide the labour, management skills and some capital resources to carry out agreed farm tasks.
- Has control over day to day decision making on the farm, usually in consultation with the owner.
- Shares the income and splits the costs according to a prior agreement. The most common sharefarming agreements are as follows:

Type of Agreement	Sharefarmer income share	Ownership of cows	Ownership of mobile plant	Responsibility for day to day management of herd & farm	Sharefarmer share of costs
50:50	50% milk sales 100% stock sales	Sharefarmer	Usually Sharefarmer	Sharefarmer	Usually 100% of herd and shed costs and 50% of all farm costs
60:40	40% milk sales and 50% calf sales	Farm owner	Optional Sharefarmer or owner	Sharefarmer	Usually 40% of shed costs and brought in feed
66.6:33.3	33.3% milk sales 50% calf sales	Farm owner	Farm owner	Usually sharefarmer with some owner input	Usually 33.3% of shed costs

Source: National Share Dairy Farming Guidebook, Australian Dairy Farmers’ Federation.

* These are some of the most common sharefarming arrangements, but there are no set rules. The split of income and expenses is ultimately a commercial arrangement to be agreed on by the parties involved.



Contractors:

A contractor is someone with whom you enter into a contract for a specific purpose for a specified fee, where the contractor supplies the labour and sometimes machinery. You have very little control over how and when they do the work.

This option has become more popular and available in recent years, with most dairying districts now able to supply contractors for calf and heifer rearing, hay and silage making, growing crops, such as maize for silage and milking cows.

This can be a very good option to save labour and capital resources on the farm, especially the cost of expensive machinery. However, some guidelines need to be followed to ensure that contracting work on or off the farm satisfies the purpose for which it was originally intended.

Ensure that you have a written contract, clearly stating:

- the desired outcome of the contract, for example, that heifers will achieve a weight of 350 kilograms at 15 months of age; or that silage harvesting will commence on March 1st, weather permitting.
- the costs that will be incurred. Payment should be made on successful completion of the contract, or by agreed progress payments as milestones are reached.
- that the contractor bears all risk, and is responsible for losses due to poor workmanship or negligence
- the circumstances under which the contract may be terminated
- that the contractor must have all the necessary insurance cover.

A Contract Milker:

Contract milkers are usually not sharefarmers, but are either contractors or employees, depending on their level of control over what they do. The contract milker provides the labour for whatever farm operations are agreed upon, and is responsible for his/her own superannuation and insurance. The contractor is paid a set price, either in cents per litre of milk sold, or a percentage of milk sales. They are not provided with annual leave, and usually must find their own relief milkers for time off.

Generally the farm owner provides the milking herd and replacements, the farm buildings and equipment (usually including a house), maintenance and repairs on plant and machinery, and pays all costs associated with the running of the farm.



IMPROVING EXISTING WORK PRACTICES AND USING NEW TECHNOLOGY

Many jobs on a dairy farm are repetitive and labour intensive; such as milking cows, cleaning equipment, feeding calves, moving cows, shifting irrigation sprays etc. The amount of time spent doing each one can greatly determine the productivity and efficiency of labour utilisation.

For each of these jobs, take the time to sit down and answer the following questions:

- is the job really necessary?
- is there a better way of doing it?
- could it be done better by someone else?

Some areas where you may be able to improve labour utilisation are:

- improving or rebuilding the milking shed to improve cow flow, litres per hour, cups handled per man hour, yard design, flood wash, cow washdown yards
- improved laneways and paddock layout to make grazing management, cattle and machinery movement more efficient
- bulk handling of materials, such as fertilisers, grain
- syndicating capital items to share costs, eg machinery, dairy sheds, sharing labour
- computer technology, for cow identification and recording, computerised feeding systems, milking machine cleaning, irrigation scheduling and automatic timing devices
- computer programs to provide better physical and financial record keeping

With good planning and financial analysis to determine the economic viability of proposed changes, further efficiencies may be possible. Managers who are able to achieve high litres per labour unit are usually willing to adopt new technology and ideas.

Partial budgets

A Partial Budget is one way to assess the impacts of making a change to the farm infrastructure or management. It allows you to estimate the potential increased income and extra costs likely to be incurred from making the change.

NB: The Dairy Check booklet on Farm Management has more detailed information on partial budgets.

An example is the dilemma many dairy farmers face as the milking shed ages, and the herd size grows. Do you continue milking in the older inefficient shed, or upgrade into a new or modified shed? This requires careful planning, and a partial budget can be used to calculate the financial implications (cost benefit analysis) of a new or modified shed.



An example of a partial budget for a new or modified shed:

Try and define a monetary value on the following four components of the budget:

Positive Impacts

1 Increased Revenue - that would be generated from:

- Having more time to do other farm work
- Having time to work off-farm
- Producing more milk, because cows milked faster, are not standing around on concrete for as long, so have more grazing time, and less cow discomfort.

Value: \$ _____

2 Reduced Costs - this would be as a result of:

- Less labour required to milk, more cows per hour milked, flood wash in yards, automated cleaning of milking machines and vat
- Lower repairs and maintenance on shed
- Lower operating costs

Value: \$ _____

Negative Impacts

3 Reduced Revenue

- If any

Value: \$ _____

4 Increased Costs

- Interest on borrowed money
- Opportunity costs if own money used
- Depreciation
- Service of new milking machines

Value: \$ _____

Therefore, the financial impact of making the change would be:

$$\text{\$ Impact} = [\text{Increased revenue} + \text{costs saved}] - [\text{reduced revenue} + \text{increased costs}]$$

$$= \text{\$ } \underline{\hspace{2cm}}$$

Note: This calculation does not include the capital cost of building a new or renovated shed.



Of course, there will be other factors that need to be taken into consideration when making such a decision that cannot be allocated a dollar value. These are known as qualitative impacts. The main qualitative impact is freeing up time previously spent in the dairy that could be used for personal, family, or leisure activities.

A new or modified shed may not be able to be justified purely on the financial impact without taking qualitative impacts into consideration.

Syndication

Sharing some expensive capital items, such as fodder conservation machinery, or using a common milking shed for more than one farm, can be an option in some circumstances. These arrangements should be a business arrangement, with a written agreement outlining the obligations of all parties, and the terms and conditions of the syndicate, and signed by all parties.

There are examples of syndicates working well, where the farms are in close proximity to each other, and the people involved know and get on with each other well.

Some farmers are now getting together and forming buyers groups, and are able to gain discounts on purchases for larger quantities for fertilisers, grain, seed etc. Why not discuss this option with your neighbours and friends?



SECTION 4



Planning for Change

Using your knowledge and key performance indicators please consider the following questions:

- What are your strengths in labour management?

- What are your opportunities in labour management?

- What do you need to change?

- What are the most pressing changes?

- How will you make the changes? (Action plan)

- What will you achieve by taking action?

- How will you know when you have improved your labour management?



Key Management Area	Action Areas		Opportunities
	OK (✓)	Check(?)	
<p>Knowing your Farm</p> <ul style="list-style-type: none"> • Assessing existing employment • Analysing present performance • Determining your farm goals • Examining labour productivity 			
<p>Employment and labour management</p> <ul style="list-style-type: none"> • Managing existing labour • Recruiting and employing staff • Getting off to a good start • Management styles • Dealing with conflict • Communication • Improving leadership and teamwork 			
<p>Making employing easier</p> <ul style="list-style-type: none"> • Understanding your legal obligations • Other options and alternatives • Improving existing work practices 			



Key Management Areas (KMA)	Identify things you will have to change	What are the steps necessary to make this change	How will you know what has changed
<p>Understanding your farm's labour situation</p> <ul style="list-style-type: none"> • assesing existing labour management • determining farm goals • planning ahead for labour needs 			
<p>Employment and labour management issues</p> <ul style="list-style-type: none"> • managing staff • leadership • communication • conflict resolution • recruiting staff • inducting new staff • teamwork 			
<p>Making employing easier</p> <ul style="list-style-type: none"> • understanding legal obligations • keeping good records • other options for meeting labour needs • doing different things 			



SECTION 5



Where to go for more help

Key Labour Management Tools, Courses and Packages

Tools, Courses, Packages	Contact
<ul style="list-style-type: none"> • Employing Made Easier workshop • Other DairyCHECK workshops 	NSW Agriculture Dairy Extension Officers in your local area Tocal College, Paterson, Ph 1800 025520 www.tocal.nsw.edu.au
<ul style="list-style-type: none"> • NSW Dairy Farm Training Program Courses from Certificate II up to Diploma level 	Tocal College, Paterson, Ph 1800 025520 www.tocal.nsw.edu.au NSW TAFE- hotline, Contact: 131601 www.tafensw.edu.au
<ul style="list-style-type: none"> • “Guide to Employing Labour on Dairy Farms” 	NSW Dairy Farmers Association – Contact: Member Services Officer Ph 9295 5850 www.nswdfa.com.au
<ul style="list-style-type: none"> • “National Share Dairy Farming Guide” 	Australian Dairy Farmers’ Federation Level 6, 84 William Street MELBOURNE. VIC. 3000 Ph 03 9642 8066 www.adff.com.au
<ul style="list-style-type: none"> • Training videos produced for the Rural Training Council of Australia: <ul style="list-style-type: none"> • “Clearing the Air” - dealing with conflict in the workplace. • “Train to Gain” – issues about training employees • “All in a day’s Work” – workplace assessor training 	Rural Training Council of Australia Level 2 NFF House 14-16 Brisbane Avenue BARTON ACT 2600 Ph 0262 732 514 www.rtca.farmwide.com.au
<ul style="list-style-type: none"> • Handing on the Family Farm • Succession Planning 	Rural Councillors at NSW Agriculture Offices; www.ruralcounselling.org.au Lyn Sykes, Consultant, Dubbo



<ul style="list-style-type: none"> • Managing Farm Safety • First Aid course 	Worksafe Australia Dairy Farmers group WorkCover Authority Red Cross, St Johns Ambulance
<ul style="list-style-type: none"> • Human Resource Management courses Communication, Conflict Resolution, Time Management, Stress Management 	TAFENSW Health Department Other providers
<ul style="list-style-type: none"> • Skills Audit from FarmBi\$ Other FarmBi\$ courses – check the website for a full list 	Rural Assistance Authority 161 Kite Street ORANGE NSW 2800, Ph 1800 678 593 www.raa.nsw.gov.au
<ul style="list-style-type: none"> • “Let’s Talk – communication video for Farm Families”. Video produced by the Rural Women’s Network • You Choose – Dairy families meeting the Challenge” – video and booklet 	Tocal College or Rural Women’s Network, 161 Kite Street ORANGE. NSW. 2800 Ph 02 6391 3620 www.agric.nsw.gov.au/rwn/

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