

# **LABOUR ISSUES AFFECTING AGRICULTURAL CONTRACTORS**

*Tom Ryan and John McNamara, Teagasc, Kildalton College*

## **Introduction**

Agricultural contractors play a central role in Irish Agriculture. It is estimated that 80% of the heavily mechanised work, such as silage making, is done by contractors while the value of services provided is about £500m/year. Availability of skilled labour is a key requirement to running a successful contracting business. However, in recent years contractors generally have reported increasing difficulty in recruiting and retaining such staff due to competition from other sectors on the buoyant economy.

Accordingly, we decided to conduct a pilot survey of contractors (27) in the South East to obtain information on the current situation regarding labour availability and to provide a basis for discussion among contractors, farmers and relevant agencies to redress the problem of labour shortage.

We would like to acknowledge the considerable assistance of the Professional Contractors Association and the contractors interviewed for their assistance in conducting the survey. We appreciate that considerable variation in the nature and scale of contracting businesses occurs throughout the country. What we hope to do is to highlight some of the key labour issues affecting contractors generally and suggest possible solutions.

## **Changes in Structure of Irish Agriculture**

As a background to the survey finding let us first look at the projections for farmer numbers, as published in the recent Agri Food 2010 Report (DAFRD).

**Table 1**

	<b>1998</b>	<b>2010*</b>
Viable Full Time Farms	44,300	20,000
Part Time	38,500	60,000
Transitional (Non Viable)	63,500	20,000
<b>Total</b>	<b>146,300</b>	<b>100,000</b>

*\* Policy change scenario (EU enlargement/W.T.O. agreements)*

While these figures are tentative estimates, they show that there will be considerably less (and larger) full-time farmers. A considerable increase in part-time farming will occur. These will be either available for part-time work in the agricultural sector, including contracting, or in non-farming occupations. Also, this group are likely to require an increased usage of agricultural contracting services.

### **Contractor Profile in Survey**

It can be seen from Table 2 that 92% of contractors surveyed were involved in silage making with the majority having self propelled machines (60%) while 70% were involved in a substantial way in tillage. A number of one person contractor operations doing work such as baling/slurry/hedge-cutting/spraying, were surveyed also.

**Table 2 - Contractor Profile**

	<b>%</b>	<b>Acres</b>
Silage	92	2004
Tillage	70	918

### **Labour Used by Contractors**

The information collected on labour used by contractors shows (Table 3) that on average 1.4 family members, including the contractor, work full-time in the business. While the number of full-time and casual employees are 2.3 and 4.3 on average, respectively. Also, the contractors spouse is frequently involved in the business typically doing records, invoicing and money collection.

**Table 3 - Labour Available at Peak**

	<b>Contractor/Family</b>	<b>Fulltime Employees</b>	<b>Casual</b>
Average	1.4	2.3	4.3
Range	1-4	0-15	0-20

We found a significant level of co-operation among contractors with 33% sharing work with other contractors in busy periods. Also, significantly, 44% of contractors hire in both labour and machinery from farmers at peak times and for long draws to supplement their own resources (Figure 1).

### **Pay/Time Worked**

The predominant payment system was a flat hourly rate with the average net wages in the £4.5 - £5.5/hour range. Key staff such as foremen and experienced operators are receiving up to £7.00/hour net. The normal working day is 8 to 6p.m. but during peak times considerably longer hours are worked with 71% working 12-16 hours/day and 22% working over 16 hours/day (Figure 2). During slack periods time off arrangement/short days are generally available.

### **Labour Availability**

Over 80% of contractors surveyed reported having a major problem with availability of labour. Permanent staff are crucial to running a successful business. Contractors noted that younger staff in particular are more inclined to leave. The principal reasons for leaving are pay levels and long working hours. Contractors also reported an extreme shortage of casual staff for peak work, such as silage. From our survey (Figure 3) the predominant means of recruiting staff has been through "local contacts". While this has been a successful means of recruitment until recently, it is not likely to be as successful into the future. It is notable also, that the number of school leavers is dropping at the rate of almost 2% per year so that this source of casual labour will become less available over time.

As shown on Table 1, there is still a considerable labour pool available in the farming sector, the challenge now must be to harness this resource. A network system whereby this labour resource is released for contracting/machinery work needs to be

developed. It is notable that the Professional Contractor Association and the Farm Relief Service have been having discussions on this problem recently. Also, improved labour efficiency on farms should assist in the process of making more labour available.

## **Working Conditions**

While pay and hours of work are the most crucial factors in retaining staff, the importance of good working conditions cannot be overlooked. Chief among these is the quality and condition of the machinery used. By and large we found a strong commitment to having up-to-date equipment from the point of view of having increased reliability and less downtime and a better working environment. It is notable that 23% of the tractors in the survey were less than 2 years old (Figure 4) while over half the tractors were less than 6 years old. This is an indication that contractors are committed to providing good quality working conditions to their staff as well as a quality service to their customers.

In the survey also we looked at working conditions such as meals provided, transport, accommodation, toilets/washing facilities, and First Aid as shown in Figure 5. Over 74% of contractors reported an arrangement for providing meals. However, while 85% of contractors had a first aid box available, only one contractor had received training in First Aid. As the majority of employees were from the locality, transport and accommodation are not major issues to the same extent if they were working in industry or away from home.

## **Time Management by Contractors**

It can be seen from the survey (Figure 6) that the major proportion of a contractors time is spent operating equipment, followed by managing the business and repairing/maintaining machinery. The scale of the business determines the time spent at each function. As scale increases more time needs to be allocated to managing the business. Many contractors are committed to an effective replacement policy to reduce breakdowns and downtime. The survey shows (Figure 7) that a considerable administrative workload is borne by contractors/contractors

family in invoicing, money collection and accounts. Accountants are employed in all cases to finalise tax returns.

## **Training Issues**

Teagasc sees training as an essential requirement for any young persons wishing to pursue a career in the machinery sector. The recent reorganisation of Teagasc training programmes has led to the availability of specialised training options. Such specialised options are available in farm mechanisation at certificate level (NCVA/NCEA) for persons interested in working with farm machinery.

An extension of machinery training facilities is being undertaken at Kildalton College. Teagasc plans to make these facilities available for training of contractors and their operatives. Courses to be developed will include:

- Safety Management
- Machinery specific courses in conjunction with the trade
- Pesticide Application
- Business Management / Computer Applications

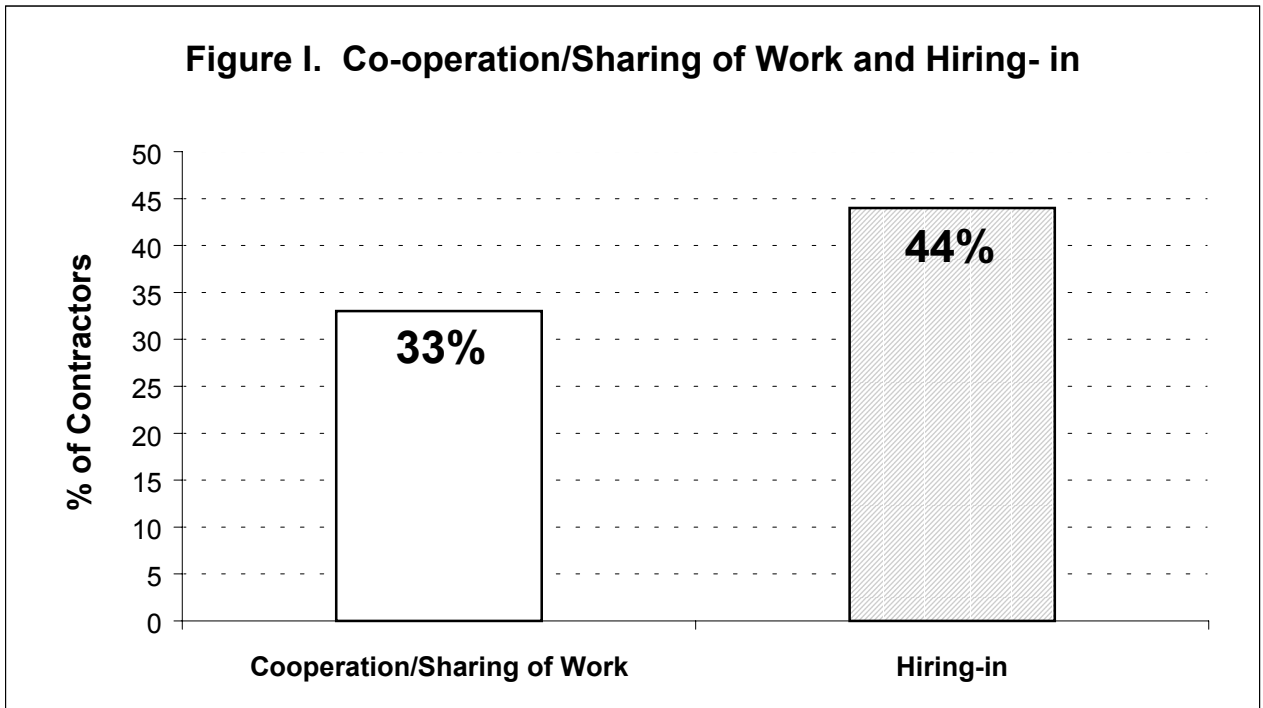
## **Conclusions**

- Pay rates will have to be competitive to attract and retain high calibre staff into the contracting sector. Such staff will need to be superb machinery operators, and have good communications skills to work with farmer clients.
- Working conditions also, will be crucial to retain staff. Principal among these includes availability of up-to-date modern equipment and minimisation of long hours to the peak season and in adverse weather conditions.
- Machinery scale and technical improvements have a role to play in reducing labour requirements, e.g. In line wrapping / bigger silage trailers.
- A considerable pool of skilled labour exists in the contracting sector already. The challenge to retain these and make the job more attractive in relation to other sources of employment.

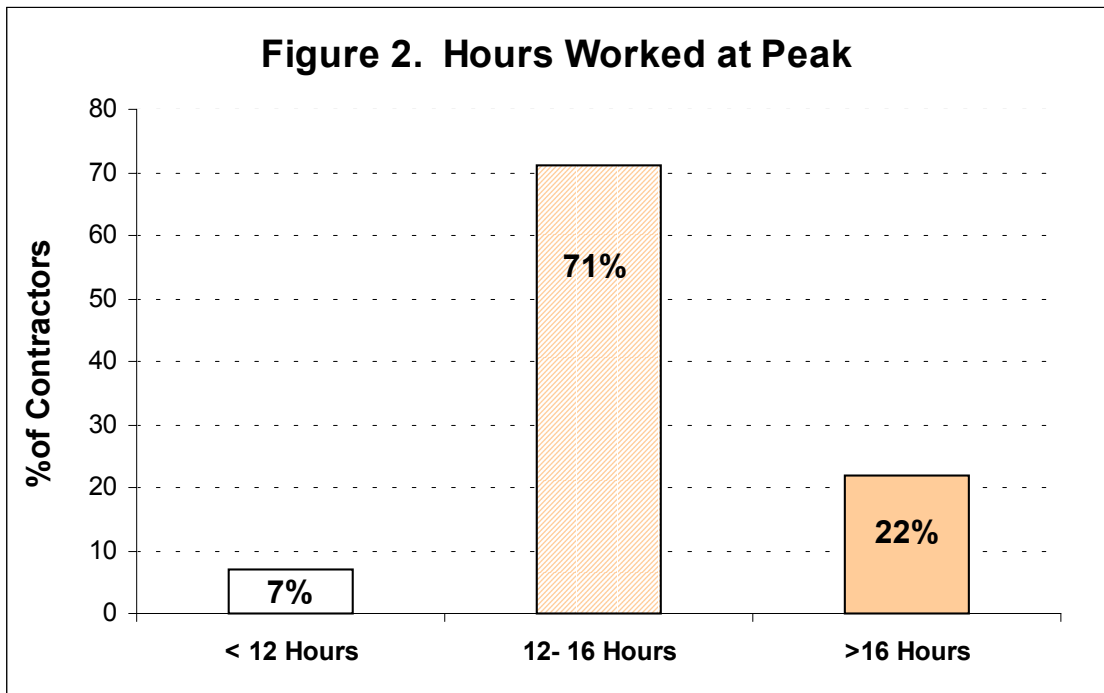
- There is a considerable pool of labour available on farms which could be available for machinery operations with contractors, as the trend toward part-time farming increases.
- Hiring in of both operator with his own tractor/machines is likely to increase and will provide a very suitable source of labour for contractors.
- Co-operation and sharing of work can overcome some of the problems of labour shortage.
- As recruitment at local level is getting more difficult, there is a role for recruitment agencies, such as the F.R.S. to identify suitable persons for machinery operation.
- Working with modern machinery has many advantages. These should be promoted actively to attractive high calibre persons into the business.

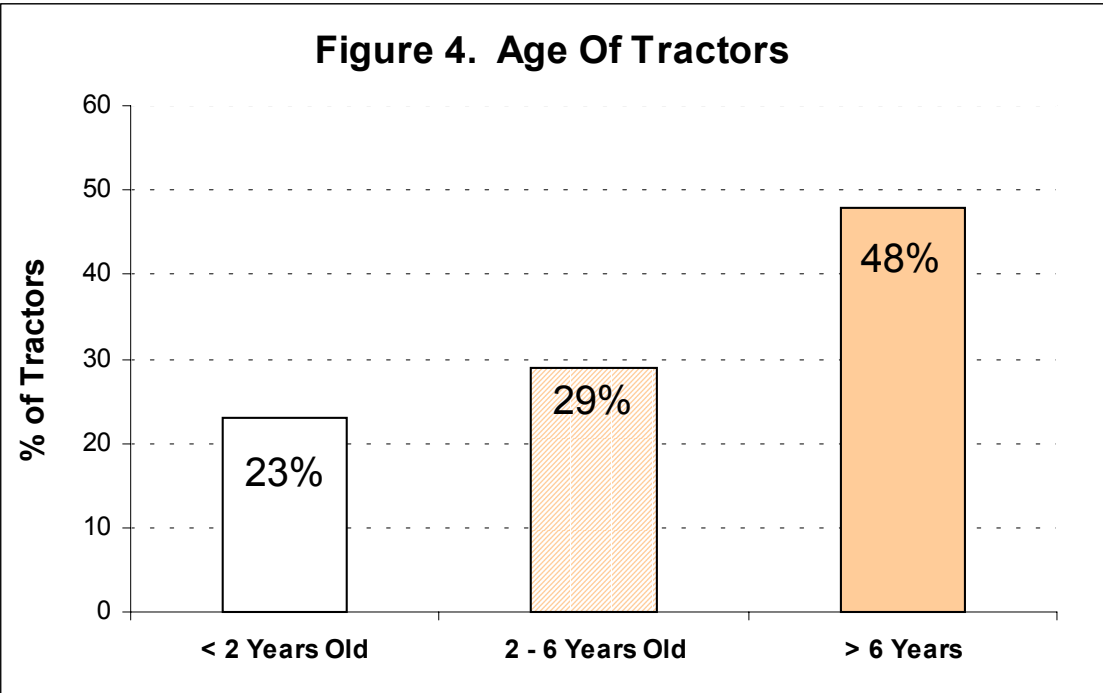
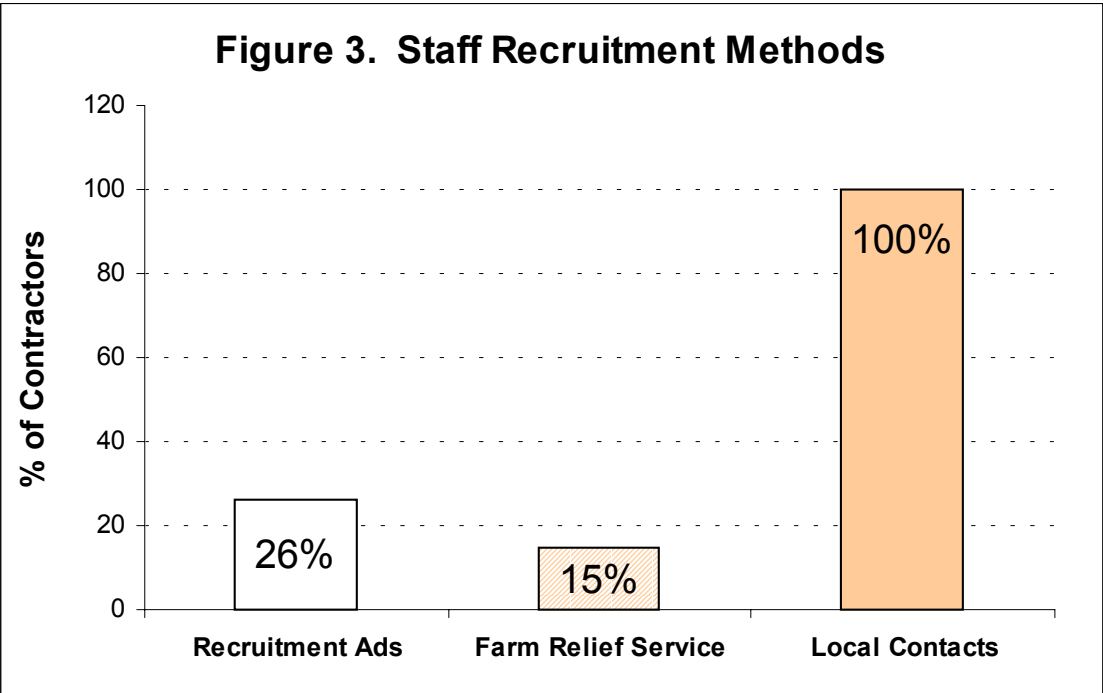
Farmers should realise the value and service provided by contractors and their operators. A good working relationship with contractors will be crucial to the long-term viability of farming into the future.

**Figure I. Co-operation/Sharing of Work and Hiring- in**



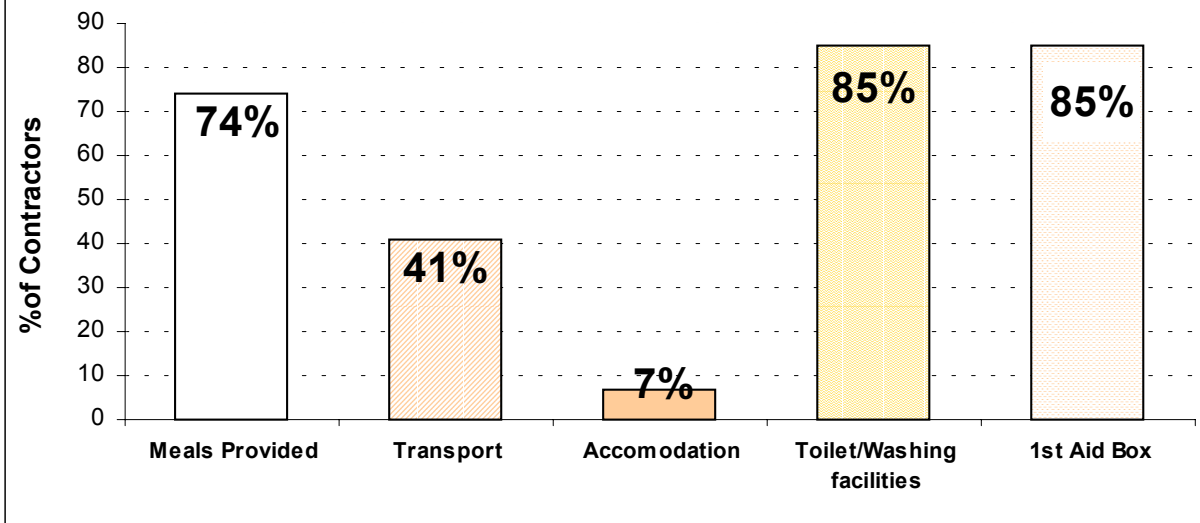
**Figure 2. Hours Worked at Peak**



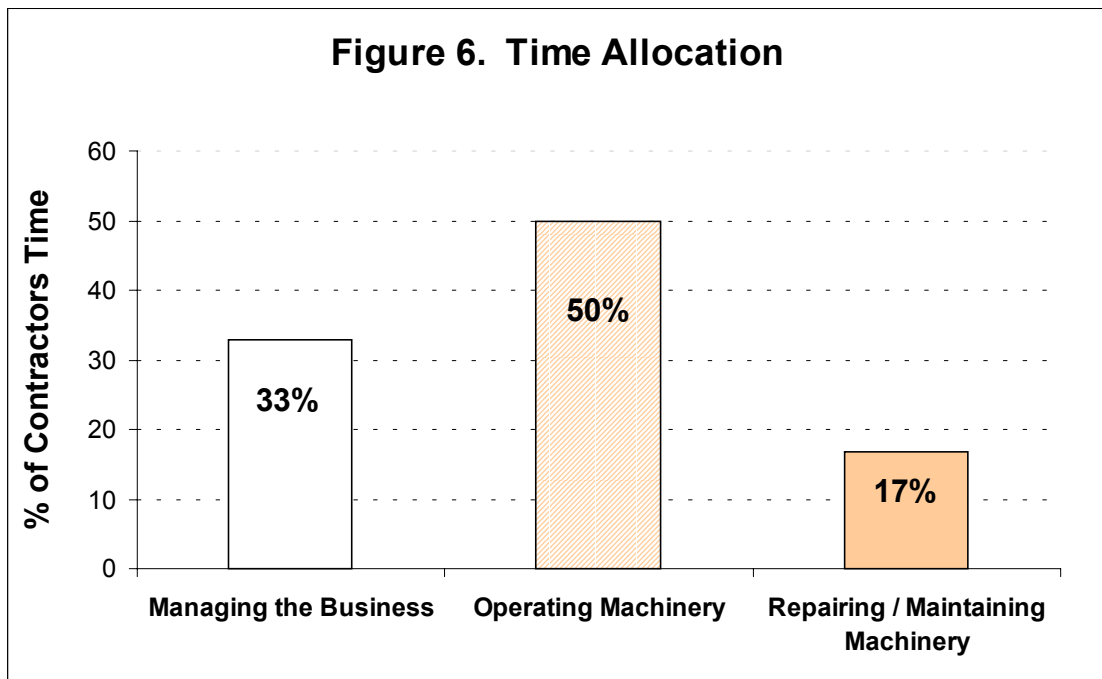




**Figure 5. Working Conditions**



**Figure 6. Time Allocation**



**Figure 7. Book Keeping and Accounts**

