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**Submission to the Senate Employment, Workplace Relations and Education References Committee Enquiry on Pacific Region Seasonal Contract Labour by Worktrainers Limited.**

Worktrainers is an Employment Service based in Shepparton in Victoria's Goulburn Valley and servicing all of North East Victoria and some of the southern Riverina. Since 2003, Worktrainers has been the provider of Harvest Labour Services to the Goulburn/Murray Valley region of Northern East Victoria- holding the relevant contract from the Department of Employment and Workplace Relations (DEWR). Worktrainers also operates a Harvest Labour Service for Tobacco growers based out of its Myrtleford office in the Ovens Valley. Worktrainers provides much of the Harvest labour force (not subsidised by DEWR) for the Ovens, King and Kiewa Valley horticultural areas of NE Victoria. In the 2005 season, Worktrainers placed approximately 4000 harvest Workers in the GV area alone, the second largest placement of workers by a DEWR contracted harvest Office. Worktrainers has submitted a tender to DEWR to provide Harvest Labour Services to the Ovens and King Valleys in the fourth round of Job Network from 2006 to 2009 and estimates there will be approximately 3000 placements in that region. Fruit crops from irrigated orchards covering approximately 8400 hectares create the biggest demand for Harvest Labour in the GV. Other significant crops include tomatoes, grapes, olives, vegetables and nuts. The Northern Victorian Fruitgrowers Association (NVFA- recently changed to FGV or Fruit Growers Victoria) is the peak representative body for GV fruitgrowers. It represents 200 growers or most of the fruit growers in the GV. Total value of fruit production by NVFA members in the Goulburn Valley is set out in Table 1 for the 2004/5 Harvest Season.

**Table 1 Fruit production 2004/5**

Type of Fruit	Production (tonnes)	Value (\$m)
Pears	219, 200	\$69.9
Peaches/ Nectarines	83,100	\$37.4
Apples	97,854	\$43.6
Apricots/Plums/Prunes	12,579	\$6.05
<b>Totals</b>	<b>412,733</b>	<b>\$156.95</b>

(Source NVFA/FGV supplied figures)

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The fruit industry is a significant contributor to the economy of Victoria with fruit production valued at \$580 million per annum at the farm gate and exports valued at \$340 million per annum. Economic modelling indicates a multiplier effect of 6 to 8 times farm-gate value for agricultural produce. (Source Vic Dept of Innovation, Industry and Regional Development) With a 6X multiplier effect, this industry is worth approximately \$3 billion annually to Victoria and Australia.

In the Goulburn valley, the above table indicates \$156.95 million dollars worth of production per annum. Applying the same 6x multiplier affect, the fruit industry's production in the GV equals some \$940 million dollars worth of resultant economic activity created by the GV fruit industry.

Victoria produces 88% of Australia's processed pears and 70% of peaches and apricots, most of which are grown in the Goulburn Valley. (Source Vic Dept of Innovation, Industry and Regional Development) There has been considerable recent investment and development of the fresh fruit industry in the Goulburn Valley and the recent consolidation of large fruit processor; SPC-Ardmona and consequent takeover by Coca-Cola Amatil has lifted the available processing capacity. This has led to renewed investment in horticulture in the Goulburn Valley.

Despite advances in technology, this will not impact the demand for labour in the Industry. There are no available mechanical forms of harvesting stone and pome fruits. Crops are hand picked and experienced orchardists expect this pattern to continue, especially for high value export crops. Hand picking methods, combined with increasing production from recent investment, indicate increasing demand from the fruit industry for Harvest Labour Services. (Source Vic Dept of Innovation, Industry and Regional Development)

Table 2 summarises the approximate number of workers required to be attracted to the area during the season to actually harvest crops as distinct from processing them.

**Table of Workers required during harvest in Goulburn Valley**

<b>GOULBURN VALLEY SEASONAL CALENDAR</b>		
Type of Harvest Work	Number of Workers Required (approx) based on Worktrainers HLO 2003-2005 seasons	Locations
<b>NOVEMBER - DECEMBER</b>		
<ul style="list-style-type: none"> <li>• Cherry picking</li> <li>• Apricot picking</li> </ul>	1000	Shepparton, Kyabram, Nagambie, Cobram, Tatura, Ardmona, Goulburn Valley
<b>DECEMBER - JANUARY</b>		
<ul style="list-style-type: none"> <li>• Apricots</li> <li>• Peaches</li> <li>• Cherries / Plums</li> <li>• Nectarines (3<sup>rd</sup> week Dec)</li> <li>• Apples (2<sup>nd</sup> week Jan)</li> </ul>	3000	Shepparton, Cobram, Kyabram, Orrvale, Toolamba, Mooroopna, Tatura, Ardmona, Kaarimba, Bunbartha, Invergordon, Strathmerton, Merrigum, Nagambie, Echuca, Goulburn Valley Berrigan.

FEBRUARY - MARCH		
<ul style="list-style-type: none"> <li>• Pears / Peaches</li> <li>• Apples / Nectarines</li> <li>• Plums / Pluots (Cross between Apricot and Plum)</li> <li>• Nashi Fruit</li> <li>• Grapes</li> <li>• Tomatoes</li> </ul>	6000	Shepparton, Cobram, Kyabram, Orrvale, Toolamba, Mooroopna, Tatura, Ardmona, Kaarimba, Bunbartha, Invergordon, Strathmerton, Merrigum, Nagambie, Echuca, Goulburn Valley, Berrigan.
MARCH - MAY		
<ul style="list-style-type: none"> <li>• Pears</li> <li>• Apples</li> </ul>	2000	Shepparton, Cobram, Kyabram, Orrvale, Toolamba, Mooroopna, Tatura, Ardmona, Kaarimba, Bunbartha, Invergordon, Strathmerton, Merrigum, Nagambie, Echuca, Goulburn Valley.
Total:	12000	

*Note: The figures of No of workers required are drawn from Worktrainers HLO analysis of figures for 2003-4 and 2004-5 seasons and DEWR and local Fruit Growers Association figures. They do not necessarily represent the total individuals required for the season. A person can arrive in November to pick cherries and still be working on apple picking in May having had multiple placements. A better term would be "job starts"*

## **Response to Terms of Reference**

**a) Labour shortages in rural and regional Australia;** For at least the last six years the Goulburn Valley has been able to access adequate Harvest Labour to take off local crops. In some years, many varieties of fruit have ripened simultaneously and this has put pressure on the ability to get crops off in time but I am not aware of large amounts of fruit left to rot due to lack of harvest labour. A large percentage of Australia's horticultural production is based in this region (known as "The Food Bowl of Australia") and there is national significance if severe labour shortages occur in this area.

During periods of peak labour demand by the horticultural industry such as during harvest an even labour supply is not assured in the GV area.

During the period November to May up to 12, 000 job starts may be required across the Goulburn Valley region to harvest the wide variety of fruit crops. Many of these crops have a very narrow window in which to pick and ensure the best possible quality for the intended end use. Increasing emphasis on quality means crops picked sub optimally (to soon or to late) are not acceptable to the fresh or preserve market. This requires an optimum number of fruit pickers as not only can the fruit be down graded if not picked at the right time, many varieties of fruit will fall from the trees thus becoming non recoverable.

The GV Harvest Office has been contacted to provide labour to the Northern Territory Mango Harvest but has not been able to, due to logistical issues and the fact that we are

not paid to provide Harvest Labour in the NT. Anecdotally we have been told 20% or more of the mango crop has gone unpicked in some years due to labour shortages. We have avoided this problem in the GV region by way of converting from Australian sourced Harvest Labour to mainly overseas Harvest Labour.

Worktrainers has concentrated on attracting International Backpackers to the Goulburn Valley to harvest crops. This strategy has been highly successful with our own figures showing nearly 80% of our harvest Labour placements were of people holding overseas passports with an appropriate Australian working visa. The majority of these are young single people travelling in small groups or singly and very open to having new experiences such as working hard manually. In 2005 people from over 70 countries were placed. 65% of placements were female and Germany and the UK were the main source countries. Worktrainers has developed an "on line" registration system that attracted 10,000 registrations for the 2005 harvest season well in excess of need. Our web site featuring harvest labour attracted over 500,000 hits during the 2005 season.

All this sounds as though we have the issue of harvest labour covered! We don't believe we have. There are a number of issues about relying on backpackers to be the main labour source for Harvest.

1. They are "discretionary" workers who choose to work in the harvest for new experiences, lifestyle, spending money and moving with fellow "adventurers" to experience Australia's many regions. Few "have to" work to survive, rather they work to thrive. A lot of time effort and experience has gone into attracting them to the Harvest areas of Australia. As Australia continues to have low unemployment/high labour demand, many employers are looking to new labour sources. Already we are seeing competition from other Australian employment sectors for this cohort of jobseekers. They are young, fit, attractive, unencumbered, flexible, educated, intelligent, multi lingual- in fact all things that most employers want. Their demands are few and if they don't work out there are plenty more. I believe the horticulture industry will face some stiff competition to attract their services in the future.
2. Once again they are "discretionary" workers. If terrorist activity or significantly higher fuel costs or contagious disease such as Bird Flu affect international travel, discretionary travellers stop travelling especially to distant or unsafe destinations. This happened after Sept 11<sup>th</sup>
3. The hospitality industry is where many now end up working due to location, pay rates, tax rates and the nature of the job. Many of these jobs are located on the coast, in tourist areas or in capital cities which offer unlimited entertainment and fun and in many cases cash payments and as a result no tax. Non resident fruit pickers are taxed at 29% whilst residents are taxed at 13% -a further disincentive for backpackers. Cash in hand for easier work on the coast is a much more appealing option. Many object to the effective tax rate of 30% and it is a counter productive to the Australian economy to be paying it back these people when or after they leave Australia. Its not spent in Australia, which is plain silly.
4. The opportunities to work in tourist, coastal or capital city areas are increasing rapidly as we experience skill shortages in low unemployment Australia and this will impact greatly on the labour available for rural Australia and in particular fruit picking.

**b) The availability and mobility of domestic contract labour, and the likely effects of such a scheme on the current seasonal workforce;**

Up to 20 years ago the majority of Goulburn Valley harvest and fruit processing labour was Australian, consisting of itinerant workers and family groups who followed the Australian fruit harvests across the country. This was supplemented by students (secondary and university) local people who took leave from normal jobs to pick fruit for the extra money and family members of horticulturalists (immediate and extended) and other groups of people who otherwise did not normally work, such as retired people and housewives and unemployed people who only worked in the fruit season.

There is evidence of illegal workers already in the GV with numerous raids by DIMA resulting in many workers being arrested because of not having the appropriate working visa. Many of those arrested have been working for “contractors” who do not have incorporated or ABN status and their total investment seems to be a mobile phone, a pocket diary and occasionally a mini bus to ferry workers between jobs.

There are some registered legal contractors who are usually individuals or small groups who have (ATO approved) registered contractor status. These principally work in “non harvest” activities like pruning, thinning, planting etc. Some do harvest work also as contractors but would form only a very small proportion of the harvest labour needs in the GV. Domestic contract labour is available for Harvest but relies principally on “Labour Hire” arrangements. Usually Horticulturalists have not been willing to pay Labour Hire margins. However of late quite a few have experimented with the use of “Labour Hire” and found it provides flexibility at a busy time. They are now willing to pay the “Labour Hire” margin to reduce the strain and effort of employing large numbers of people at the busiest time of the year.

As “Labour Hire” arrangements can be offered ethically and legally and allow a labour hire company to provide a team and supportive environment for its workers, they are most suited to supporting the employment of any “guest workers”. This is on the proviso that it is an experienced, ethical and legal labour hire company.

For Australian jobseekers either registered as looking for work or on benefit the shaded area of the table below indicates the level of placement by the Goulburn Valley Harvest Office for the past two years.

Harvest Season	Contract No of Placements	Actual No of Placements	National ranking	Variance	Registered Job Seekers placed	On Benefit job Seekers placed
2003-2004	3500	2277	3 <sup>rd</sup> highest No of placements nationally	-1223	699 or 30%	292 or 12%
2004-2005	3500	3716	2 <sup>nd</sup> highest No of placements nationally	+216	705 or 18%	392 or 10%
<b>Totals</b>	<b>7000</b>	<b>5993</b>		<b>1007</b>	<b>1404 or 23%</b>	<b>684 or 11%</b>

Our records show the majority of placements of people on benefit are local jobseekers. For many years Government policy has been to get people on benefits to go to Harvest

areas to pick fruit. I believe this long running experiment should be declared a failure for a number of reasons

- It has had at best limited success and usually it has failed the jobseeker and the horticulture industry as the jobseeker cant do the work and the industry doesn't get the workers it needs
- The majority of people now on benefit are in my opinion incapable of the hard work of picking fruit. Those that are left on benefit in our low unemployment environment tend to have multiple chronic barriers to employment, many of which are undiagnosed and which preclude them from doing long hard physical full time work.
- Sending large numbers of poorly resourced and usually incapable potential workers to a region has been a severe drain on local welfare services. It is tantamount to sending the problem a long way away, being seen to do something rather than nothing and does nothing to address the barriers such people face, apart from setting them up to fail and reinforcing their already low self esteem.

### **c) Social and economic effects of the scheme on local communities;**

It could be said that the use of illegal contract labour (often at below award rates) in the Goulburn Valley has been the equivalent of an experiment in placing teams of guest workers into the harvest in the GV. This has been occurring off and on for at least a decade with no obvious disquiet except for raids by the Department of Immigration. Apart from the question of illegal workers working at below award rates, no one has voiced a concern over contract labour coming to the area.

In fact the GV region has been host to groups and teams of migrant workers for close to 100 years- since irrigation and intensive horticulture commenced in the early part of the 20<sup>th</sup> Century. The history of the area abounds with stories of people from all over the world coming to the Goulburn valley-virtually straight of the Boat- to work hard to make money and support family back home and eventually bring them out to Australia.

From my own knowledge of the history of the region, the following immigrant groups have come to work on harvests in the region

- 1920's- People from Italy, Greece, Albania, descendants of pacific Islander Kanakas.
- 1930's- People from Italy, Greece, Albania, Germany (many Jewish and other refugees) and from many countries of Europe fleeing German Imperialism
- 1940's- Italian and German prisoners of war used as harvest labour force. The start of post war immigration in the late 1940's
- 1950's-1960's- Italian, Greek, Dutch, German, Polish, Czech, Lebanese, Yugoslav, - many refugees from WW2 and Communist countries.
- 1970's- Turkish, Phillipino, South Sea Islanders,
- 1980's- Iran, Malaysia, Vietnam, India,
- 1990's- present- Iraq, Iran, Kuwait, Albania, former Yugoslavia, Africa, South Africa, Philippines, Jordan, Afghanistan, Lebanon, India.

All of these groups and many more have found the sun, soil, water and climate of the GV conducive to settling down and putting down roots. As a result the GV probably has one of the most multi ethnic populations for a regional area in Australia. It is generally

accepting of new arrivals who are willing to work hard, as existing residents own beginnings in Australia are nearly all within living memory in the Goulburn Valley.

For nearly 100 years large groups of people from all over the world have swelled the local population of the Goulburn Valley at Harvest time. It continues to this day with our own figures indicating 80% of the Harvest Labour force is from overseas. The local population is accepting of new arrivals who are workers whether in small or large groups. Over the last 100 years there has been little ethnic tension between groups of workers in the GV and even less between the local population and harvest workers. Most incidents that do occur are down to too much alcohol and sunshine and the release of pent up tensions after a lot of hard physical work.

**d) Likely technical, legal and administrative considerations for such a scheme;**

If a "guest worker" scheme was implemented, I believe it would be supported by the majority of local residents on the basis that workers received.

- Australian pay and conditions
- Were recruited from a trusted source in village based teams with their own natural leaders.
- Were well managed as teams whilst working in Australia- preferably working via labour hire arrangements as self managed teams rather than being deployed in individual employer/employee relationships.
- Received some pastoral care and support from local people
- The majority of the money earned only available after arrival back in source country
- Built up some skills that would be of benefit back home whilst here.

It is our belief that we need to implement a project as a way to "pioneer" the systems to allow importation of workers if/when there is an actual significant labour shortage in the harvest season. For this reason a small pilot project is recommended. A modest project would have no affect on the viability of present arrangements but would allow understanding of alternative means of attracting and deploying harvest labour should the present "discretionary" workforce of backpackers stop coming.

It would be proposed that a small group of major horticulturalists act as host employers, with the workers deployed to them via labour hire arrangements. Participants would be:

- Proficient in basic English
- Fit and healthy
- Have a demonstrated good work ethic
- Be fit and proper persons as judged by the Australian Department of Immigration representative
- Understand the nature of the project and be committed to it's success
- Selected by way of a process suitable to source country.
- An educative process would need to be developed to prepare the workers for working in Australia.

All guest workers would be employed on the same pay, conditions and protections that Australian workers enjoy. They will be charged for accommodation at a concessional rate and accommodation will need to meet suitable standards to ensure the safety, hygiene and comfort of the workers. They will also have deductions made from their pay to cover their return airfares and health insurance.

Ideally the guest workers will be employed by way of contract or labour hire arrangements and the contracting/labour hire organisation would be responsible for all aspects of their stay. This would include arranging transportation to and from Australia (at the workers expense and to be deducted from their wages), all work related issues, accommodation, employment conditions and welfare.

Through agreed selection criteria, wages management and careful human resource management a system would be established that would ensure that guest workers do not over stay their visa period.

**e) The effects of the scheme on the economies of Pacific nations.**

- If successful, the project will be capable of being scaled up using the same or similar arrangements, thus benefiting more countries receiving Australian aid.
- The systems and relationships developed will be such that if the GV suffers a significant shortage of labour in the harvest season, the systems will be capable of being "ramped up" to assist sourcing an emergency supply of harvest labour.
- We will be developing a "bank" of skilled horticultural workers that can be called on if the present skills shortage in production horticulture continues.
- These workers, because of the experience and training they pick up whilst in Australia may become a valuable asset to their economy. Most of the Australian aid donor countries have mainly a rural/agricultural/survival economy, and sorely need skills that will improve their horticultural production.
- This arrangement if successful, is the best form of foreign aid we can give to another country as it is teaching practical skills to "grassroots" workers and at the same time giving them a sizable (in terms of their countries economy) amount of money to invest back into their country. It cuts out all the middlemen who otherwise take a cut of foreign aid. Such arrangements have revitalised many poorer economies once significant amounts of money flow back into communities
- The workers, having been paid at Australian wage rates will have what locally amounts to significant sums of money when they return home. Whilst it is their money to be spent at their discretion, selection of people with family commitments for the project should mean the money is used for practical investment into improved production within their own community. It should stimulate "grassroots capitalism".



In closing, I would like to offer the opportunity to address the committee in person regarding the above issues and this submission, and be available for any questions that the committee may wish to ask.

Yours sincerely

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