



Submission to Senate Inquiry into Pacific Regional Seasonal Contract Labour

March 2006

Introduction – Yandilla Park Pty Ltd	2
Labour Shortages in Rural and Regional Australia	2
Availability and Mobility of Domestic Contract Labour	3
Working Holiday Maker Visa Holders	4
Social and Economic effects of the Scheme on Local Communities	5
Likely Technical, Legal and Administrative Considerations	5
The Effects of the Scheme on the Economies of Pacific Nations	6
Conclusion	7

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Introduction - Yandilla Park Pty Ltd

Yandilla Park was established in 1970 as a family owned business. Since that time it has grown to become Australia's largest integrated citrus growing, packing and marketing enterprise. During 2005 Yandilla Park Pty Ltd experienced huge growth including the appointment to manage citrus properties known as Kangara and Solora and a 292-hectare table grape property at Red Cliffs in the Sunraysia.

Yandilla Park Agribusiness now provides farm management for more than 2600 hectares of horticultural crops including citrus, table grapes, avocado, mangoes and wine grapes. The fruit is packed at six packinghouses located in the Riverland region of South Australia, Sunraysia region of Victoria, and Katherine in the Northern Territory.

Other business divisions within the Company include: irrigation design, sales, installation and project management; a citrus nursery (the largest in Australia); and a leading consultancy service in soil surveys, land assessment services; and soil, water, fertiliser and salinity management.

During the peak periods of May to November each year the company employs between 1,500 and 2,000 employees. New plantings and future planned developments will further increase labour demand not expected to plateau until 2015.

Yandilla Park Pty Ltd is seriously concerned about its and the horticultural industry's ability to source immediate and future labour requirements. Yandilla Park strongly supports the concept of a Guest Worker visa program.

Labour Shortages in Rural and Regional Australia

Each year the problems of sourcing suitable labour worsen and it seems that Australians are less and less inclined to do manual work. During the past season we relied heavily on backpackers and would not have coped without this reliable (but not ideal) source of labour. Our citrus packinghouses and harvesting co-ordinators are faced with the unenviable task of trying to co-ordinate staffing requirements while having to continually source and train more employees. We are experiencing the same issues with our table grape and mango businesses. The attached graph lists staffing shortfalls for our citrus business for the 2005 citrus season.

Shortfall Seasonal Labour 2005

Property Location	Citrus Packers	Citrus Pickers
Solora – Loxton	50	50
Kangara – Murtho	25	20
Yandilla Park – Renmark	50	70
Yandilla Park – Sunraysia	20	50
Total	145	190

Between May and October 2005 Yandilla Park Farms alone experienced a picker turnover rate of 300%. Turnover continues to escalate despite the Company providing

very good working conditions, adhering to all occupational health and safety requirements and offering whatever assistance possible to retain pickers.

Currently Yandilla Park has some 2,600 hectares under production; 180 hectares are young plantings not yet in full production. A further 600 hectares is under development with planting to be completed by 2006, resulting in a substantial increase in demand for harvest labour over the next 5 years.

In 2005 the Kangara property produced 22,000 bins of fruit, projections over the next 10 years are for an increase in production to 110,000 bins of fruit, increasing the number of harvest labourers required from 80 to at least 320 between the months of May to October.

Labour shortages also impact negatively on our packinghouses, severely limiting our Company's ability to run second and third packing shifts. In addition we are unable to fill weekend rosters delaying our harvest further, and compounding labour shortages. Labour shortages unduly affect the quality of employees. While we have a core group of hard working employees many others have little or no commitment to their employment. It is common for employees not to show up for shifts nor make any attempt to contact their supervisor or staffing co-ordinator. Recent feedback from packinghouse managers and supervisors suggested that, at times, they tolerate poor performance and inappropriate behaviour because there are no alternatives.

Currently Yandilla Park uses a range of strategies to recruit seasonal workers both for citrus packing and citrus picking. These include using Job Network agencies, harvest contractors, targeted advertising, letters to past seasonal workers inviting them back for each new season and developing strong relationships with local caravan parks and back packer hostels.

Yandilla Park also provides, in an effort to entice itinerant workers to our region, information, assistance and advice on how to access local accommodation. Generally Yandilla Park is innovative in developing strategies for attracting workers, but have not been successful in recruiting the numbers required and can only forecast future difficulties.

The availability and mobility of domestic contract labour, and the likely effects of such a scheme on the current seasonal workforce.

Yandilla Park use contract labour hire arrangements to a limited extent, mainly for table grape and mango crops. There are few successful labour hire operations that provide citrus labour harvesting services. Those that are successful are small operations relying on key personnel who are generally the proprietors. Small operations such as these are vulnerable to collapse should the key driver be away from the business for some reason, leaving the host employer/customer in dire straits.

Yandilla Park has a core group of local and itinerant returning seasonal workers, on whom we rely heavily. Anecdotally staffing co-ordinators, farm managers and harvest supervisors will verify the continuing decline in numbers and dependability of this core group of workers. Farm managers estimate that 10 years ago crops could be picked using only a third of the personnel required for similar crops picked today. At

Submission to Senate Inquiry into Pacific Region Seasonal Contract Labour

that time harvest workers were more experienced and more inclined to pick fruit on an ongoing, long-term basis.

Yandilla Park's Human Resource Manager was previously employed (eight years) in the Job Network/Employment Services industry, responsible for delivery and management of the Riverland's Harvest Labour Contract¹. During her experience there has been a rapid decline in the true "itinerant seasonal worker" the type that can really be productive in harvesting fruit. They have been replaced, partially at least, by people with poor work ethic and a lack of desire to commit to the hard work required of citrus pickers, resulting in extremely high staff turnover (they walk off the job within hours/days of commencing) and compounding workers' compensation claims.

It is difficult to quantify the economic cost to the Company to adequately induct, train and supervise new seasonal workers (inexperienced workers require more intensive supervision than their experienced counterparts). Added to this the enormous administrative cost involved in processing and pay rolling new employees with all the associated administration ie processing "choice" superannuation, responding to Centrelink income enquiries and child support enquiries, to name but a few etc. Given acceptable staff turnover rates these factors and costs could be reasonably absorbed by the organization, however excessive turnover rates due to a limited supply of suitable workers is an unfair impost on this Company and others in our region.

Working Holiday Maker Visa Holders

Backpackers holding Working Holiday Maker visas are a very important source of seasonal labour for citrus, mango and table grape picking and packing. There has been a noticeable increase in the numbers of backpackers looking for work in the areas in which we operate and who are prepared to stay for longer periods because of the recent changes to Working Holiday Maker visas.

While an important source of harvest labour, backpackers are not ideally suited to citrus picking. Many find the work too demanding and have difficulty making adequate money (picking is paid piece rates²). They tend to be reliable for a period but also want to enjoy a holiday experience and therefore do not stay in one place for long periods.

Substantial resources are invested in all new employees, including backpackers, this includes induction, training and payroll administration costs; and it takes several weeks before new pickers become really efficient at their job. Three-month work limitations placed on backpackers means the time and effort invested in skills development is lost after a very short time span. Overall our productivity is adversely affected by high staff turnover during a very busy harvest period.

¹ While employed at Employment National and MADEC Jobs Australia who were each contacted by the Department of Employment and Workplace Relation to provide Harvest Labour Services to growers of the Riverland.

² Once skilled, pickers can earn between \$20 - \$25 per hour. Recently two backpackers were ready to walk off the job after picking less than a bin of fruit, our Harvest Co-ordinator convinced them to stay. Once skilled they were able to pick 9 bins each per day earning in excess of \$200 per day. Average earnings for skilled pickers would range from \$150 - \$200 per day.

While generally backpackers tend to be short term employees serious consideration should be given to extending the eligibility for backpackers to remain working for one employer, from three months to six months. On occasions we have had to insist that backpackers move on, despite being excellent workers, because employment has reached three months. In a high demand labour market it is disappointing for both parties to terminate employment because of this ruling.

Social and economic effects of the scheme on local communities.

There are multiple social and economic benefits of a Guest Worker program. From an economic perspective Yandilla Park would benefit from reduced staff turnover rates and importantly have the opportunity to re-employ the same workers year after year, reducing the need to completely re-skill employees each time a new recruit is hired. Refresher induction training is always provided for returning employees; there is no intention to provide lesser quality induction or skills training.

Yandilla Park is not seeking to displace any of our local employees, or to reduce working conditions in any way, but we are extremely concerned about meeting future labour needs and see a Guest Worker proposal as a viable solution.

The Riverland region is quite unique in its cultural diversity; it is made up of some 50 nationalities including strong Greek, Italian, Vietnamese, Turkish and Indian communities, to name a few. English is the second language in many families; resulting in community acceptance to the point where cultural differences are rarely even thought about in our day-to-day interactions. The introduction into our community of a new cultural group would soon be absorbed into the larger cultural community mix. Likely technical, legal and administrative considerations for such a scheme.

The Riverland region currently lacks accommodation and transport infrastructure. Yandilla Park would work with Local Government and the Riverland Development Corporation to provide suitable accommodation and transport facilities. While accommodation and transport pose challenges these are not insurmountable. Our Company has the desire to proactively resolve these matters providing we can gain access to a suitable workforce.

In regard to some of the costs involve in a Guest Labour program Yandilla Park recommends distribution as follows:

Airfares – paid in advance by employers, reimbursed by employees through weekly payroll deductions.

Accommodation – employers assist in sourcing suitable accommodation and assist with bonds and upfront associated costs to be paid back by employees through weekly payroll deductions.

Health Insurance – pre entry medical checks would be required followed by mandatory health insurance paid through weekly payroll deductions.

Submission to Senate Inquiry into Pacific Region Seasonal Contract Labour

It would seem reasonable that air fares, accommodation and health insurance costs should be borne by the employees, however, it is likely they would need some “up front” assistance, the repayment of which would have to be part of the visa conditions.

Mandatory Savings – in order to ensure that employees return to their native country at the conclusion of harvest a percentage of weekly earnings could be collected in trust and paid on the employee’s return to their country.

Conflict Resolution – Each host employer would be required to have a conflict resolution policy and procedure in place, to protect both parties and facilitate dispute resolution.

Recruitment, induction and training - costs to be met by the employer, as is currently the case.

We suggest that should a Guest Worker program be adopted nationally a central co-ordinating body may be required to oversee the program to ensure Guest Workers are treated fairly and equitably. Employment arrangements could work through contract labour hire agencies, or workers could be employed directly by employers. Yandilla Park would prefer the latter option. The co-ordinating body could also play a role to ensure adequate candidate screening is conducted so that only suitable candidates participate in the programme.

The proposed Guest Labour program will ease, or alleviate, the need for ‘black market labour’. Some employers are forced to use unscrupulous harvest contractors who engage illegal workers (and others claiming welfare payments that they are not entitled to claim). Many in the horticulture industry are reduced, through necessity, to using such unethical contractors who clearly exploit their employees, and often compromise health and safety, as well as the welfare system.

The effects of the scheme on the economies of Pacific nations.

Once skilled, piece worker employees can earn an average of \$20 - \$25 per hour; hourly paid employees earn more moderate amounts but still very generous in comparison to earning opportunities of our Pacific neighbours. Overall, earning opportunities with Yandilla Park could be expected to be most attractive to people from Pacific Rim and most Asian countries.

If a mandatory savings scheme was adopted the Australian community could be assured of the benefits to the economies of those nations participating in the scheme. It is also an alternative way of economically supporting neighbouring countries that may currently receive aid from Australia. A secondary benefit would be the improved self esteem of individual employees, their families and communities, as income taken back into communities will have been earned through hard work and endeavour.

Conclusion

Yandilla Park has experienced labour shortages for several years and this situation is progressively worsening. There has been a noticeable decline in the reliability of employees, on any given day up to 20% of the workforce can simply choose not to

Submission to Senate Inquiry into Pacific Region Seasonal Contract Labour

attend work, and often do not attempt to advise their employer. Staff turn over rates continue to climb.

A Guest Worker visa program is a viable option to resolve many of our labour shortage issues. Concerns of people overstaying their visas, or the impressions that this program could create job losses can be overcome if managed carefully.

Yandilla Park strongly supports proposed Guest Worker visas. As mentioned we are not seeking to displace any of our local employees, or to reduce working conditions in any way but we are extremely concerned about meeting current and future labour needs and see this proposal as a viable solution.

Yandilla Park Pty Ltd would be keen to be involved in any pilot program should DEWR want to explore this option.

Authorised by

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