



Inquiry into Pacific Region Seasonal contract labour

Background

The Greater Shepparton population as at the 2001 Australian Bureau of Statistics Census was 55,210, incorporating the townships of Shepparton, Mooroopna, Tatura, Murchison, Merrigum, Tallygaroopna, Dookie and rural properties.

It is anticipated that population growth will continue steadily, with an estimated 20,000 people being added to the population between 2005 and 2031 (source : Greater Shepparton Profile, Urban Enterprise Pty Ltd, Feb 2006).

The region has experienced significant growth in industry and population over the last fifteen years, and the recent Greater Shepparton Economic Development Strategy, Feb 2006, predicts that strong growth will continue into the future.

Twelve percent of residents are employed in the Agriculture industry, which was worth \$412 million to the Greater Shepparton economy in 2001 (source : Greater Shepparton Economic Profile, Urban Enterprise Pty Ltd, Feb 2006).

The value of the Agriculture industry is broken down into :

Milk	(\$142 million)
Pears	(\$61 million)
Cattle and calves	(\$43 million)
Apples	(\$42 million)
Tomatoes	(\$33 million)

There are obvious multiplier economic effects in relation to the primary food industries in terms of production that adds value to primary produce, transport industries, cool storage and employment.

The agriculture sector and related manufacturing sector has, and continues to be our region's foremost innovator. This innovation leads to value adding and/or process efficiencies, which are the key to the long term viability of our food producing and processing industries.

Juxtaposed to the innovation of the agriculture sector is the need to continue to remain a player in the competitive global economy.

The Council is keen to support carefully considered, well managed projects that ensure that the agriculture industry continues it's growth in the region by providing employment, economic growth, adding value to the manufacturing industry and contributing to the community.



Terms of reference

a. Labour shortages in rural and regional Australia

The Greater Shepparton City Council has recently formed a harvest labour working group, consisting of representatives from the Council, Fruitgrowers Victoria, Worktrainers (Harvest Labour Office) and a local lawyer. The general aim of this group is address issues of labour shortages, raise the profile of backpackers to the community members to make backpackers feel welcome, and to look at accommodation alternatives.

In preparing this submission, the Council relies heavily on the information it has received from those representatives who liaise directly with orchardists and farm managers, as well as sources of labour.

In recent years, the Council has been advised that harvest labour has been sufficient to meet the labour needs of the orchardists. In the not too distant past however, there have been harvest labour shortages, and a very stressful period of uncertainty for orchardists, who are unable to predict whether they will have sufficient labour to pick fruit from year to year. Backpackers are a transient, discretionary labour force, who generally work to travel. Given the demanding physical nature of the work, as well as extreme heat, many backpackers who commence work on orchards, do not continue employment until the end of the season. Some find the work too difficult, others cease work to continue their travels.

The consequence of insufficient labour at critical times in the harvest season can result in fruit not being picked at the optimal time, which leads to poorer quality fruit, and/or crops not being fully harvested, which all dramatically affect the profitability of the agricultural sector.

The flow on effect in relation to labour shortages can act as a disincentive to further investment in our region in the agriculture sector. The issue of labour shortages can also become a barrier to entry for potential new orchardists and food manufacturers.

The Council is pleased that the Committee is giving due consideration to such a proposal, and exploring options to assist in providing some stability in labour sources to orchardists in the region.

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

The Council does not have any direct knowledge of the availability and mobility of domestic contract harvest labour.



The Council would suggest that any process of introducing contract harvest labour would have to be carefully managed to continue encouraging backpacker labour which has flow on economic effects for tourism, and may remain a significant source of harvest labour.

Secondly, the process would have to be carefully managed to ensure that local members of the community who wanted to work in harvest labour were given that opportunity, even if they are not direct employees of a contract labour company.

c. Social and economic effects of the scheme on local communities

Once again, the Council would like the opportunity to contribute to the pilot of any contract labour scheme to ensure that the process would be carefully managed and well planned prior to the arrival of such labour.

Careful attention needs to be paid to accommodation needs of workers, rates of pay and employment conditions, English proficiency, proximity to transport, health needs and so on. Insufficient accommodation, a lack of health insurance etc would impact negatively on the existing community by draining resources that are already strained by the demands of the local community.

The Council would recommend that overseas labour be attracted from regions where we have existing strong ethnic ties. By way of example, the Pacific Islands have a strong incorporated association and community from that region which will provide informal support to newly arrived workers for the duration of their stay.

Economically, provided the contract labour scheme does not detract work from willing local community members, it is assumed that the scheme will bring economic benefits to the region, with increased spending on food and consumables for the duration of the scheme.

In determining whether or not the contract labour scheme impacts on local job seekers, close attention must be paid to the regional labour market. Currently we are enjoying low unemployment levels which provide difficult conditions for orchardists to attract local labour during harvest. This shortage of harvest labour may significantly reduce in times of higher unemployment, and lower employment opportunities.

Further it is assumed that the provision of a labour contract scheme will not impact local wage levels because the contract labourers will be paid award wages.



d. The technical, legal and administrative considerations for such a scheme

The Council understands that any overseas sourced labour hired in such a scheme will not have access to our system of public health insurance. Any such scheme will need to factor in the expense and availability of private health insurance.

Orchardists will also need to be carefully advised on any obligations that arise from sponsorship, such as the expense of the return passage home, if such sponsorship requires such undertakings. This of course may be a pecuniary impediment for smaller orchardists who wish to opt into the system of contract labour schemes from overseas countries.

Of course the Council supports schemes where award wages and conditions are strictly adhered to. Some system of compliance and regular monitoring should be considered to ensure that labour contract companies are adhering to those requirements.

Administratively, the Council assumes that a local body would need to assume responsibility for training and visa compliance at a local level, and due consideration would need to be given as to who is the appropriate body to undertake such a task.

e. The effects of the scheme on the economies of the Pacific Nations

The Council is of the view that due consideration needs to be paid to the economic effects of bringing comparatively large sums of money by a few members of the community who have had the opportunity to work in Australia back to their poorer country.

Although it is regularly cited as a benefit that certain members of the community will then be trained in the horticultural industry and be able to apply their new skills and training in their home country, can this be balanced with the opportunity each year to earn significantly more money in Australia, when their skills may be required back in their home country? If a balance can be achieved, how would it be monitored in the labour source country on an ongoing basis to ensure that the balance is maintained?