



Australian Mango Industry Association Ltd.

ACN 094 909 083 * ABN 50 713 775 301

Investing in our future

10th March 2006

Committee Secretary
Senate Employment, Workplace Relations and Education Committee
Department of the Senate
Parliament House
Canberra ACT 2600

Dear Sir/Madam,

Inquiry into Pacific Region seasonal contract labour

Please find attached our submission into the above inquiry.

Yours sincerely,

JOE MORO
Chairman

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into Pacific Region seasonal contract labour

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Executive Summary

The Australian mango industry suffers from a chronic shortage of labour, in particular at peak harvest periods. The industry is noted for a short sharp season in each region when high volumes of mangoes need to be picked and packed. Peak production practices such as harvest and some pruning occurs during the hottest part of the year, from September through to March. In each region, depending upon the variety, harvest can often occur over relatively short periods of time. The attributes of the mango fruit mean that it must be picked at the optimal time to ensure premium quality. Missing this optimum picking window, even by a day in some cases can have a significant negative effect on fruit quality and therefore value. This negative impact not only affects the grower, but the entire industry. Consumer research indicates that if a consumer has a negative eating experience, it can be five to six weeks before that consumer will again purchase that variety of fruit.

For mangoes, six weeks is a significant portion of the season. Therefore worker shortages not only impact on the volume of fruit that can be picked but also on the quality of the fruit that is picked. This is having serious consequences for the industry and its reputation as a supplier of quality fruit for both the Australian and growing export markets.

The industry is also characterised by a biennial bearing pattern of fruit, meaning that 'on' years, production can be much higher than 'off' years. Even in years of lower production, regions in northern Australia struggle gaining access to labour. In years when production is high, this labour shortage is exacerbated. Access to seasonal contract labour, especially in the seasons of high production will take pressure off both growers and the existing workforce.

The mango industry is not seeking to employ a workforce on lesser conditions than that are currently applicable, but is seeking to have available to it a workforce that is willing to work, at times in arduous conditions. While the current working visa system for working holiday makers is providing a good resource for the industry, each year there is a significant gap between the supply of labour and demand. The concept of seasonal contract labour should be thoroughly investigated and implemented as it will assist our industry reach its true potential.

Introduction

The Australian Mango Industry Association Ltd (AMIA) is the peak body representing the Australian mango industry, including approx 1500 growers, wholesalers and related industry businesses. The Australian industry is located throughout regional Australia, but with a production focus in northern Australia. Over 90% of Australia's mango production occurs in north Queensland and the Northern Territory.

The industry currently has a GVP of \$120M and is increasing production at an estimated 8% per annum. This increase in production is due to increase in plantings and also the growth of existing trees with subsequent increased production per tree. If this production trend continues it is estimated that the industry will have a GVP of \$250M within 10 years.

Labour shortages

Labour shortages impact on all production regions, especially in northern and western Australian production regions. A study commissioned by the Northern Territory Minister for Primary Industries in 2004 and released by Department of Business Industry and Resource Development (DBIRD) states "Labour shortages are potentially an issue that could limit further growth of the industry. Projections by DBIRD estimate economic losses (including direct and indirect benefits) due to lack of labour, ranging from \$5.8 million to \$26.1 million depending on seasonal conditions." *source: A Socio Economic Perspective- Karen White, Horticulture Division DBIRD.*

Existing labour sources

The mango industry relies on local labour resources and also working holiday makers. Therefore the industry competes with other industries for this labour resource. In regions where other industries (eg sugar cane) are co-located, the availability of labour can be dependent upon the seasonality of the other industries. While itinerant workers and working holiday makers do follow the production cycle through Australia to an extent, the overlap of seasons between regions and also the distance between regions can also exacerbate the labour shortage.

Information collected from the Northern Territory highlights the industries reliance on working holiday makers. As the industry develops and production increases and extends, the dependency on out of area labour increases. Statistical data collected since 2002 shows that:

- In 2002, 40% of harvest workers were locals, 30% were out of area Australian residents and 30% were Working Holiday Makers. (Darwin and Katherine combined).
- In 2003, 42% of harvest workers were locals 27% were out of area Australian residents and 31% were Working Holiday Makers. (Darwin and Katherine combined).
- In 2004, 20% of harvest workers were locals, 18% out of area Australian residents and 62% were Working Holiday Makers (Darwin and Katherine combined).

In 2004, the Northern Territory mango industry reached its highest production level in excess of 2 million trays in six weeks. The high percentage of Working Holiday Makers engaged in employment in 2004 reflects the dependency and future trends of out of area labour requirements.

These trends would be similar in other production regions. As production increases, the existing labour resource is unable to cope with the production levels and industry must rely on out of area Australian residents and working holiday makers. It is not sound to expect an industry to continue to grow to its potential if labour, which is of critical importance, is a limiting factor in this potential growth.

The increase in production by the growers ability to harvest all fruit will not only increase the volume of fruit available on the fresh market, but will also provide increased volumes of fruit for processing, providing an opportunity for this sector to increase production and also seek new market opportunities.

The Australian industry sees multiple benefits from a Pacific region seasonal contract labour resource. These benefits are not only for the Australian industry, but also for the Pacific nations themselves. The benefits include:

- Increased production per tree (due to the ability to harvest all fruit) will reduce the cost of production per fruit for the grower and these savings may be passed on to the consumer> This will assist Australia's competitiveness both at home and in export markets
- Increased production will increase the industry's ability to supply both domestic and export markets with high quality mangoes
- Increase cross cultural awareness and relationship building
- Increased cash flow to Pacific region nations

- Increased cash flow in regional Australia as seasonal contract workers fund sustenance
- Increased recognition of Australia as a good neighbour in the Pacific region
- The opportunity to gain experience and skills that may be transferable to Pacific region communities and industries
- Providing the horticulture industry with the opportunity to secure adequate labour will have economic benefits for growers and regional communities that are sustained by horticulture.
- Ensuring there is an adequate labour resource to harvest will encourage further investment and industry development.

Impacts on local communities

AMIA sees positive impacts on the local communities. The benefits include a stronger industry with the ability to further invest in the local community and therefore a stronger local economy. An increased number of workers in the regions throughout the season will assist invigorate local communities through local spending.

We do not anticipate negative impacts on local employment. The Northern Territory Horticultural Association (NTHA) has provided the following example. In 2002, the Northern Territory mango industry experienced a labour shortage. According to the ABS* there were 4500 unemployed people in the Northern Territory during peak harvest in 2002 , the same time the industry experienced the labour shortage crisis.

The Northern Territory industry has made many attempts to engage local unemployed people into mango harvest with little success. The NTHA, in conjunction with the Northern Territory Mango Industry Association (NTMIA) , collaborated with the Department of Employment and Work Relations (DEWR) and Charles Darwin University (CDU) to put together various training packages and proposals to assist and encourage unemployed, unskilled, migrant and indigenous people to enter into employment in the horticulture industry.

A training package was put together to run prior to the mango season 2004 and included training in Elevated Work Platform operation, Tractor/Trailer operation, Forklift Operation, Chain Saw Operation, Occupational Health and Safety and Best Practice Mango Handling. It was anticipated that participants would attain a level of competency in these areas and would then be placed into employment and receive on farm training to cover picking, packing and quality techniques throughout the

mango season. This training was to cover both Harvest and Post Harvest. The objectives of the project were to provide unemployed and unskilled workers with the opportunity to gain skills that would enable them to gain employment in various industries including horticulture. It would also provide growers, who operate as employers, the opportunity to access labour during the mango season. At the conclusion of the program, the participants would have a proven level of competency and a variety of skills attributed to harvest and general farm work.

The associated costs with training eligible participants were to be met through NT Government subsidised training and the Commonwealth Governments JOB NETWORK scheme. Eligible participants would have been able to access assistance with transport, work wear and other costs associated with entering and maintaining employment. For this scheme to be successful, the project needed commitment from growers to ensure that resources were used effectively and that people did not undertake training without employment outcomes. The NTHA sought a commitment from mango growers and received 113 guaranteed employment placements for successful candidates.

Unfortunately the project did not generate any interest amongst local jobseekers and the project closed due to insufficient numbers to run the training.

AMIA's envisages that the local workforce and working holiday makers will continue to provide the majority of the seasonal workforce. Having access to seasonal contract labour would allow growers to employ the right number of staff for their work requirements. This would lead to more efficient and effective harvesting and packing operations and assist the industry develop to its potential.

Conclusion

AMIA supports the concept of the recruitment of seasonal contract labour. The industry invests heavily in trying to attract labour and as an industry we need to position ourselves better to secure labour. We anticipate that a contract labour program will increase the level of security to growers so labour does not become a limiting factor to growth. AMIA recognises that there may be issues associated with employment of seasonal contract labour and that proper scrutiny of any proposed scheme and those involved needs to be undertaken. Appropriate programs and systems need to be implemented to ensure security for both the employer and the contracted employee.

Labour shortages are currently a significant impediment o the growth of the industry. With the anticipated increase in production over the next ten years, this impediment will continue to grow. AMIA sees the introduction of an effective and well managed Pacific regional contract labour scheme as a responsible approach and supports the introduction of such a scheme.