

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into Pacific Region seasonal contract labour

Submitter: Peter Morrish

Organisation: Riverina Citrus

Address: PO Box 1432
Griffith
NSW 2680

Phone: 02 6962 4333

Fax: 02 6964 2285

Email: admin@riverinacitrus.com.au



Riverina Citrus

Submission to

**Inquiry into Pacific Region seasonal
contract labour**

March 2006

Introduction

Riverina Citrus is the statutory organisation that represents all citrus growers in the Riverina area of New South Wales.

The riverina citrus industry comprises some 500 producers, 45 citrus packing sheds and 7 citrus juice processors. It is estimated that approximately 30% of all Australia's citrus production is grown in this region with an average total regional production of 180,000 tonnes of citrus.

Terms of Reference

a) The current demand for labour in the citrus industry is increasing from the skilled harvest labour to pruners, thinners and packing through to advisory roles such as trained agronomists and researchers. The cause is a shift from processing demand to fruit production for fresh citrus consumption. This means more fruit is picked in a shorter harvest window and requires harvesting by hand.

While harvested tonnages of the fresh Navel varieties in this region have not dramatically changed over the past 5 years, the demand will increase due to the changes in plantings that take a minimum of six years to come into production. The 2005 Navel Season was a record harvest from the three southern growing regions totalling approximately 220,000 tonnes with the 2006 forecast estimated to increase on this. It all has to be hand harvested from late April to November.

The South Eastern Australian citrus growing regions are competing for the same labour. The estimated number of Australian Navel trees has increased 25% over the past 8 years from 3 million trees to 4 million trees that have to be harvested between March and November (Source: Australian Citrus Growers Inc. website)².

To overcome the increase in demand citrus growers are turning to contractors to supply the skilled labour. For example page 92 of the Productivity Report 2002 lists employing contractors as an option to manage risk on farm, but then notes the AHEA Inc comment that "...there is limited opportunity to delay harvesting or cold store fruit, without prejudicing shelf life and arrival quality."

The Productivity Report 2002 on page 96 describes labour requirements as "...the citrus industry is labour intensive."

This can be summarised within the Productivity Report Overview under Impediments to Industry Performance, page XXXV, cost and availability of labour "...The increasing cost of, and the industry's difficulty in attracting, labour clearly affect the citrus industry ... None the less, government policies in areas such as immigration, workers' compensation and superannuation can place an increasing compliance cost burden on farmers..."¹

b) The availability of labour in the peak navel harvest season is viewed as a significant concern to the citrus industry. Intertwined with an increasing volume navel crop that has to be harvested in a shorter picking period, is the

winter period that affects the amount of fruit that can be harvested daily (appendix 1). The wet weather affects the skin quality if the fruit is harvested when wet.

Mobility is also an issue as itinerant workers and backpackers tend to begin the season in the north of Australia and work their way south. If weather conditions are wet and they are unable to obtain significant wages they move on to a region where they are able to harvest for longer periods during the day. The number of itinerant workers travelling through the regions is reducing as the age of the workers increases. For family reasons they are wishing to stay in one region and not move their family around.

The citrus industry in the Riverina is struggling to have the current production harvested with the available local, itinerant and backpacker labour. Growers even have to harvest more of their own fruit themselves so that the quality is not reduced from leaving the fruit on the tree too long. With 30% of the navel trees in the Riverina still to come in to production the need for labour is only going to increase (Appendix 2). Similarly with approximately 50% of navel trees in the Murray Valley and Riverland still to come into production the requirement for harvest labour is also going to increase. Therefore there will unlikely be any significant affect on the current seasonal labour force.

While this submission has so far focused on the harvesting of Navels for the fresh market there is also a requirement for skilled harvest workers for the Valencia season for both fresh and processed fruit from December to April. While mechanical harvesters are being trialled there are commercial harvesters able to harvest Valencias during this time as they have the following season's crop on the trees also. Mechanical harvesting also removes the next season's crop during this harvest window. Mechanical harvesting is not currently being undertaken on any orchards, apart from some trial work. Their window of use is for new plantings and will not reduce the need for harvest labour.

During the spring the local labour force moves to stonefruit & summerfruit harvesting. There is further competition for harvest labour of the Valencia crop from the winegrape industry with their need for harvesting & cartage operators and winery vintage staff at that time of year.

Australia is following overseas citrus production trends and consumer demand for easy peel varieties of citrus. As this production increases, again the requirements for labour increase due to the extra handling required. The majority of this type of fruit requires clipping (sometimes double clipped) from the tree, not snap picked like oranges. This fruit is also smaller and requires more people to harvest a similar tonnage of fruit to oranges for the same time period.

c) Economically the impact of the labour shortage is significant, but difficult to calculate. Fruit is being left on trees because there is insufficient numbers of skilled harvest labourers to pick it. Just a one-week delay in harvesting can affect the opportunities in export markets with market

windows getting shorter and shorter due to competing regions and other countries, let alone meeting the quality and phytosanitary requirements for that export market.

Socially this impacts across a wide area. Reduction of people in the local community affects business services and schools etc. Growers have to harvest more fruit themselves removing them from managing the business and also from personal time with their families. This leads to long term affects with children seeing how much time and effort their parents are putting into the business and don't wish to return to the orchard after completing schooling.

Social affects if Pacific Nation labour on the community is seen as positive. There will be a need to service the contract labourers with accommodation, food, clothing and other household and travelling requirements. A significant portion of the contract labourer earnings will be retained within the regions they work in. Housing will also be required, whether it be mobile/transportable units or specially built accommodation, with maintenance of these properties also necessary.

Having fruit harvested at the optimum time to meet market requirements should improve returns to growers, ensuring they also have funds to spend in the region. Updating machinery, equipment maintenance and incorporating new irrigation technology all ensures the region benefits. Improved cash flow to growers filters throughout the local community.

d) The following requirements are perceived benefits.

Technically there is the training and daily management of any workers. Including may be a language barrier if the workers are unable to speak English. They may either require training or need a person to support each group while in the country. Other training that may be required is management of their income.

Legally growers will be required to ensure the workers are up to date with Occupational Health and Safety requirements and satisfy all employment conditions through the contracting body as with standard Australian employment requirements. Contract arrangements will have to be complied with.

Administrative considerations can be differentiated between short term and long term requirements. There will be the day-to-day management of the contract labourers including their accommodation, travel, training and their daily requirements. Long term administration begins with planning for the contract labourers to come to Australia and ensuring they have met any health requirements. This then continues on to the harvest plan which they are to follow through different industries and regions and then finally their return home. During all this the banking, payroll, superannuation, taxes etc. will also need to be managed. The housing of the workers will also require administration and management.

e) The effects of the scheme are viewed as positive for the Pacific Nations. With funds returning to these islands there is an increase in cash flow and the ability of the people to ensure that they are able to have suitable living conditions. There will also be the benefit of trained people returning to their regions and take their new knowledge and utilising it to meet market demands for their own locally produced products.

Conclusion

Fruit harvesting does require a skill. While it is a profession that any person can undertake, it is the skilled harvesters that stay in the industry, as they are able to make a living from it.

To meet market demands the availability of the contract harvest labour from the Pacific region is essential to the Riverina Citrus Industry to be able to harvest the crop. This labour requirement is for 12 months of the year with peaks in the middle of the Navel and Valencia seasons.

Increasing focus on fresh fruit production to meet consumer requirements will only increase the demand for a skilled harvest workforce as the citrus industry increases production of alternative varieties to the traditional navel and Valencia orange.

Riverina Citrus is prepared to elaborate on any issues raised in this submission, if requested.

Peter Morrish
Executive Officer
Riverina Citrus

References:

- 1 *Citrus Growing and Process, Inquiry Report, Report No.20 April 2002, Productivity Commission*
- 2 *Australian Citrus Growers Inc. www.australiancitrusgrowers.com.au*

Appendices

1. Production Stats

Riverina Citrus Navel & Valencia Production

| Navel Production | 97/98 | 98/99 | 99/00 | 00/01 | .01/02 | .02/03 | .03/04 | .04/05 | .05/06 forecast |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------|
| DOMESTIC | 23,000 | 13,500 | 27,000 | 34,000 | 32,000 | 38,000 | 28,000 | 37,000 | |
| EXPORT | 19,500 | 5,000 | 11,000 | 11,000 | 15,000 | 9,000 | 15,000 | 8,000 | |
| PROCESSING | 7,500 | 6,500 | 10,000 | 25,000 | 8,000 | 15,500 | 8,000 | 14,000 | |
| TOTALS | 50,000 | 25,000 | 48,000 | 70,000 | 55,000 | 62,500 | 51,000 | 59,000 | 54,000 |

| Valencia Production | 97/98 | 98/99 | 99/00 | 00/01 | .01/02 | .02/03 | .03/04 | .04/05 | .05/06 forecast |
|---------------------|---------|---------|---------|---------|---------|---------|---------|--------|-----------------|
| DOMESTIC | 27,000 | 29,000 | 39,000 | 40,000 | 26,000 | 30,000 | 29,000 | 15,000 | |
| EXPORT | 7,000 | 5,000 | 3,000 | 6,000 | 4,000 | 5,000 | 5,000 | 2,000 | |
| PROCESSING | 102,000 | 71,000 | 97,000 | 100,000 | 95,000 | 115,000 | 83,000 | 68,000 | |
| TOTALS | 136,000 | 105,000 | 139,000 | 146,000 | 125,000 | 150,000 | 117,000 | 85,000 | 124,000 |

| Total Production | 97/98 | 98/99 | 99/00 | 00/01 | .01/02 | .02/03 | .03/04 | .04/05 | .05/06 forecast |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------|
| DOMESTIC | 50,000 | 42,500 | 66,000 | 74,000 | 58,000 | 68,000 | 57,000 | 52,000 | |
| EXPORT | 26,500 | 10,000 | 14,000 | 17,000 | 19,000 | 14,000 | 20,000 | 10,000 | |
| PROCESSING | 109,500 | 77,500 | 107,000 | 125,000 | 103,000 | 130,500 | 91,000 | 82,000 | |
| TOTALS | 186,000 | 130,000 | 187,000 | 216,000 | 180,000 | 212,500 | 168,000 | 144,000 | 178,000 |

2. Planting Stats

Riverina Citrus Planting Statistics from 2003 plantings database

| Sub Category | All | Bearing* | Non Bearing |
|------------------------------|---------|----------|-------------|
| Total Of AREA_HA | 8536.4 | 7785 | 751.41 |
| Miscellaneous (non specific) | 486.13 | 484.85 | 1.28 |
| Blood Orange | 10.17 | 3.68 | 6.49 |
| Grapefruit-Red | 7.31 | 0.99 | 6.32 |
| Grapefruit-White | 111.91 | 92 | 19.91 |
| Lemon | 107.8 | 89.35 | 18.45 |
| Lime | 1.42 | 0 | 1.42 |
| Mandarin | 80.69 | 71.21 | 9.48 |
| Navel Winter | 1782.09 | 1495.30 | 286.79 |
| Navel Summer | 1395.63 | 1167.86 | 227.77 |
| Orange | 70.12 | 27.62 | 42.5 |
| Tangelo | 19.4 | 13.16 | 6.24 |
| Valencia | 4463.74 | 4339 | 124.77 |