



**Northern Territory Horticultural Association**

**Submission to**

**The Employment, Workplace Relations and Education  
Committee**

**Inquiry into Pacific Region seasonal contract labour**

**March 2006**

## **Preamble**

The Northern Territory Horticultural Association (NTHA) is the peak representative body for horticulture in the Northern Territory and represents 450 horticultural enterprises and allied industries in Darwin, Katherine, Alice Springs, Kununurra and the areas surrounding these regions. Commodity groups under the membership banner are as follows:

- Banana Growers Group
- NT Citrus Growers Association ( NTCGA )
- Cut Flower Group
- Emerging Industries ( encompassing exotic fruits )
- Katherine Horticultural Association Incorporated ( KHA )
- Nursery and Garden Industry Association NT ( NGINT )
- Northern Territory Mango Industry Association ( NTMIA )
- Organic Producers Association of NT ( OPANT )
- Rambutan Growers Group
- Table Grape Growers
- Vegetable and Cucurbits Growers Group
- Associate Women In Primary Industries ( WIPI )

The Northern Territory Horticultural Industry is by comparison to other horticultural regions, in early stages of development with a current annual gross production value of just under \$ 100 million. Many areas of the Northern Territory are still relatively undeveloped (less than 1% is currently developed).The Ministerial Advisory Horticulture Partnership Group has set an industry target of doubling the value of horticulture production in five years.

The purpose of this submission is to present the views of the Northern Territory industry to the Employment, Workplace Relations and Education Committee as part of the Inquiry into Pacific Region seasonal contract labour. We recognise that some of the items raised may perhaps be restricted to the Northern Territory or at the very least, magnified by the developmental stage of the region and the tyranny of distance from the populous.

A study commissioned by the Northern Territory Minister for Primary Industries in 2004 and released by Department of Business Industry and Resource Development 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.*

The horticultural industry comprises predominately of tropical tree crops and it is unlikely that technologies and mechanisation will assist in addressing labour shortages.

In recognising that labour shortages are an impediment to industry growth and ultimately the economic development of regional Australia, the NTHA has developed the following policy positions regarding recruiting labour from overseas:

- **The NTHA supports the development and introduction of visa programs that will allow employees from overseas with ASCO skill levels 5 – 9 undertake seasonal work in the horticulture industry in regional Australia.**
- **The NTHA supports the development of a professional framework and accreditation system that will protect overseas workers from exploitation and ensure they are employed in accordance with the Australian Workplace Relations Act.**

These position statements were endorsed by the NTHA council in response to the underlying sentiments behind overseas labour recruitment. The NTHA recognises that recruiting labour from overseas is a very sensitive issue, publicly and politically and warrants careful management and absolute professionalism from the industry sector and other stakeholders.

The Horticultural industry is heavily reliant on out of area harvest workers and access to labour is subject to many external factors that industry has no control over. (*The Bali bombings in October 2002 resulted in a major shortage of WHM's moving into Darwin in peak harvest and contributed to the NT mango industry labour crisis .*)

If the industry is to develop to its full potential it must position itself to be able to secure labour. This will provide industry members with the confidence to invest in business growth.

I thank you for providing us with opportunity to contribute to the Senate Inquiry into Pacific Region seasonal contract labour, if you require any further information on the Northern territory Industry sector please do not hesitate to contact me on 08 89 873 32 33 or email [tracey.leo@ntha.com.au](mailto:tracey.leo@ntha.com.au)

**Tracey Leo**  
**Principal Officer**  
**Northern Territory Horticultural Association**

The NTHA contributes the following submission in accordance with the terms of reference of the proposed inquiry on Pacific region seasonal contract labour, issued by the Employment, Workplace Relations and Education References Committee.

a) **Labour shortages in rural and regional Australia.**

**Overview**

The Northern Territory Mango Industry is currently the biggest horticultural industry in the Northern Territory, subsequently having the largest labour requirement. The industry has the potential to employ up to 4000 seasonal workers in annual peak harvest however labour requirements vary from season to season. Seasonal labour requirements are influenced by many factors that are beyond reasonable control.

Peak harvest generally begins in late September in Darwin and mid October in Katherine and Kununurra. Traditionally, peak harvest and intense labour requirements concluded by the end of November however labour requirements for harvest and post harvest activities are extending to mid January due to varietal developments, the establishment of processing and treatment facilities and integrated supply chain systems.

The mango industry experiences extreme shortages particularly in high production seasons. The Northern Territories small population and remoteness means it is heavily reliant on outside workers, particularly overseas visitors. ( Working Holiday Makers ) .

The Asian Vegetable, Cucurbit (melons) and Banana industries also experience ongoing labour shortages, however shortages in this sector are not restricted to a small harvest window. Labour requirements in these commodities are annual and ongoing and extreme shortages occur in October and November as they compete with the mango industry for available labour.

Table Grape growers (in Alice Springs and Ti Tree) are also experiencing major labour shortages and require up to 400 workers in annual harvest from November to January. The grape industry also experiences shortages in pruning and training season in May and June. While some commodities are able to retain harvest workers to prune immediately following harvest, this is not the case with table grapes.

The Nursery and Garden Industry experiences skill shortages, particularly in plant culture, propagation and irrigation however the skill levels required in these areas enables the industry to recruit workers under existing visa programs.

## Labour Requirements

The Northern Territory horticultural industry is highly reliant on out of area seasonal labour during peak harvest season, particularly Working Holiday Makers. As the industry develops and production increases and seasons 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 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.

While the Northern Territory Horticultural Association welcomes the federal government's decision to allow Working Holiday Makers who engage in seasonal work in regional areas for 3 months to apply for a second Working Holiday Maker Visa, the impact that this will have on the Northern Territory industry will be marginal due to increasing competition from other industry sectors and regions.

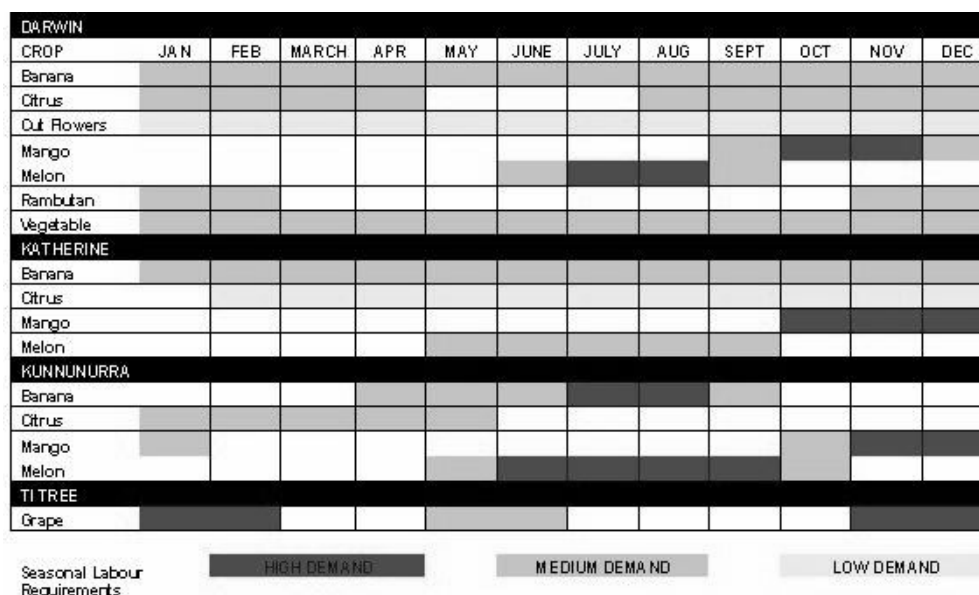


Table above outlines Northern Territory labour requirements.

## **Strategies to address labour shortages.**

According to the ABS\* there were 4500 unemployed people in the Northern Territory during peak harvest in 2002 , the same time the industry experienced a labour shortage crisis.

The 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 with no 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.

The industry has been very dedicated and focused on labour issues and has gone to great lengths to engage local people in harvest work to no avail. Local unemployed people who do engage in harvest work have proven to be unreliable and uncommitted to the job at hand. This coupled with the collapse of various programs has resulted in loss of industry confidence to continue to invest industry resources into further training and promotions targeted at this group.

The Northern Territory Horticultural industry is heavily reliant on out of area workers, both residential and international. The industry has attempted to increase its marketing capability to promote harvest employment in the region. This has included marketing on the National Harvest Information Service, Work About Australia WEB and publications, Travel and Backpackers Magazines and Tourism WEB Sites, attending backpacker expos and other relevant promotional events.

In 2002, the Northern Territory mango industry was devastated by the shortage of harvest workers during peak production period. Following the labour shortage crisis in 2002, the industry initiated the formulation of a Mango Harvest Labour Strategy Group (MHLSG) comprising various stakeholders including Labour Providers and Industry Representatives. The group identified a number of key issues had contributed to labour shortages including:

- Transport for workers to picking locations.
- Accommodation for workers.
- Low and variable rates of pay.
- Occupational health & safety.
- Staff management.
- Communication between industry and labour providers.
- Harvest forecast information.
- Lack of training for workers.
- Poor links between job seekers and providers.
- Lack of marketing to attract worker into harvest.
- Poor representation on the National Harvest Trail.

The MHLSG has been developing strategies to address these issues .The group has successfully introduced an industry agreed minimum rate of pay , formal OHS publications and education specific to mango harvest , coordinated marketing strategies , distribution of accurate forecast information and improved working relationship with the National Harvest Information Service (Harvest trail).

The NTHA is currently developing a professional farm labour system where employers who undertake good practices are endorsed and promoted, and employees who acquire skills and experience are recognised on the national harvest trail.

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

The Northern Territory is vastly different to other harvest regions in Australia, where permanent itinerants represent the largest proportion of seasonal labour force. Permanent itinerants tend to follow distinct harvest trails predominantly on the eastern board of Australia. The Northern Territory is severely disadvantaged by its distance and remoteness from the populous.

The short window of employment in mango harvest makes it extremely difficult to attract workers from outside of the region, as we require a large number of workers for a short period. Labour shortages are significantly worse when either harvest windows are shorter than average or when the harvest windows of Darwin and Katherine overlap.

The Northern Territory has a sub tropical climate with a wet and dry season. The Dry season temperatures range from 18 °C up to 35°C. In the build up to the wet season, temperatures range from 28°C to 38°C in Darwin and up to 40 °C in Katherine. The humidity in the build up can be as high as 98% particularly in October prior to the rain. Working Holiday Makers and Australian Resident out of Area Workers, have difficulty in adjusting to, and / or coping with these hot humid climates. Climatic intolerance is a potential safety hazard to unacclimatised workers and the cost to growers to continually train and induct seasonal staff is cumbersome and unviable. It is surmised that seasonal contract workers recruited from regions with similar climatic conditions to the Northern Territory will alleviate climatic intolerance.

The NTHA submits that a seasonal contract labour program will not adversely affect existing seasonal workforce as there are several different employment markets. The horticultural industry is competing with other industries that require seasonal labor including, but not limited to tourism and hospitality industries.

It is envisaged that only employers who participate in a Professional Farm Labour System will be eligible to secure seasonal contract workers from overseas and many industry participants will not meet the employer specifications required. That is, many will not be in a position to provide the capital or infrastructure required. This may include accommodation, travel costs, transport etc. Subsequently there will be employment opportunities for harvest workers who do not require logistics support.

Recruiting labour from overseas will have little or no impact on employment opportunities for young people in our community as the growing trend for young people to pursue Information Technology and less labour intensive careers has seen a decline in the number of young people engaging in harvest work.

The accessibility to Centrelink payments to Australian residents has also resulted in lethargy towards temporary or interim employment particularly in physically demanding laboring work.



### **C) Social and Economic effects of the scheme on local communities**

The horticulture industry and ancillary business provides permanent employment to an estimated 1500 people and has the potential to provide seasonal employment for up to 4000 people. The horticultural industry and ancillary businesses contributes significantly to the Territory economy and specifically to the sustainability of rural communities in Outer Darwin, Katherine and Kununurra. Horticulture in the Northern Territory has expanded from \$0.5 million in 1981 to \$98.6 million in 2004 (which includes approx \$17m for Cut-flowers & Nursery Production).

The Northern Territory Mango Industry currently produces approximately 2.6 million trays annually, returning an estimated \$ 42.9 million to the Northern Territory economy. Based on current plantings, the industry has the potential to treble in value over the next 3-5 years as young trees reach production maturity. Increase in production will ultimately result in an increase in the demand for labour. Based on an industry average of one picker/packer per 1,000 trays this would equate to between 2,190 and 3,970 workers being required for the 2006 mango harvest.

Northern Territory regional businesses would benefit greatly from an influx of seasonal workers, particularly in peak mango harvest and post harvest months as these occur outside of peak tourism times.

Darwin is within close proximity to Asian countries and accordingly the region is diverse in multiculturalism. There is a high level of multicultural empathy with a cosmopolitan community of approximately 68 different languages in a population of under 100 000 people.

The Northern Territory has a highly transient population with a turn over of approximately 50% of the population in a ten year period. This transient cycle fosters a society that is extremely tolerant and accommodating to itinerants and visitors.

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

The Northern Territory Horticultural Association supports the notion of a Guest Worker Visa program. 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 guest worker program will provide some security to growers that their labour requirements will be met. Stakeholders spend an enormous amount of resources trying to attract labour, but ultimately the success of our investment is determined by too many external factors.

We recognise that the issues associated with importing labour are sophisticated and are more complex than some of the broad spectrum domestic issues. Importing guest workers will require absolute professionalism and careful management from the industry sector, and a framework that sustains professionalism needs to be implemented prior to the introduction of the guest workers visa.

The NTHA submits that only employers who are committed to implementing professional systems be considered eligible to participate in a guest worker program. We recognise that the importing of labour is a very sensitive issue, publicly and politically and this strategy should be approached with extreme caution and absolute professionalism.

The Northern Territory Horticultural Association is developing a professional farm labour system where employers who undertake good practices are endorsed (Accredited) and promoted, and employees who acquire skills and experience are recognised on the national harvest trail. The system will be undertaken as a pilot project in the mango industry in 2006.

The NTHA anticipates that developing a professional system will enable the industry better access to potential opportunities to address labour shortages such as migration and visa programs and tourism marketing.

The objective of a professional farm labour system is:

- To deliver appropriate, adequate and responsible pre-vocational induction training for entry-level employment in the region's horticultural enterprises
- To initiate a professional, whole of industry approach to worker training in the Northern Territory horticulture industry
- To reduce the cost of recruitment to the Northern Territory horticulture industry
- To encourage skill retention within both the Northern Territory horticulture industry and the Australian horticulture industry, within seasons and between seasons

Farms will be audited to ensure employment practices and facilities (particularly accommodation) meet a specified standard. As part of this system an employer code of conduct (COD) will be introduced and growers who under the program must comply with the specifications set out in the COD. These may include OHS training, minimum rate of pay etc. This will provide a framework to operate a guest labour scheme to ensure that employers meet their obligations under the Work Place Relations act.

Harvest candidates will be required to undertake a pre-employment induction program covering OHS and Introduction to Quality Assurance and upon successful completion of the 3 hour program they will be presented with a Farm Skills Passport in recognition of their attendance.

### **Administration and Financial Considerations**

The NTHA supports the concept of a centrally coordinated body to oversee the program however we submit that it is integral to the success of the program to utilise approved regional bodies, to co-ordinate , administer ( and monitor) programs in each region. Approved bodies must have no commercial interest in the success of program.

It would be reasonable to assume that overseas workers would be taxed at the current non resident PAYG rate of 29%. (*Minimum rate based on earning \$ 0 - \$ 21600.00 pa*) The revenue generated from this would contribute / offset costs incurred to government to operate this type of program.

The cost to growers to continually train and induct seasonal staff is cumbersome and any costs associated with airfares etc would be offset by overall efficiency. Staff turn over is generally attributed to climate intolerance, this would be minimized by employing workers from similar climatic conditions.

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

The NTHA submits that providing opportunity for guest workers to work and earn the average Australian wage rate has benefits for the guest workers and his family and community. Below is a table of comparative average wage rates (in Australian \$) as at May 2005.

	<b>Brazil</b>	<b>Mexico</b>	<b>Philippines</b>	<b>South Africa</b>	<b>Thailand</b>	<b>Australia</b>
Average wage rate (A\$/day) @ May 2005	11.74	14.12	4.82	6.73	5.44	120.00
Source: 1. <a href="http://www.cia.gov/cia/publications/factbook/geos">www.cia.gov/cia/publications/factbook/geos</a> 2. RCS market research						

Other economic benefits for guest workers may include but may not be limited too:

- The opportunity to gain experience and skills that may be transferable to their communities and industries in their country of origin.
- The ability to earn a salary in a short period that may be equivalent if not more than their earning capacity in their country of origin.

### **Closing Note**

Labour and skill shortages, is arguably one of the biggest impediments to the success and further development of the horticulture industry in the Northern Territory.

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. Having the peace of mind that there will be sufficient labour to harvest will encourage further investment and industry development.

The Northern Territory Horticultural Association wishes to thank the Employment, Workplace Relations and Education Committee for providing us with the opportunity to contribute to this discussion.

If you require any further information please do not hesitate to contact the Principal Officer of the NTHA, Ms Tracey Leo on 08 89 83 3233 or email [tracey.leo@ntha.com.au](mailto:tracey.leo@ntha.com.au) .