

Policy Position for Horticulture on Seasonal Labour

Background

- ❖ There is considerable uncertainty as to the number of persons employed in the horticultural industry. Estimates of employment vary widely, from between 75,000 and 175,000 workers. There is little reliable data collected by governments on the sector's workforce. The development of better statistics about employment in the industry is being afforded strong priority by the industry, since labour is a major input into the production process.
 - Labour contributes up to approximately 50% (depending on the industry) of the costs of production in horticulture.
- ❖ Horticulture Australia Ltd (HAL) estimates that, in 2005 17,273 enterprises in horticulture employed a total of 64,000 people, which corresponds to 20 per cent of the total employment in agriculture. However, these figures probably understate the total labour requirement of the industry as they relate only to full time employees and do not include full time equivalents of casual or seasonal labour. Other data places the number of business enterprises in horticulture at over 25,000 and permanent employees at over 100,000. The 2005 HAL figures imply an average permanent workforce of 3.7 workers per enterprise¹.
 - Growcom survey data for Queensland² indicate a much higher average employment rate of 5.45 permanent employees per enterprise.
- ❖ The diversity and fragmentation of the industry (both according to crop and region), the seasonal nature of production and employment, and the high reliance on itinerant and backpacker labour complicates the estimation of the size of the labour force.
 - There are also numbers of predominantly seasonal workers who do not have a right to work or who disguise their employment for immigration, taxation and welfare benefit reasons.
- ❖ Nevertheless, there is good evidence that employment has grown strongly over the past fifteen years and will in all likelihood continue to grow. Between 1991 and 2001, there was a large increase in the number of persons employed in the sector. The number of workers rose by over 40% while the number of farm business units fell by 10 percent³. This indicates a large increase in the average employment per farm business. Of these workers, 60% were wage and salary workers and 20 percent were self employed workers (AFI 2005).

¹ HAL is currently undertaking bench-marking research in this area to assist with providing more accurate data (2006-07).

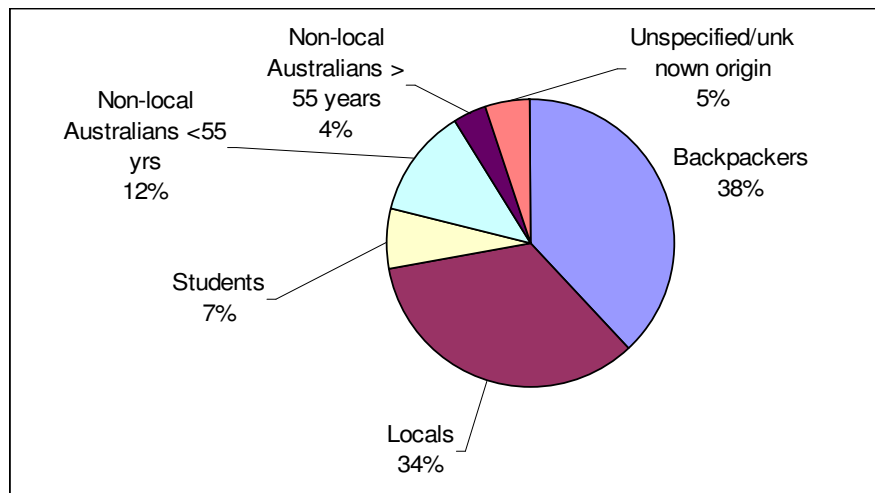
² HAL, 2005

³ Cited from HAL document, need reference.

Current Sources of Seasonal Labour

- ❖ Present sources of harvest labour include:
 - *family or local part-timers*
 - these numbers are declining
 - *itinerant workers*
 - these numbers are also falling
 - *backpackers, vacationing students and “grey nomads”*
 - these are seen as effective and efficient but will never fully meet the demand
 - *Work for the Dole*
 - are generally regarded unfavourably by growers.

Sources of seasonal labour



Issues

- ❖ There is a severe and growing labour shortage in the Australian agricultural sector. This shortage is acute in the Australian horticultural industry. The industry requires access to additional seasonal labour.
 - The ongoing shortfall seasonal (and particularly harvest) labour is unlikely to be met from existing sources.
- ❖ Despite the challenges facing it, the horticulture industry has experienced strong growth over the past decade. According to Mares (2005), throughout the 1990s growth in the Sunraysia region significantly outstripped the national average (4.3 percent per annum versus 3.0 percent per annum) with the value of agricultural production rising 55 percent between 1997 and 2001. Similar growth has been experienced in the Central Murray region. Other regions have also experienced strong growth.
- ❖ The inadequacies of national data on industry employment requirements and the absence of aggregated vacancy data mean that it is difficult to systematically document the labour

shortage issues in rural Australia. This includes the timing and regional pattern of shortages. As a result, it is difficult to assess the extent of the increase in labour supply (from seasonal immigration of labour and other sources) that might be required to meet growers' needs. It is consequently difficult to develop an effective policy response to the seasonal labour shortage.

- A bench-marking survey of the industry is currently being undertaken by HAL's Across-Industry Program to provide critical information about labour and skills issues; including the nature, extent and causes of the seasonal labour shortage.
 - The Australian Government announced in May 2007 that it will provide \$350,000 to Growcom (Queensland's peak horticulture organization) to combat labour shortages in the horticulture industry, and to develop Australia's first ever strategic horticulture industry workforce plan. The study will look at labour and skills shortages, and issues/challenges that impact on the industry's workforce.
- ❖ Both Commonwealth and State governments have placed a high priority on the skill shortage issue in rural and regional Australia, and have introduced a number of measures to address the problem. In the case of horticulture, labour supply constraints have been eased somewhat by the introduction of stronger incentives for backpackers from overseas to seek seasonal employment.⁴ However, substantial shortages remain, particular for seasonal workers; and this situation has recently been exacerbated by the mining boom (particularly in WA, where even unskilled workers are being offered incentives that the rest of business is unable to match).
- ❖ Seasonal and even permanent, labour shortages have afflicted the horticulture industry for some time. The Report of the National Harvest Trail Working Group of June 2000 highlighted the extent of the problem almost six years ago.
- According to the Report, growers, harvest offices and Job Network providers indicated that they could not obtain sufficient labour to bring in the harvest and to undertake other seasonal horticultural activities at critical times.
 - While some states/regions with National Harvest Labour Information Service co-ordinators have very effective local networks and arrangements (with good partnerships between growers, local councils, back-packer hostels/caravan parks), some regions have little or no such local co-ordination; and appear to suffer more serious shortages as a result.
 - Issues with the current operation/resourcing of the NHLIS include:
 - More effective linking of supply with demand in a given region;
 - Requirements for more skilled and qualified regional coordinators;
 - Increasing the Service's infrastructure (number of offices/coverage at the local level); and
 - The necessity for increased promotion of the Service.

⁴ The attraction of farm work for backpackers would improve significantly if income tax rates imposed on backpackers (29%), were equalized with that paid by Australian seasonal workers (13%).

- ❖ Horticulture needs access to effective, timely labour sources, especially at harvest-time. There are many cases of produce left in the field because there was no-one to harvest it. The loss of markets — domestic or export — is a serious consequence. In the longer term, ready access to labour will drive investment decisions and lack of it will inhibit those decisions.
 - Mechanisation of horticultural processes has made progress in some crops suited to it but will never be the answer for other crops.
- ❖ Most grower groups report experiencing some shortages of labour. Equally as important, there was widespread general uncertainty among growers that workers would be available in the numbers and at the times required.
- ❖ For a number of reasons, the labour shortage situation may well have intensified since that time. Factors contributing to the shortage include:
 - Competition for available labour from other sectors of the economy, such as the mining, tourism and restaurant industries that have experienced strong growth over the past five years;
 - The impact of the drought which resulted in many locals re-locating to larger towns and cities in search of employment, adding to the long trend of rural depopulation; and
 - Growth in the horticultural sector over the past five years that has resulted in strong growth in demand for available labour supplies.
- ❖ Unless the shortfall in seasonal workers is effectively addressed, our industry will not realize its full potential. Production will plateau and export opportunities remain unrealized. Investment will not reach its full potential.
- ❖ If horticulture does not have an environment that encourages ongoing investment, then we will begin to lag behind productivity improvements made in other countries and existing export and domestic markets will be further eroded; we risk a downward spiral that would be very difficult to reverse.

Our Position

Horticulture looks to decision-makers to explore all reasonable and effective solutions to this ongoing, and in some regions worsening, problem.

- ❖ Many observers (including the World Bank⁵) have commended a seasonal worker scheme based on temporary supply of labour from the Asia-Pacific regions. Their support has been based in some cases on issues beyond the horticultural industry's labour shortage problem.
 - Many countries have schemes to bring in temporary workers to meet seasonal needs (the Canadian scheme, for example, provides a valuable model). Horticultural is very interested in exploring the implications of such a scheme.
 - Seasonal immigration schemes raise complex practical, policy and economic issues, both for Australia and the sending countries.

⁵ *At Home & Away: expanding job opportunities for Pacific Islanders through labour mobility*, Dr Manjula Luthria et. al, World Bank, 2006.

- Any such scheme would have to be **based on these principles:**
 - Guidelines and parameters to be drawn up jointly by Government and industry;
 - A pilot program to start with;
 - Award wages/conditions to apply;
 - Careful attention to a range of human resource management issues — training, welfare of workers (including cultural matters), after-hours support, accommodation and OHS;
 - Workers eligible to return each year; and
 - Regulatory simplicity and efficiency.
- ❖ The attraction of farm work for backpackers would improve significantly if income tax rates imposed on backpackers (29%), were equalized with that paid by Australian seasonal workers (13%).
- ❖ Implementation of a review of the current “unskilled” categorization for horticulture in relation to the skilled migration program.
- ❖ Active partnership with industry to ensure that the best practices of the National Harvest Labour Information Service are rolled-out nationally; including:
 - Adequate resourcing for the Service; and
 - Full implementation of the recommendations of the Report of the National Harvest Trail Working Group