



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
REFERENCES COMMITTEE

**Reference: Pacific region seasonal contract labour**

FRIDAY, 24 MARCH 2006

SHEPPARTON

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## SENATE

### EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION REFERENCES COMMITTEE

Friday, 24 March 2006

**Members:** Senator Marshall (*Chair*), Senator Troeth (*Deputy Chair*), Senators Barnett, George Campbell, McEwen and Stott Despoja

**Participating members:** Senators Abetz, Bartlett, Boswell, Brandis, Bob Brown, Carr, Chapman, Colbeck, Coonan, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Fielding, Fifield, Forshaw, Humphries, Hutchins, Johnston, Joyce, Lightfoot, Ludwig, Lundy, Ian Macdonald, Mason, McGauran, McLucas, Milne, Moore, Nettle, O'Brien, Payne, Polley, Robert Ray, Santoro, Sherry, Siewert, Stephens, Sterle, Stott Despoja, Trood, Watson, Webber and Wong

**Senators in attendance:** Senators Barnett, Marshall, McEwen and Troeth

#### **Terms of reference for the inquiry:**

To inquire into and report on:

The viability of a contract labour scheme between Australia and countries in the Pacific region, for the purposes of providing labour for selected rural industries. In doing so, the committee will take account of the following:

- a. labour shortages in rural and regional Australia;
- b. the availability and mobility of domestic contract labour, and the likely effects of such a scheme on the current seasonal workforce;
- c. social and economic effects of the scheme on local communities;
- d. likely technical, legal and administrative considerations for such a scheme; and
- e. the effects of the scheme on the economies of Pacific nations.

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**Committee met at 9.02 am**

**CHAIR (Senator Marshall)**—I declare open this public hearing of the inquiry into Pacific Region seasonal contract labour. On 7 December 2005, the Senate referred to this committee an inquiry into the need for new measures to meet the seasonal labour needs of the horticultural industry, with particular reference to the feasibility of meeting this need through the use of labour from Pacific island nations. The inquiry follows renewed interest in this proposal by rural industries. During the 2005 Pacific Islands Forum, renewed pressure was put on Australia and New Zealand from Pacific nation leaders to accept seasonal agricultural workers to help their struggling economies. The Senate inquiry will examine whether a seasonal work program can meet labour shortages in rural Australia and, at the same time, advance the economic development of Pacific nations. It will consider the likely effects of such a policy on the current seasonal workforce and the likely social effects on regional cities and towns. The committee is visiting the Murray centres of Renmark, Mildura and Robinvale and is visiting Shepparton today. Next month the committee will visit centres in Queensland. The committee will report to the Senate by 17 August this year.

I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. This gives special rights and immunities to people who appear before committees. People must be able to give evidence to committees without prejudice to themselves. Any act which disadvantages a witness as a result of evidence given before the Senate or any of its committees is treated as a breach of privilege. I welcome observers to this public meeting.

[9.03 am]

**COCKER, Ms Leiona, Vice President, Goulburn Valley Pacific Islanders Community Association Inc.**

**FEPULEAI, Mrs Moira, President, Goulburn Valley Pacific Islanders Community Association Inc.; and Representative, Ethnic Council of Shepparton and District**

**PELE, Mrs Leisa, Treasurer, Goulburn Valley Pacific Islanders Community Association Inc.**

**HAZELMAN, Mr Christopher Neil, Councillor, Greater Shepparton City Council; and Manager, Ethnic Council of Shepparton and District**

**NELSON, Mr Matthew, Manager, Economic Development, Greater Shepparton City Council**

**CHAIR**—Welcome. The committee is most grateful to the Greater Shepparton City Council for its assistance with the organisation of our visit to Shepparton and for the use of these council chambers. The committee prefers all evidence to be given in public; however, it will consider any request for all or part of your evidence to be given in camera. I thank you all for your submissions. I now invite you to make an opening statement, which will be followed by questions from the committee.

**Mr Hazelman**—I thank the committee for their indulgence in rearranging today's program to enable me to present twice—once on behalf of the City of Greater Shepparton and again as a representative of the Ethnic Council of Shepparton. So my presentation will be in two parts. The first will be from the city council perspective. We will deal with those issues and then move on to the Ethnic Council perspective.

The city council submission to the committee did not deal at great length with the scale and scope of the horticultural or tomato industries in this region. I am positive that other submitters later in the morning will cover that in great detail. However, the City of Greater Shepparton is experiencing strong growth in industry and population, which is projected to continue into the future. That growth is, to a large extent, on the back of irrigated agriculture.

We can give you statistic after statistic, but I would emphasise the importance of irrigated agriculture to this region and of the access to and availability of water. One of the anecdotes that the council uses from time to time is to contrast Shepparton with the village of Elmore. For those senators not familiar with Victoria, Elmore is a little village of 700 people which is about 90 kilometres to our west. At the start of the 20th century, the townships of Elmore and Shepparton were exactly the same size. Every business decision and investment in Shepparton is based on the availability of water. The industries that have grown up here are not only dependent on their access to and the availability of water but also heavily dependent on the availability of labour at the same time.

The industries that you are particularly focusing on—horticulture, tomatoes and, to an extent, the growing viticulture industry here in the Goulburn Valley—have all experienced labour shortages from time to time, and any proposal to increase the availability of labour will be welcome. We obviously recognise that growing production in the primary food industries adds value to the region. We have had significant and sustained growth across that sector over many years, and we envisage that that growth will continue. It also has a multiplier effect across our community in other employment opportunities. We are very keen to support considered and well-managed projects to ensure that the agricultural industry continues in its growth. We have recently formed a harvest labour working group, with representatives from the council, Fruit Growers Victoria, Worktrainers Shepparton—which operates the Harvest Labour Office—and a local lawyer. The general aim of the group is to address the issues of labour shortages and, more particularly—and I will come to this later—to raise the profile of backpackers in our community.

In recent years the council has been advised that harvest labour has been sufficient to meet the labour needs of the orchardists. I think that needs to be seen in the context of reduced production, given the period of drought that we have been through, and probably a change in where the labour is coming from. We have seen a significant change over many years—not as many itinerant labourers come from other parts of Australia as they used to do. I can well remember that, when I was a kid, we had people from Far North Queensland coming here in large numbers during the fruit season. Those groups do not appear to come as much any more.

In more recent years we have relied heavily on backpackers, predominantly those out of northern Europe, and they have come here in significant numbers. The presentation later in the morning from the CEO of Worktrainers, Jim O'Connor, will probably focus on some of those aspects and the numbers that are coming. We would make the comment, though, that backpackers are a transient discretionary labour force, who are generally working to travel. This raises the issue of reliability: will the backpackers always have Australia as their destination of choice, or will they move to other destinations? We do know that the backpackers form a very significant—the major—part of the labour force for seasonal work.

The consequences of insufficient labour at critical times in the harvest season will be stressed to you later. While in recent times we have had, throughout the fruit season, enough labour overall, there will be peak times within the season when labour is insufficient. With the fickle nature of agriculture being what it is, a bit of a burst of hot weather suddenly making the crop riper more quickly than the orchardist expects means they need to have here tomorrow the labour they were relying on next Friday. Those sorts of issues, regardless of how much labour is available, will always be part of the process. The availability of labour can act as a disincentive to further investment in our region in the agricultural sector. We have seen significant growth with substantial new plantings of tomatoes, fruit trees such as apple, and other crops. For that investment and confidence to continue, we suggest that access to appropriate labour levels will be critical to the process.

We do not have any direct knowledge of the availability and mobility of domestic contract harvest labour, but we know that the sourcing of labour has changed significantly. We have seen the introduction of labour contractors in a lot of our newer, more recent arrivals—and I will touch on that a little later as part of the ethnic council submission. We are seeing a different labour source emerging. We suggest that any process of introducing contract harvest labour would have to be carefully managed. We want to continue encouraging backpacker labour,

which has a flow-on on the economic effects for tourism and will continue to remain a significant source of harvest labour. We would also want to see the careful management of any process that would be implemented to ensure that local members of the community who want to work be given that opportunity, even if not as direct employees of a contract labour company.

An issue that probably has arisen elsewhere but which we believe needs careful attention is the accommodation needs of workers, their rates of pay and employment conditions. We are starting to see emerging here some entrepreneurial endeavours in the provision of appropriate accommodation, particularly catering for the backpacker market. We still have situations on some orchards that are less than satisfactory. The council, through its planning process, has been endeavouring to resolve a few of these issues, but I am sure that in other locations accommodation has been a factor that has been brought forward. We also suggest that any overseas labour that is attracted be from regions where we have existing strong ethnic ties—and I will touch on that a little later with the ethnic council as well. We are very supportive of any suggestion of increasing the labour pool, although we would not be supportive of a scheme that detracted from work opportunities from willing local members. We have also made the assumption—and we assume it is correct—that any provision of a labour contract scheme will not be outside any existing award conditions.

We raise a couple of questions that need to be resolved in terms of overseas sourced labour. What is their situation in respect of health insurance? Will they be covered by Medicare et cetera? We need to ensure that it does not place any burden on access and availability of health services in the region. We also suggest that, to support the people who may come, there be some administrative body at the local level to assist and help in that process. That is a question more than a statement. We also suggest, with respect to the committee, that due consideration needs to be given to the economic effects of this scheme in terms of the island nations where these people may come from: what impact it will have in that country in terms of the salaries that are earned, returning to those countries and how it will be managed at that end.

My concluding comments are that the economy of the region is heavily geared around access to and the availability of water, the basis of our irrigated agricultural industries. Our economy is also heavily dependent on access to and the availability of labour. We have seen that labour source changing over a period of time. Both of those items are critical to the continued and sustainable economic growth of the region.

**CHAIR**—Thank you. Do you have another submission? We should probably do both at the same time.

**Mr Hazelman**—I will move on to the comments of the Ethnic Council of Shepparton. I am the manager of the organisation. I will give a little background about the ethnic council. The council itself was established in 1978 and became a legal entity, through incorporation, in 1985. Since 1985, the council has expanded its original settlement community services to include a range of other services. Predominantly though, the council is funded through DIMA to provide settlement services to newly arrived people. Principally, the people we deal with on a day-to-day basis would be humanitarian refugees who may well have come predominantly in recent years from the Middle East, particularly from Iraq. We are also currently engaged in a number of projects dealing with humanitarian refugees from the Democratic Republic of the Congo, Sudan and Afghanistan.

The ethnic council's mission is to promote and present the social, cultural and economic wellbeing of ethnic communities in the Goulburn Valley. The immediate sphere of the ethnic council is the City of Greater Shepparton, although we also provide some services across regional Victoria in the shires of Moora, Mitchell and Campaspe. Again, I will not focus on the industry so much as on the people. We understand that the GV Harvest Office processes up to 12,000 Jobstarts each season. As I have indicated, a significant number of those people are backpackers, but there is also the ongoing work that the more newly arrived people in this country do.

Historically, each new immigrant group has got their start in the horticultural tomato industry, either producing the crop themselves or being part of the work force. Historically in this region itinerant workers came from all parts of Australia. We have had numbers of local Australian university students coming to the region to work between academic years, but more recently the backpacker group has come in large numbers. One of the reasons that people from other parts of the world come here is that the Goulburn Valley has always been a target for immigration due to the growth of irrigated agriculture, our strong local economy and perhaps our climate.

Initially, we saw in the early part of the 20th century arrivals coming from Europe, particularly from southern Europe—Italians, Turks, Greeks and Albanians—but after the Second World War large numbers came from all the other parts of Europe as well. However, from the late 1980s there has been a significant change, with newer emerging groups. We have a thriving Sikh community from the subcontinent. We have increasing numbers of Pacific islanders, and we estimate that across the 50 or 60 families that are here at the moment there are between 350 to 500 people. There is a strong Arabic speaking community of several thousand, predominantly from Iraq, and that is spread between here in Shepparton and Cobram in the north. More recently, we have gained African refugees, as I mentioned, from the Congo and Sudan. When many of the groups first arrive there are issues around language, accommodation and transport—we are mindful here of the Arabic-speaking community—and many who have come are university educated but there is a significant delay in getting their qualifications accredited in Australia. So most of these people in some way, shape or form gravitate to the horticulture, tomato and viticulture industries as labourers in the first instance.

We know the committee is specifically looking at the issue of Pacific islanders, and the ethnic council thinks these industries are an attractive proposition for the islander community of Greater Shepparton. Many of the resident islanders came to Australia via New Zealand and have settled into seasonal work. They have established a viable and active community association, whose representatives are here today, and they are recognised as part of the regional community. They have proven to be hardworking. They have tended to reside in some of our smaller communities. They are very keen to preserve their culture and traditions. The islander community is very active in the work of the ethnic council, through representation on its elected board and by supporting a multicultural youth group which has a focus on dance and performance.

For Shepparton in particular, having a viable islander community would be an element to consider when considering the merits of the proposal. We think that the local islander community can offer support and assistance to groups that come, particularly given that many of the people from the islander communities here are providing financial support to relatives back in the Pacific islands. An assumption of the local community is that some of the people who may

come may well be known to them as friends, relatives or whatever, depending on which particular island groups you were considering encouraging. But we would see it as a positive for the Shepparton region if there were consideration of a harvest labour scheme, and the viability of the local islander community should be taken into account when considering that.

We suggest to you that the Goulburn Valley is very similar to other regions with intensive irrigated agriculture. Like Griffith and the Sunraysia, we have a diverse multicultural community and a strong history of successful immigration and settlement. I think some of the principles that have been established over a long period of time of support to new and emerging groups could be equally applied and transferable to an ethnic group coming as harvest labour. So the ethnic council is supportive of an appropriate harvest labour proposal involving Pacific islanders.

**CHAIR**—Thank you. I want to get a few of the statistics out. If you do not have them now, you may be able to obtain them and provide them to the committee later. Based on your submission, 12 per cent of the population is in agriculture, which roughly works out to about 6,000 people. Would that be right?

**Mr Nelson**—It would be in that vicinity. We can provide further information, but it is roughly 12 per cent of employees.

**CHAIR**—You said that 12,000 seasonal Jobstarts were processed through the harvest office. Do you know whether that represents the bulk of the seasonal work force, or is that just what the harvest office does? What percentage would the harvest office process?

**Mr Hazelman**—It is probably a question that Jim O'Connor from Worktrainers is best able to answer. In the context that I have provided, the statistic is what the harvest office itself processes. There certainly will be other labour provided or sourced directly by growers, and other labour will be provided by contract labour operators. Jim may well be able to give you a more accurate figure for the overall proportion.

**CHAIR**—Regarding the future investments that you have talked about, which are conditional on the availability of water but also labour, have the organisations proposing such future investments talked to the council about their ongoing labour needs and whether they believe they will be able to source them? You also indicated in your submission that you expect growth of 20,000 in your population up until 2031. I am trying to get a picture of whether people have identified a specific labour shortage or a projected labour shortage now, or whether it is just that people feel that there may be one. You have indicated that there has not been a serious problem in obtaining your full labour needs now—it comes and goes a little bit but, on the whole, there is not a serious problem. I am trying to get a feel for whether people believe that this is a serious problem they can identify and articulate that needs to be addressed.

**Mr Hazelman**—It is probably fairly difficult to quantify in statistical terms, but, in more recent times, every couple of years one million new fruit trees are planted. By logical extension, labour will be an ongoing issue. If the industry is expanding—and it has always experienced issues about the availability of labour at the critical times when it is required—it will be an ongoing problem. But I do not think anyone has sat down and said, 'In 10 years time we will need x number of seasonal labourers.' It will be an ongoing issue.

**CHAIR**—That brings us to a bit of a problem with such a harvest labour scheme. How do we determine how many we need? It would be unacceptable to the Australian community to just arbitrarily pick a figure and introduce 500 people into this region for a six-month period, for instance, without the evidence to say we need them here during this time to do this sort of work.

**Mr Hazelman**—It can be calculated, but the industry people would probably need to provide it for you. We are referring to a figure of some 12,000 Job Starts now and that may well equate to a labour force of some 15,000—I am just plucking a figure there—that might be required. If the industry is growing at a certain percentage each year and production is growing at, say, 10 per cent each year, it would be logical to assume that the labour demands would increase by a similar percentage each year. I would have thought the figures themselves can probably be extrapolated from what the industry people will tell you.

**CHAIR**—But, in the first instance, a seasonal labour scheme would be simply to top up labour that cannot be provided internally. We have accepted that many of these industries are growing and some are growing very rapidly, but the first preference by a long way is to provide that labour internally from within the country. A seasonal labour scheme would be for no other reason than to provide the shortfall when all other avenues have been exhausted internally. That is why it is important to know the sorts of mechanisms. We have heard some very specific figures given in our public hearings up until now, with some rather large developments. Sunraysia have been able to say, ‘This is what we have now; this is what we have been trying to do to source extra labour. We know these will be our labour needs in three, five and 10 years and we want to make sure that, if we cannot at that time fill that need internally, from within Australia, there is an option to make sure the work gets done in time.’

**Mr Hazelman**—That question is probably best answered by the industry people; I would be fairly confident that they could do that. To comment though on sourcing the labour from within Australia, I would say historically we have never done that. If you go back 30-odd years, we may have done with the itinerants who came from Queensland and other parts. We have seen government schemes in the past—and I am trying think of the details of the Harvest Trail proposal that was going around at one stage—but I would say that, in the last 20 years, the vast majority of our crop here has not been picked by local labour. It has been picked by the backpackers who come into the country and by, if you deem them local, the more recent arrivals in this country. But the traditional resident is not a significant player in our harvest labour. I think we need to be very clear about where historically the labour has come from and where it is likely to come from in the future—the domestic labour market is a relatively small part of the labour source.

**CHAIR**—Again, coming from Sunraysia, there is a lot of citrus. I take it from what you have just presented to us that the Shepparton area is more a stone fruit area. One of the problems we have experienced so far is the lack of continuity of backpack labour—that people have to be prepared to stay for a number of weeks. Is your picking period shorter? I am trying to get a feel for this. It has been put to us that backpack labour is difficult because they do not stay long enough to do the job. But I thought I heard in your submission earlier that your peaks are only a matter of weeks in some instances, which means that backpackers are probably more likely to stay for that critical period and fulfil that need. I am trying to get a feel for whether backpack labour is supplying the demand in this region.

**Mr Nelson**—I think it would be fair to say that it has been in the past. But, to go back to an earlier question about trying to quantify what the shortages are, you touched on Sunraysia and some of their future developments and wanting to be able to supply that labour. That comes back to a key point about the uncertainty that has been experienced. While our submission identifies that in recent times we have been able to fill our labour need, there is still that uncertainty. Therefore, if such a scheme were to be considered there would need to be that close liaison with all players—predominantly the industry groups—so there could be some quantification mechanism put in place that could provide comfort for one another in terms of moving or rolling out this program as well. On the actual harvest period, Mr Ross Wall from the Victorian Fruit Growers Association will be presenting to the committee later today and he can probably substantiate further the times for the picking.

**Mr Hazelman**—Ross will probably explain that the picking season here now stretches from November through to the end of the May of the following year. That is a progression through a variety of crops—apricots, peaches, pears, cherries, tomatoes and apples. While each of those crops will have critical peak periods, there is an extended harvest season, which is now predominantly about six months of the year. The season goes on and on. So you are right; the backpackers will come in, be here for a period of time and move on and more backpackers will come behind them.

One of the issues the orchardists or horticulturists will probably raise is the people who will stay for an entire season. That is an issue of concern to them. I would imagine that their evidence, their submission to you will be fairly critical in determining what scheme you think about in terms of what time commitments you would be suggesting for a group coming from another country.

**Senator TROETH**—I was interested in your comments that the more recent arrivals are obviously not of an Australian background. From our point of view it is important to understand that those recent arrivals then stay in the community and become permanent settlers in the Shepparton region. We are looking at probably a contract labour scheme whereby people would move in and out of the Shepparton region back to their own country. That would present its own particular problems or it could, as I think you have appreciated in some of your earlier comments. So that is more a comment of mine.

We will hear further from Worktrainers about this, but the one group you have not mentioned so far is the pool of unemployed people who already exist in the Shepparton area. I think you have also mentioned that unemployment levels have been quite low here recently, so that number is probably not as great. Is there any future in looking at training those people to become part of a permanent labour pool, albeit for six months?

**Mr Hazelman**—It has always been a contentious issue. We have always enjoyed relatively low levels of unemployment. I think we are consistently below state and national averages in that respect because, primarily, across our agriculture sectors there always has been an availability of both short- and medium-term jobs, both skilled and unskilled, which clearly would have an impact on unemployment figures. We need to look at it in terms of scale. There will always be opportunities for the unemployed to be engaged in harvest labour, but we also have to look at the numbers required. If we have relatively low unemployment rates, if you pushed every one of those people into the harvest labour pool, it would not provide the numbers

required for the seasonal work. It is always an important component and each season we will see the anticipated letters to the editor about getting the unemployed to do the work. You also have to recognise that many people who are unemployed physically will not be able to undertake what can be very strenuous and hard work. So we are probably really only talking about a relatively small proportion of the unemployed pool being capable of undertaking the work that is on offer.

**Senator TROETH**—Do you have anything to add, Mr Nelson?

**Mr Nelson**—I suppose just the one point, which is the continuity of employment opportunities for them as another decision or criteria.

**Senator TROETH**—I will move on to the question of accommodation. I think you mentioned that several entrepreneurial opportunities have been taken to provide opportunities for backpackers. You might outline that for us. Also you might indicate whether the more recent arrivals have placed any strain on the provision of housing in the Shepparton area.

**Mr Hazelman**—Briefly, on the entrepreneurial issue, a number of proposals are getting under way now for providing portable housing solutions—I would not like to use the words ‘trailer parks’, but that probably best describes what I imagine this proposal would be. We have seen the conversion at Mooroopna of the old nurses’ quarters and the hospital into short-term accommodation. We have also seen the conversion of a former nursing home into short-term backpacker accommodation. So people are recognising that there is an opportunity to provide seasonal accommodation for pickers—but also, with a growing tertiary sector here, that in the season it is for pickers but out of the season it could well be student accommodation. So that sort of thing is occurring.

As for the other part of your question about recent arrivals and the impact on housing, I can use the Iraqi group as an example. Most of the Iraqis came into the country either through a reception centre or, unfortunately, for a lot of them, through a detention centre. Only two per cent of the Iraqi community here in Shepparton went into public housing; the other 98 per cent accessed housing in the private sector. In terms of the public housing stock the recent arrivals have not placed a burden on the public sector.

I would envisage that you may want to consider that, for any sponsors or proponents for bringing people in from another country, they put forward some proposition in respect of accommodation. I am not too sure whether you will get to the level of detail of individual orchardists sponsoring a group to come, but you may put a requirement that that orchardist also has some responsibility for the accommodation component.

**Senator TROETH**—Yes. We have been having informal discussions along those lines in terms of where the committee might go, certainly. With the private housing sector, is there enough flexibility here in the Goulburn Valley region to accommodate any new arrivals?

**Mr Hazelman**—I think the private accommodation market is fairly vibrant. With the growth and development that is occurring, it could be anticipated that you would meet the accommodation needs of new arrivals. As I have said, we are currently going through the process of accommodating humanitarian entrants from the Democratic Republic of Congo.

Admittedly, there is only a handful of families to date, but with accommodation—whilst it might appear to be a significant issue—we always seem to be able to find a house when it is required.

**Senator TROETH**—I am sure that is so, with Shepparton being a larger centre. But we have heard of strains being placed on smaller communities where that flexibility has not been available. Similarly with the suggestion in your submission that any such scheme will need to factor in the expense and availability of private health insurance rather than placing a strain on the public health insurance, what is the availability of private health insurance facilities here in Shepparton?

**Mr Hazelman**—I am not sure I understand the question.

**Senator TROETH**—If people who came in under this scheme were not able to access public hospitals in the sense of being able to use the facilities that are normally provided under public health insurance, what private health facilities do you have here in Shepparton?

**Mr Hazelman**—There is a private hospital and, obviously, we have a supply of GP clinics and such across the region. The public hospital does not operate an accident and emergency department. So the thrust of the submission was that there should be some consideration about how the health needs of any group will be met.

**Senator TROETH**—That was the thrust of my question too.

**Mr Hazelman**—The expectation would be that that responsibility would fall to the public hospital.

**Senator TROETH**—Would you say that the public hospital would be able to meet that sort of need?

**Mr Hazelman**—I think it would place a significant strain on the public hospital, given that it is a very large regional hospital. Its accident and emergency numbers exceed those of some of the larger metropolitan hospitals. If significant newer numbers suddenly arrived, that would place some strain on the hospital's capacity. I speak there wearing another hat; I am also a director on the hospital board. So the issue of access and availability of health services, particularly through the pressures on the accident and emergency area, is well known and well documented in the region. That is part of the reasoning, I think, behind the suggestion about how the health needs will be met. That would be a big question at the local level.

**Senator McEWEN**—This is a little peripheral to the terms of reference of this inquiry, but the committee has been discussing the water supply and its continuation in light of the extraordinary growth in plantings around the region. Growers tell us, 'Yes, it's okay,' they can continue to plant and they are confident that they will continue to be given adequate allocations of water. Is that right? I thought there was an allusion or an inference there that the water supply was not guaranteed in your submission, Mr Hazelman. Can you explain how it happens and whether you are confident that it will be okay in the future?

**Mr Hazelman**—I think any remarks I make need to be taken in the context that, two years ago, for the first time in its history, Eildon did not meet its design standards of supplying 100 per

cent of water rights to farmers. What we saw coming out of that, particularly in the dairy industry, the sale of water off of many properties across the region. I think the access and availability of water is probably a more significant issue for the dairy industry where they have relatively inefficient flood irrigation methods. In the higher value added crops such as horticulture, we have seen fairly dramatic changes over the last 15 years away from flood irrigation to trickle and drip irrigation, increased use of technologies and whole farm plans. In availability and access to water, because of the high value adding of their crop, when water was scarce the horticulture industry was able to purchase on the market whereas the dairy industry was not. I think, because of that purchasing power, the horticulture industry—to a lesser extent, tomatoes and, more importantly, viticulture—will always be able to purchase water. The ones that would be more concerned would probably be in the dairy industry.

**Senator McEWEN**—But, from the council's point of view, you are confident that the growth in the horticulture industry will be sustainable.

**Mr Hazelman**—Yes. I think we can use evidence from the catchment management authority which, as part of their forward projections, is suggesting that in future times we will have probably half the availability of water, but they are talking about double the production with half the availability. That is through, as I have said, better farm management, increased use of new technologies for irrigation et cetera.

**Senator McEWEN**—You mentioned the value of backpackers to the region. You were quite clear in your comments that you would want to retain the backpacker element in the horticultural industry. Do you have any figures about the dollar value?

**Mr Nelson**—There has been no statistical analysis work done on the backpacker industry, but obviously there has been a major impact on the local economy and certainly the value added has been realised. Mr O'Connor, going to his submission on managing the harvest labour office, might be able to quantify that a bit further and provide specific examples.

**Senator McEWEN**—I have a couple of questions to people wearing their ethnic council hats. One term of reference we have been given is to examine the impact of a guest labour scheme on the community from which the guest labourers are brought. We heard in previous evidence that people who come out here could earn up to \$700 a week and, if you take out the cost of accommodation and other things, could probably repatriate to their own country perhaps half of that or \$400, which is a sizeable amount of money. I would like to get a sense of the benefits and possibly any negative outcomes of a situation where a few people on a Pacific island are receiving a large amount of money relative to what they would have earned.

**Ms Cocker**—May I make a comment on that first of all. This is just my personal opinion on that matter. We have been survivors. I will use the example of where I have grown up and my upbringing. I am speaking for many Tongans. We have been taught or brought up to share the things we have. Therefore, that is part of us when we come overseas. Even though we have and raise our children here, we still halve whatever we have to share with our brothers and sisters or our mum and dad, who are still on the island. In those terms, it is not going to have a negative impact but be a benefit to our people, if that makes sense. I hope I am correctly answering your question.

**Senator McEWEN**—What sorts of things would the money be used for, say, back in Tonga?

**Ms Cocker**—I will use a personal experience. All my brothers and sisters back in Tonga would love to move from a Tongan house to a different sort of house. Therefore, with any money they make there—and they hardly make any money in Tonga—and the money we share with them, they buy a piece of timber and build up their house. That is one thing I can say. They are just like us. Being responsible for their children and them having their own children there, they would love to have a better living at all times. They are just like us apart from when it comes to food. I think it is just a similar way of living, but different cultures have different needs.

**Senator McEWEN**—What do you think would be the best demographic? If we were to bring guest labourers from, for example, Tonga—and I am not saying that that would necessarily be the Pacific island we are talking about—if such a scheme went ahead, to fit well with the local community here, what would you say you would need to bring out? Would it be family groups, husband and wife groups, single men, single women or a mix of each? How would they best be accommodated here?

**Ms Cocker**—We have established an organisation here in Shepparton, the Goulburn Valley Pacific Islanders Association, in order to assist the ethnic council mainly with the needs of our families that have settled here. That has also helped us to have a better understanding of how Australian society and communities work. Therefore, we have begun to provide a clear and better understanding to our people of how our community works. We are also encouraging our people. We have about five Tongan families. I was able to go and work on a tomato farm with them last year. I found out that these five families have brought one of their relatives from Tonga, with money from their own pockets, every season. The other families also learn from that.

Using that as an example, I feel they already have a sense of the importance of going back to Tonga once they have finished their time here in Australia. That is where we stand as an organisation—we encourage our people to come here and then to go back when they have finished. We understand the department of immigration's issues with the Tongans, the Samoans and everybody else. That is one thing that our organisation has taken on board to look out for and to encourage our people to abide by Australian law and things like that.

**Senator McEWEN**—You do not have any view about whether it should be a family group or single people that come out?

**Ms Cocker**—I guess it will be hard, because most of us here are probably looking to get our families here. But again, if this scheme goes ahead, I personally believe that it would be better to have trustworthy people come here. As the department of immigration says, if you cannot speak English you should not come to Australia. I agree with that. As an association, we endeavour—I think that is the word—to do the right thing by Australia in making sure that the people we bring here—it does not matter whether it is my brother or whoever—are the right ones. We as an organisation are looking into the opportunity of supporting our people back at home. It will be fortunate for our brothers and sisters if they are trustworthy or qualified enough to come to Australia, if that is what you mean.

**Senator BARNETT**—Thank you for your submission and your contributions today. As a Tasmanian senator, I can relate to the Shepparton region. It has a lot of similarities with parts of Tassie. You mentioned apricots, peaches, pears, apples and tomatoes as some of the key crops that you are talking about. I think you mentioned six months as the sort of extension of this peak season. Is there a high peak season and, if so, how long is it for?

**Mr Hazelman**—Probably the industry people would be best to give you the specifics of that. I was intending that my evidence would demonstrate that the season is not just a few short weeks; it is quite an extended period of time. Seasonal labour is required—although there are critical periods in there—over that extended period of time.

**Senator BARNETT**—My supplementary question is: what is your preferred amount of time that you would like the guest workers in for? Would it be six months? Is there a minimum time of, say, three or four months and would there be a maximum period of six or seven months? Do you have a view on that?

**Mr Hazelman**—No, we do not. I do not think we would be well qualified to present that view. Again I think the industry people would be better qualified to give you the specifics.

**Senator BARNETT**—Do you have an indication of the make-up of the workforce during that six-month peak time? In other parts of Australia we have been advised that it is about 50 per cent working holiday makers or backpackers, 20 to 25 per cent itinerant and the remainder is local and/or unemployed people.

**Mr Hazelman**—The next submitters will probably be able to give you that information chapter and verse.

**Senator BARNETT**—If we had another 9-11, as it were, the impact on working holiday makers, for example, would potentially dent it very seriously. Is that one of the reasons you want a more long-term arrangement and a program like the one you are supporting put forward?

**Mr Hazelman**—We mention in our submission that the backpacker group is a transient group essentially working for travel. A range of factors could impact on their ongoing availability. The fairly extreme example you mentioned would be one of them. That is why some work is being undertaken at the moment to try to highlight the value of the backpackers to the local community and the local economy to try to ensure that our country is always a destination of choice.

**Senator BARNETT**—You mention in your submission that your unemployment rates have been traditionally lower than the Victorian and national averages. Do you know what it is at the moment? Do you believe it is about as low as it can go, or can it go lower?

**Mr Nelson**—On recent evidence it is around six per cent and it has been traditionally five or six per cent. I suppose there are opportunities for that to decrease further.

**Senator BARNETT**—We had arguments put to us in other places this week that, because it is quite low now, it is essentially zero unemployment and there is really not much more they can do. That is a view has been put. You would not agree with that? You think there is a bit of room to move people from unemployment into work?

**Mr Nelson**—I think the potential is there to explore. But contrary to your first statement, I think there is probably some validity in that statement as well.

**Senator BARNETT**—Have you given any consideration of the government's Welfare to Work program, which will kick in on 1 July this year, in terms of encouraging more people into the workforce?

**Mr Hazelman**—Not in terms of formulating a submission, no.

**Senator BARNETT**—The government recently released a report called *Workforce Tomorrow*. It says that Australia will have about a 195,000-people shortfall in terms of jobs and the unavailability of people for those jobs in the next five years. Your hardworking local member Sharman Stone would be able to give you a copy of that report. Does that add further evidence to your submission that we need to go down this track?

**Mr Hazelman**—The figure on a national level probably does not take into account regional issues or industry specific issues. It might be well to say that there will be that shortfall and hopefully the report also identifies where that shortfall will occur.

**Senator BARNETT**—You can have a look at the report; it is quite an interesting one. Thank you for that. I listened to your views on accommodation, health and access to health facilities. Unlike some of the witnesses we had earlier in the week, it seems that you feel more confident about meeting the needs of guest workers than perhaps some of the other places we have visited. Thank you for your submission.

**CHAIR**—Do you have a feel for how many illegal workers there are in the industry—primarily during the season?

**Mr Hazelman**—From time to time there are very well publicised raids on properties and a handful of illegal workers are dragged out and paraded. But, in terms of numbers, no, I would not be able to say.

**CHAIR**—Thank you all for your presentations and your submissions to this inquiry.

**Mr Hazelman**—Thank you.

[10.00 am]

**PEARDON, Mr Anthony Claude, Managing Director, Austravel Jobs**

**O'CONNOR, Mr James Damien, Chief Executive Officer, Worktrainers Ltd**

**CHAIR**—Welcome. The committee prefers to take evidence in public. However, it will consider any request for all or part of your evidence to be given in camera. Thank you for your submission to this inquiry. I now invite you to make an opening statement before we go to questions.

**Mr O'Connor**—I have pretty much covered in the written submission what we wanted to say. I have reviewed that again recently and I feel it puts our position quite well. It is timely, though, that we consider a project, or pilot, for overseas workers working in horticulture in Australia, and that is the theme of my proposal.

We have observed that, when things change, they tend to change very rapidly and, if you do not have a second option or an emergency plan, you can be left flat-footed. I would just make the point that in the Goulburn Valley, for instance, a value chain commences from the moment fruit is picked right through to when it ultimately goes to the consumer. Deciduous fruit and many of the fruit varieties rely pretty much on being hand picked, so it relies on labour. If, for instance, the labour did not turn up, the fruit would not be picked and the value chain would not commence. Secondly, our figures show that in excess of 80 per cent of the labour that takes the fruit off in the Goulburn Valley is from overseas. Tony, is there anything you want to add to that?

**Mr Peardon**—No, that sum it up pretty well.

**CHAIR**—Do you manage the harvest labour program?

**Mr O'Connor**—Worktrainers tendered for and won the DEWR funded harvest labour for the Goulburn Valley and Tony has the day-to-day management of that.

**CHAIR**—I think, from your submission and certainly from the council's too, you would have processed roughly 12,000 Job Starts for the harvest?

**Mr O'Connor**—No. That is the number of Job Starts over the whole harvest season in the Goulburn Valley. The situation is that many people have longstanding arrangements to come and pick fruit on orchards. Probably more than half of the fruit gets picked by people with those sorts of arrangements, and we would supply the balance.

**CHAIR**—So about 6,000 would go through your office?

**Mr O'Connor**—Yes.

**Mr Peardon**—We identify and bring to the region probably in excess of 6,000 people. A lot of people arrive, having been brought here by us, and then go off and seek their own employment as well.

**Mr O'Connor**—They get poached on the way. That is okay. DEWR, the funding department, understand that that is part of it. They accept that we create a scene which people come to and that quite a few of them do not get counted and enumerated through the process we run. At the first sign they see that says 'Pickers wanted,' they head up the drive and get a start there.

**CHAIR**—I am trying to get a feel for the make-up of the type of employment. If you process around 6,000-plus of the 12,000, the others—say, somewhere between 5,000 and 6,000—have longstanding arrangements or standing arrangements with others. Would they mainly be the itinerant workforce?

**Mr O'Connor**—No. Within that other 6,000 there is a very large cohort that go to the local SPC Ardmona cannery; between 3,000 and 4,000 in a year are turned over as seasonal labour in the cannery.

**CHAIR**—They would be primarily locals?

**Mr O'Connor**—Primarily locals and probably 30 per cent from out of area. Traditionally it is a place that students go to. People will take paid leave from their paid job and go and work for four or six weeks at the cannery to make some money. Housewives who do not normally work will go and do a season at the cannery to buy carpet for their house or to educate their kids and those sorts of things.

**Mr Peardon**—We take about 10,000 online applications a year and we process about 6,000 of those. The others, as has been stated, find their own way. Our figures would indicate that, of the total seasonal labour requirement here, over 70 per cent is from overseas.

**CHAIR**—So we have the seasonal workforce within the manufacturing or processing area. I probably want to look more at the physical picking aspect. How many people would be involved in that?

**Mr O'Connor**—Between 6,000 and 9,000, depending on the season. The season is subject to the vagaries of weather and climate.

**CHAIR**—I understand that. I am still trying to get a picture of the break-up of those people. Are they primarily backpackers or are there longstanding arrangements in that industry too?

**Mr O'Connor**—If you extrapolated what we do at Worktrainers, I think last year the figures were that 79 per cent—we will say 80 per cent for ease—of the people we placed were from overseas.

**Mr Peardon**—Those people represented 76 different countries, so we are not talking about a narrow band of people. We only have 18 or 19 countries whose people come on a working holiday visa scheme. These people are all legal in their own right, but they do represent that number of countries. So it is very widespread.

**CHAIR**—The need has been met up until now?

**Mr O'Connor**—For the years that we have been operating the harvest labour office, the last three years, yes, we believe it has. There have been no complaints from growers, DEWR or other bodies that there has not been enough labour to take the harvest off.

**CHAIR**—Are you liaising with some of the major players in the industry that potentially have plans to expand their crops and hence their labour requirement?

**Mr O'Connor**—We have found the best people to do business with are those who have invested the most money, because they take a business approach to their labour requirements. They realise that labour is a valuable part of it and needs to be nourished and looked after, as distinct from some of the older style orchardists, who think labour is just something that turns up magically in the harvest season and you do not have to worry too much because there is plenty more where they came from. Getting back to your question, the larger growers—the likes of Corboys, Varapodios, Prentisses and Pickworths—are probably drawing people from around the world to see what they are doing because they are at the cutting edge of horticultural technology and science as far as large commercial plantings go.

If you drive around this area—and you will see it later today—most of the orchards are converting to trellised style, on either a V-shaped trellis or a straight up-and-down vertical trellis. That was pioneered in the Goulburn Valley and is called the Tatura trellis system. One example is that, from the same amount of land, trees planted on a trellised arrangement produce about four times the production, with relatively similar inputs and a better quality of fruit.

**CHAIR**—And are more efficient to harvest?

**Mr O'Connor**—They are much more efficient to harvest. If they are planted right, you do not even need to use ladders. The pickers love to go through a trellised orchard and strip pick because they can really make some money and they are not stressed by throwing ladders around and falling off them and so on.

**CHAIR**—What is your feel for the growing labour need?

**Mr O'Connor**—I make this rider: it depends on the markets. There is a lot of international competition, but it would appear to me there are still enough business people and entrepreneurs in the industry investing in increased plantings or converting existing old style orchards, with single trees standing on their own, into modern trellis style plantings. One thing I can say is that with these trellis systems they can convert from one variety to another within three years. With a trellis style arrangement, you can be taking off a payable crop, depending on when you plant it, within 18 months, whereas with traditional plantings it is probably five years. You can convert quickly, although there is a very large cost in converting all your trees and putting new ones in. But if the market demands Pink Ladies rather than Jonathans, you are mad if you do not get into the Pink Ladies sooner rather than later, because the Jonathan market will probably not come back. It is yesterday's favourite variety and not today's, for example.

**Mr Peardon**—To answer your question from a labour point of view, as we sit here at the moment we have received this year applications for basically double the number of people that

we have placed. We have systems whereby we do not bring them to the area until there is work, so we have a lot of people who have been told not to come or who have been told to wait until the time comes. On that basis, you could say that we could increase or, say, double the volume of production through the people that we would supply to accommodate that. However, as the submission states, this labour force is totally discretionary. Not only could it be impeded from coming by a natural disaster, a terrorist event or whatever, but it could be impeded by the sheer competition for these people from other areas—tourism, hospitality, construction and a whole lot of areas. We have noticed in the last two years that they are highly in demand, so there is a threat not necessarily from an outside source but from one within. As the submission states, they are a very good labour resource. Not only are they good for horticulture or agriculture; they are good for other things too. So there is a lot of competition and that is growing.

**CHAIR**—I do not think it is our intention to displace existing arrangements, because existing arrangements are existing arrangements and they will continue; nor do I think it would be our intention to simply bring over a pool of labour to in effect sit around in case they are needed. It really is about identifying a demonstrated shortage and then working out whether this is an appropriate way to fulfil that shortage. Just so I am clear about what you have said, Mr Peardon, you could have brought in significantly in excess of the amount of workers that were required to harvest the crop in this region.

**Mr Peardon**—Yes.

**CHAIR**—I accept all the other things you say—there is competition for that labour and there could be a disaster which actually dries up some of the backpacker market—but, assuming all things are equal, there is not, in fact, a labour shortage in this region.

**Mr Peardon**—Not in this region this year or last year, no.

**CHAIR**—Can you give me a feel for how many people work illegally? This is another factor. If there were a crackdown on people who work illegally in the industry, how many people would that take out of the industry, do you think?

**Mr O'Connor**—It is direct cause and effect. DIMA have not raided this year, but last year we would be the first people whom growers would ring once they had lost their labour force and they would want us to replace them straight away. The problem was that usually DIMA would raid in the middle of harvest, and to lose all their labour at that stage is sometimes irrecoverable for the growers.

**CHAIR**—Are you saying that there are growers out there who are using totally illegal labour?

**Mr O'Connor**—Yes.

**Mr Peardon**—We can identify that. We cannot prove they are illegal but we have our suspicions.

**CHAIR**—I am not asking for that specific evidence, but I am trying to get a feel and a ballpark figure.

**Mr Peardon**—We can identify that in the peaks and troughs of labour requirements, and we can almost graph it to raids. A spike in the numbers of people who are required immediately would correspond to a raid.

**Mr O'Connor**—To answer your question, I am prepared to give it a stab. I would say that at the height of the season there would be at least 1,000 and maybe even up to 2,000 to 2,500 illegal workers in different areas. A lot of them are in the tomato industry—and I hope there are no tomato growers here as they probably would not be happy with me saying that. Traditionally, the harder the work, the more likely illegal labour is involved, because people who do not have to work that way choose not to work that way. Tomato picking is hard work.

**Mr Peardon**—We can identify that from our placements as well. This year, with the change in visa conditions for a working holiday maker where, if they work three months, they can stay a year, we have seen a dramatic drop-off in the turnover of the number of people. If a grower needs 100 people continuously, traditionally he would have to take on 300 or 400 people because there would be a three- or four-times turnover. That has decreased over the years, but this year we estimate that it is less than two. The only area where the turnover remains is in the tomato industry, because it is, as stated, hard work and difficult to make a lot of money. Therefore, it is prime work for an illegal worker.

**Mr O'Connor**—We do not do a lot of placements in the tomato industry. You can draw your own conclusions from that.

**CHAIR**—Again, I know that we are on *Hansard* and that we are not actually inquiring into illegal labour, but it is important for us to understand the make-up of the labour. In terms of illegal workers—if you can answer this, please do; if you cannot, that is okay—how many people do you think are being organised to come over on tourist visas specifically and solely for the purpose of working and then going back, as opposed to people who, again, may be here on holiday and come and get a few weeks work as an individual? I am looking at the organised illegal working activity as opposed to the incidental.

**Mr Peardon**—I would say that very few people from the traditional countries that we deal with—European countries and more of the developed Asian countries—come here on a tourist visa or anything other than a working visa and become an illegal worker. My experience shows that they tend to be from the less affluent Asian countries and are organised into groups of people. That would be in large populated Asian areas, maybe in Sydney or Melbourne. They come here as a working group and not as individuals, so it is highly organised. That is my opinion.

**Mr O'Connor**—You can draw conclusions but, unless someone investigates, you cannot say for sure. But it appears to be thus, as Tony says. The other high number would be people who are here legally and who are probably eligible for Centrelink benefits who are prepared to top those up or supplement them with cash-in-hand work, which they are able to get through contract arrangements. We know from our own experience that a significant number of those want to pick fruit, for instance, and get cash in hand and will not work unless they can find someone who will pay them cash in hand.

**CHAIR**—Could you give me a ballpark figure?

**Mr O'Connor**—With the contractors, I suspect that a significant number—maybe a third of the contract labour—is actually people who are from overseas but now resident in Australia and eligible for Centrelink benefits who are making some extra money while on Centrelink. But that is a guess.

**CHAIR**—I am sorry; I probably should not take you further down this path.

**Mr Peardon**—The other major issue with that, though, is the fact—and we have had direct experience of this—that legal people have been caught up in this, whether picked up off the street or at the train station, and taken into these crews of people who are largely illegal. The illegal aspect of it is bad enough but, invariably, they are also paid well below the rates at which they should be paid, and that has an impact.

**Mr O'Connor**—And there is no WorkCover or safety or any of those sorts of things.

**Mr Peardon**—So it has more than just the impact of an illegal worker taking the place of a legal worker. It has all these other implications.

**CHAIR**—As we go around in the bus today you will find your applications for replacement workers will increase significantly. That has been our experience so far. I turn now to the subject of accommodation. Assuming there is a need, and that people in this region would participate in a seasonal harvest contract labour scheme, how would you see accommodation being provided here? Do some of the major growers provide accommodation? It is difficult, because we would be bringing people in for a fixed period of, say, four, five or maybe six months but they would not have the opportunity to develop their own social infrastructure. So all of that would have to be provided as part of such a program. I wonder how you believe that might be provided and whether you believe this region could provide it.

**Mr O'Connor**—There are plenty of exemplars of best practice in accommodation around here, as there are exemplars of worst practice. Discounting the latter, there is probably a long history of the ability to house people in decent arrangements and to look after them reasonably well. My thoughts are, though, that overseas workers or guest workers—to differentiate them from backpackers—tend to come from a more simplistic or village background, and I think it would be a tragedy to bring them over and just leave them to their own devices. I believe that if it was well done there could be some social organisation. If we were doing it, for instance, and the workers were from East Timor, we would involve the Catholic Church, St Vincent de Paul and others in providing social support for those people while they were here. We know that in country towns there are plenty of people with time on their hands who are willing to be involved in those sorts of things. We would want to make it a good experience for people.

Those things are a bit hard to put down as part of the commercial package. They really revolve around doing the right thing. I believe that, if it were to be done properly, the only people to have access to the labour would be people who were exemplars of best practice in all their facilities—accommodation, working conditions and those sorts of the things. I think it is politically of concern that we would bring in people from overseas and the worst thing would be to see them being exploited. It would be a tragedy to try to get something like this off the ground and then to see them just abandoned to some shabby accommodation and not brought into the community for the brief time they are here.

**Mr Peardon**—It would be fair to say, though that, if you are looking at numbers, you are talking about placing hundreds and not thousands into this type of accommodation, to meet an expectation and to provide all of the things that have been said. This region has a severe shortage of accommodation during the normal part of the year, let alone during the harvest period. We basically fill all of the accommodation in this area before Christmas—and at that time we have not even really started the season, because that is mainly for cherries and early apricots. From early January onwards, there is, as I have said, a severe lack of accommodation, so most people end up having to put up a tent. It might not be a satisfactory place for a tent, but they are here to pick fruit and make some money so they do. So, for larger numbers, there is a very bad lack of accommodation.

**Senator TROETH**—I would like to explore that a bit further. I think you said earlier in your remarks that you expect it would be the larger business oriented growers that would use this sort of labour. I am obviously not asking you to name any individuals but, if accommodation needed to be provided, apart from that which may be provided by community organisations, would you envisage some sort of cost-sharing arrangement with employers or that employers who wanted this type of labour may have to contribute part of the cost of accommodation whether it was provided by them or elsewhere?

**Mr Peardon**—I do not think, from my point of view, that employers would be not willing to contribute. We have had these discussions with some of the better and bigger operators. But they do not see, though, that it is totally their responsibility.

**Senator TROETH**—No, of course not.

**Mr Peardon**—Unfortunately, the community attitude has largely been: it is their fruit, it is their problem. As has been explained, it is the start of a value chain and without it there would not be a community here. I do not think there would be an issue in terms of that, providing that everything was equally and everyone could see the value.

**Senator TROETH**—What about the health infrastructure in Shepparton in terms of coping with an influx of population? I think we have agreed that it is hundreds not thousands at least in the initial stage. In your view, is the health infrastructure in Shepparton equipped to face a seasonal migration like that?

**Mr O'Connor**—It does it anyway and has done for nearly 100 years.

**Senator TROETH**—So it waxes and wanes according to the population.

**Mr O'Connor**—There would be a 20 to 30 per cent increase in population in the region over summer and that is the norm. I would think a few hundred would not have any effect at all, unless they have an endemic disease like malaria or something that they are not used to dealing with here.

**Senator TROETH**—I think we have established in some earlier discussions that, provided proper health and other checks were carried out before people were brought over here, there is a reasonable chance that they will remain healthy while they are here.

**Mr O'Connor**—Yes. Not many people get sick when they get here. It is a healthy climate.

**Senator McEWEN**—Thank you very much for your comprehensive submission. It is very useful. I am interested to get confirmation of what we have heard from other witnesses during the inquiry about the potential earnings that people can make in the horticultural industry. We know what the award rate is roughly for picking and we know that you can get \$25 a bin for oranges and other people have said you can earn about \$120 a day—around \$700 a week for roughly a 38-hour week. Would that be right? Is that your experience?

**Mr Peardon**—To say that there is an average or an expectation of achievement is very difficult to say. From our point of view, we have people who come to the region to pick fruit who have never picked fruit before who can make a lot of money. A sum of \$200 a day is not unusual for those people. We also have people who come here who struggle to make \$50 a day, because fruit picking is not unlike other things, where the result is derived from your effort. However, up until this year, the people who stuck at fruit picking were the ones making reasonably good money. However, with the change in the visa conditions, it is now a matter of: get my three months so that I can stay another year. We have noticed a lot of people probably are not making a lot of money because they want to stay for the three years. So those figures now are being clouded because of that. But, if you are a fit, strong person and you have come here to specifically pick fruit only and make as much money as you possibly can, then those figures are not unreasonable.

**Senator McEWEN**—Apart from perceived future labour needs arising in the horticultural industry itself, as for pickers, packers and so on, has any work been done on other kinds of workers who might be required because of the growth but not directly working in horticulture—I am talking about clerical workers, truck drivers or professional people, doctors, nurses and so on like that in this community?

**Mr O'Connor**—There is a significant skill shortage in most industry sectors. If you want confirmation of that, in country towns most ads for jobs are put in Friday's local paper and I think there are something like five pages in our tabloid, which is pretty good for a country town. They are not crummy jobs. Most of them are reasonably good middle-of-the-range jobs. There are particular shortages in the health sectors, in the traditional trades and in the helping professions such as welfare. I do not think anyone would be prepared to say that any particular sector has a surfeit of available labour. It would appear to me that we are not on our own. Most thriving country towns have the same issues and they are probably reflected in the city as well. I think we are all noticing labour shortages. The paradox is that there a lot of Australians on a benefit and young people who are not getting jobs or a start in the right areas. That is another argument again, but there is certainly plenty of work for people here in most areas.

**Senator McEWEN**—Do you expect that those shortages of labour will increase as the horticulture industry increases?

**Mr Peardon**—There is a natural flow-on effect. If the horticulture industry is growing and developing, it requires the services and the industry and the facilities to service it, so obviously there would be.

**Senator McEWEN**—Where will those people come from?

**Mr O'Connor**—A lot of work has been done to get local people, particularly young people, interested in careers here. Many young kids see working in the food manufacturing as being hot, dirty, sweaty and poorly paid. Glen Cox, the factory manager for SPC Ardmona at Maroopna, is upset that some of his guys—he calls them metal bashers; they are fitters and turners—are earning \$150,000-plus a year. He says, 'That's better than I do.' Anyone who starts in the metal trades at SPC Ardmona—they are the biggest engineering company in the area, even though they are a food processor—will within a couple of years of finishing their apprenticeship be on \$70,000-plus a year. There is an enormous amount of skilled opportunities available. It is hard to get young people to take them up because they do not see them as sexy or exciting.

We are working on a skills centre for this area to encourage young people to look at work opportunities locally. We are also working on trying to attract back people from the 30-plus cohort, who are often looking for a safe place to bring up their children in a regional environment. But there is already difficulty in filling the skilled jobs in the food manufacturing industry and that has been apparent for the last 10 years. At the same time, our kids are all heading off to Melbourne to go to university whereas, if they took a trade, an apprenticeship or traineeship here in industry, they would be making better money and would not have to make the journey out of the region.

**Mr Peardon**—As an organisation, we have a strong focus on those skill shortages. We have an attitude towards them which is a little different as well. We think people from overseas who can fit some of those jobs—not just coming here to pick fruit et cetera—are probably ideally suited, even if it is on a shorter-term basis so that you can address some of those things. Maybe you will have turnover every year, but you will be able to address it. Obviously all rural areas—and Australia in general—are focusing on skill shortages. One solution is obviously to bring our own people through. But, while that is happening and the education process runs and we identify the opportunities and get people into them, there is a possibility of using a short-term solution to achieve the same result.

**Mr O'Connor**—In looking at coming to this Senate committee, I did some research on what is happening in the rest of the world. It would seem that quite a few countries might act as a template for what is going on in Australia. There are skill shortages, yet countries are not really keen to bring in a great number of people to permanently reside. It is to do with temporary skilled labour. A few papers about it are probably floating around that you have access to. But we are talking about temporary unskilled labour in this context. Harvest work is not that unskilled—to be good at it and consistently make good money. It takes a year before you can pick a whole variety of fruit and consistently pick eight bins a day—or whatever a good worker will do—and make good money. If there were to be a guest worker scheme, we would hope that people would come here on a regular basis similar to the way they do in Canada. In Canada, the people are able to come back. They get better and the relationships get better, which consistently helps the country supplying the labour. I suppose you could say that not everyone is getting a crack at it, but the same people are getting better at what they do every time they come. So I think there are some ways forward in looking at what is happening in the rest of the world.

**Senator BARNETT**—Thank you for your submission. It is most useful. Given your skilled migration needs and those of the local community, do you use the skilled migration visa and have you sought skilled migrants?

**Mr O'Connor**—We have. We have employed one ourselves—a fellow from Ireland—because we have 11 fully staffed sites around country Victoria and it is very hard in some towns to get people who have the appropriate skills. We have this guy from Ireland working in our Seymour office. So I have used the process and I think it was a very good process. It has worked well for us.

**Mr Peardon**—From a horticultural point of view, we also have an association with a horticulture school which now processes in excess of 200 students a year. They come here on a student visa, but it is to do a horticulture course. We work with in excess of 100 of those people. They experience the horticulture area. Fruit picking is just one of the things they do. We are working closely in that area as well.

**Senator BARNETT**—My next supplementary question is: if we could, for example, extend that definition of skilled to being, as I think you have said, semi-skilled—because you have to be quite experienced and proficient at it—do you think that would help solve the problem in terms of creating a new visa category?

**Mr O'Connor**—My belief is that it is best if you trial things first. A project or a small trial would probably flush out the issues involved in that.

**Senator BARNETT**—We realise that obviously you would need to streamline the system. You would be getting in a group of 20, 50, 100 or whatever, so the paperwork and the red tape would no doubt be a burden. It would need to be streamlined.

**Mr O'Connor**—There is a lot of attraction in adopting the things that work in a similar area, so I think what you outline is probably a good idea. It is just that I would hate to open it up across Australia and find out there is a fundamental flaw somewhere in it and we are being flooded with the wrong sort of people or something. We have to realise that, whenever the government changes the rules, a lot of people out there work out how to make it work to their advantage, not necessarily for the common good. Government and bigger organisations are always slower to react, because that is just the nature of things, and if there is a problem it can be hard to fix.

**Mr Peardon**—One of the most important things, from my point of view and having worked with some of these people, is that there is a definite necessity to have a reasonably good command of English because of all of the reasons which are fairly obvious in what is really a high-risk workplace because of some of the activities being taken on. I think that is something that needs to be highly considered, wherever these people are coming from. With a smaller group you can probably have interpretation; but when you get into larger numbers that is an important part of it.

**Senator BARNETT**—We have talked a lot this morning about Pacific islanders being potentially possible recipients under this program. Do you have a fixation on the Pacific or would you be happy to look at other areas around the world in terms of a global solution, whether the people be from China or somewhere else?

**Mr O'Connor**—For the reason that Tony pointed out—the proficiency in English—and because of the natural closeness in travel and the longstanding relationship with Australia

perhaps being seen as the big brother in the area, I believe we have a duty to first look after those who are closest and most in need. Most of the Pacific countries have English as a second—if not a first—language and most of their people would have at least some proficiency in English and some understanding of what happens in Australia and even some contact with Australia via family or friends or others who have been here. So it is not a great unknown.

I am aware that suggestions have been made to bring in large numbers of Chinese workers out here. I think that is of extreme concern for the cultural and language differences. I go back to what I said before about the social or pastoral care of people. You should not bring large numbers of people to an area and say they are just workers, factory fodder. That is a very poor way to handle it. You have a duty to look after anyone you bring to the country as best you can under the circumstances. We would find it hard to bond with people who do not have any language or cultural affiliation whatsoever with us. For instance, I spoke before about the East Timorese and the Catholic Church being available because most of the East Timorese are Catholic. I believe that you would not have trouble at all motivating local, well meaning and decent people who have time available to help in the pastoral care of these people because they can at least basically communicate. But if they cannot even communicate because of language and cultural differences, it will be hard to get any local care and then you will get problems.

**Senator BARNETT**—Focusing on your submission, you need 12,000 workers based on your 2003-2005 seasons from November through to March/May. What proportion of that total are working holiday makers?

**Mr Peardon**—We keep very detailed records of what we do with people, so we can identify the demographic, et cetera. Our figures show that close enough to 80 per cent are backpackers.

**Senator BARNETT**—In Mildura and some of the other places we visited, evidence was put to us that there has been a loss of profits because fruit stayed on the trees because they did not have the workers there—like this past season. You are not saying that to our committee. You are saying, ‘We need labour for next year and then the year after,’ based on your projections of labour demand.

**Mr Peardon**—My view on guest workers is not necessarily to have them as the primary labour source and maybe not even the secondary labour force in every year. But, as we have said before, they are very discretionary. It will not take much to change them from coming here. Fruit picking is not an easy job. An interesting thing is that our records show that 65 per cent of the people we placed last year were girls. So you have added another factor to the equation. A lot of the fruit growers will tell you they have done a good job. Last year we also had a large number of tall German girls and this year we have a large number of very short Korean girls. Therefore, trellised trees are great but if they have to climb a ladder to get to the tree they will not reach the bottom of the tree let alone the top. All of these things are factors.

**Mr O’Connor**—We are talking about our area. We are very fortunate because we are only two hours from Melbourne and we are on the main drag from Melbourne to Brisbane and it is not hard to get here, whereas Mildura, Swan Hill and some of the more remote places have very significant labour shortages and probably less infrastructure in their regions.

**Senator BARNETT**—You predicting significant gaps in labour next year and the year after? Was there a gap this year?

**Mr Peardon**—No. As I said before, last year we were able to satisfy requirements. This year our records show that we have double the number of people. We have placed half the people who have approached us to put them into work. But every year will be different. If the industry develops and grows, you would say, ‘Okay, this resource can grow with it.’ But again it is very discretionary and it would not take much to change that.

**Senator BARNETT**—This is part of the problem. We are trying to develop a system. Do you need to have them here within 30 days, or can you predict—can you say, ‘Yes, I will need another 50 people in the six-month peak season’? This is a program. We have to design a system—are you telling me that you cannot predict month to month?

**Mr Peardon**—You can predict month to month if you have what would be classed as a normal year. Unfortunately, anything in agriculture is never normal. Every year we have an incident that can change that. This year, for instance, there was a lot of rain during the cherry season, which knocked a lot of cherries out. This year was climatically quite different and a lot of crops were late. This year we also had a couple of the crops on top of each other, which normally would not be the case. If you had a perfect year and everything went to what was deemed as being normal, you could predict. We work with growers to give us a flow chart of their requirements, but invariably it is never what they put down because always something will change.

**Senator BARNETT**—Having been born and bred on a farm I am aware of the cycles, the ups and downs and the inability to predict, particularly in this type of area. However, you cannot just go like this and within seven days have 50 people from Tonga or the Pacific islands here. We are trying to develop a system. How would you see it working?

**Mr Peardon**—My view would be that we start off with a pilot scheme to test the resources and facilities and infrastructure and then grow that—it could be in the hundreds, as it is on a regular basis—and put in place a strategy to ramp that up if the need arises. Last year we had some warm weather and we were picking pears and we needed to put people into place very quickly. We had systems where we could ramp it up and we placed 1,000 backpackers in four days. That was because of an immediate need. Fortunately, with some of the crops we are talking about, if it is not picked today you can pick it tomorrow—you have a little time up your sleeve. But the position would be to have in place a relationship with a supplying country and bring in a few hundred people—500 people or whatever. If you were doing that very well you could immediately ramp it up to 1,000 or 1,500 if you needed to.

**Senator BARNETT**—You could develop a plan where you had a pilot with a smaller number. They would be guaranteed some work during that season.

**Mr Peardon**—You could structure it around them, yes.

**Mr O’Connor**—We can guarantee it. Because of our strong relationships with larger, more progressive growers, we could guarantee them work. We know that people would guarantee us a number of jobs.

**Senator BARNETT**—This is a very important aspect of the program. That is my other question. Would you be a representative body that would be the sponsor organisation? Would you be prepared to be that entity?

**Mr O'Connor**—We are willing to be. We looked at it this year under the occupational trainee visa category. A couple of things happened in Canberra in relation to that and we did not proceed with it, but we were, I suppose, about 25 per cent of the way along investigating and had been having dialogue with people in East Timor. That is why I mentioned that before. So I know what is involved. But the occupational trainee visa is really not suitable. It is trying to make a different category fit what you want to do. It is not the right category.

**Senator BARNETT**—In terms of the timing, do you think there should be a minimum and maximum period for such a program? You have your season, which I think you advised us was about six months going from November through to May. Would that be the maximum period of time and would three months be a minimum or would you have a shorter minimum?

**Mr O'Connor**—I think it would be. I am thinking of Canada and the sorts of arrangements there. It is probably fraught with danger if you make it too long. People can get too accustomed to it or start thinking too much about ways they can stay permanently. Something that is short and sharp tends to be more targeted and less likely to go wrong, and there is less likely to be breaks in employment duration if it is targeted at the peak of the season. We know that across the region there is oodles of work.

**Mr Peardon**—The other thing with that is to make it essential in the early stages of the pilot to work with a smaller number of larger growers so it is better controlled and then being able to move from there. Our records show that probably better than 80 per cent of the people we place are with about 20 per cent of the growers—in volume, I mean, the number of growers. It would not be very difficult to put a reasonable number of people in there and have it well managed, well controlled and the welfare and all those sorts of things looked after. Basically that takes the pressure off the rest because the numbers are available for them. It would work very well.

**Senator BARNETT**—I have one final question. In the last 10 years has modern technology and a mechanical approach to horticulture lessened participated demand for labour? If so, to what degree?

**Mr Peardon**—In some areas it has but, unfortunately, with the highest labour requirement, which is for fruit picking, the answer is no. Growing systems et cetera are making it easier and probably more efficient, but the numbers are still there, because obviously timing is critical with fruit. You want it off quickly. So if it is easier to get it, you want it off even more quickly. There is still that requirement for numbers.

**Mr O'Connor**—Growers would say that there is nothing available on the horizon, as far as mechanised picking of seasonal fruit is concerned. The only thing is that there are some mechanised travelling platforms that make it easier for people to pick, but they still basically pick by hand. The only other thing is that grapes are principally machine picked now, except for the very high-value wine grapes. In the foreseeable future, which is 10 to 15 years, there is probably not much chance that fruit will be hand picked, although that can change with a technology breakthrough. Every piece of piece of fruit is now photographed, weighed, and

electronically scanned for blemishes and everything—all that sort of stuff—so all the grading that was once done by people is now automated.

**Mr Peardon**—The other thing is that the progression is towards a higher value piece of fruit on which you can obtain a higher return. Therefore, that necessitates much more careful handling and, therefore, if you are doing it more slowly and more carefully, you need more people. So you put it in with one hand and take it away with the other.

**CHAIR**—Where is the horticultural school, which you mentioned in response to one of Senator Barnett's questions?

**Mr Peardon**—Horticultural Skills Australia is in Swanston Street, Melbourne. We have been working with them for coming up to two years now.

**CHAIR**—Thank you both very much for your very valuable contribution to our inquiry today and for your submission.

**Proceedings suspended from 10.53 am to 11.14 am**

**HALL, Mr Peter George, Representative, Fruit Growers Victoria**

**WALL, Mr Ross Kenneth, Chief Executive Officer, Fruit Growers Victoria**

**ROSSIGNUOLO, Mr Anthony, President, Northern Victorian Fresh Tomato Growers Association**

**CHAIR**—I welcome our next witnesses, from Fruit Growers Victoria and affiliated bodies. The committee prefers all evidence to be given in public; however, it will consider any request for all or part of evidence to be given in camera. The committee has before it your submissions. I thank you for those and I thank Mr Ross Wall from Fruit Growers Victoria for organising the visits we are to undertake this afternoon. Are there any additional details you would like to give about the capacity in which you appear here today?

**Mr Hall**—I am a committee member of NVFA and some other associations.

**CHAIR**—Thank you. I now invite to you make an opening statement, to be followed by questions from the committee.

**Mr Wall**—As an industry, we are very keen to take up the opportunity for guest worker seasonal labour, particularly to meet our peak harvest times. To my left I have Peter Hall, who has significant interests in the fruit industry. I understand that he has around 50 varieties of fruit to harvest over four or five months and he has substantial requirements for a workforce throughout that period of time, particularly with seasonal demands. Frank Rossignuolo is a tomato grower. He represents a \$50 million industry in the Goulburn Valley. They also have huge demands for labour throughout the growing and harvesting periods for tomatoes. We look at a guest worker scheme as another opportunity to source reliable labour to meet our peak-time demands and also an opportunity in the future as the industry expands and develops.

This year there have been changes to the backpacker arrangements, allowing an extension for 12 months. That was a federal government initiative and it seems to have encouraged backpackers to stay a bit longer. You may have heard information about that from some of your earlier witnesses. That has certainly helped the situation this year. But, in the medium to long term, we need to look at all opportunities to secure suitable labour to ensure that we will get the crop off in an appropriate time, in an appropriate condition and of an appropriate quality. As you will appreciate, there are ever-increasing demands by the consumer and the retailer to have a superb quality product, and it needs to be harvested on time and to be in the store as soon as possible.

**CHAIR**—Mr Wall, can you identify for the committee some of the projected increases in your investment in what is going to be under growth that will require an influx of labour?

**Mr Wall**—The gross value of production of the fruit industry is about \$750 million in the Goulburn Valley. This is probably one question that my colleague Peter Hall could answer as well. Things have been a bit quieter for the last couple of years but, prior to that, there were substantial investments in the Goulburn Valley in the fruit industry. There is nothing to suggest

that, in normal circumstances, that time will not come around again and bring further opportunities to expand the industry. We are subject to certain market pressures at the moment, but all these things are relative.

**Mr Hall**—I can probably add to that. Depending on the cyclical nature of export prices and production capabilities, there is opportunity for expansion of our industry. One of the limiting factors is the availability of labour. I can give you my own example. Ten years ago we had an orchard business that owned, operated or managed about 200 acres—say, 80 or 90 hectares. We now operate about 800 to 900 acres. So we have expanded in that 10-year period. One of the factors limiting continued expansion is a management evaluation of labour supply. Our evaluation is that we would probably temper our expansion depending on what we perceived to be the available labour in the medium term. It is just a factor in terms of determining how much investment is going on. I have talked to many other orchardists and they have concurred with me. It is not that they have stopped planting or developing, but one of the factors in their decision making that determines how they will progress their business is the availability of labour and how they can manage that in a season.

Ross mentioned before that we have 50 varieties. The placement of varieties and the timing is determined by labour availability. We may have a variety that is very lucrative in terms of export dollars, but if we have a large amount of that variety we then think, ‘Should we plant any more?’ because we may not be able to get the labour to pick that crop. We can manage what we have at the moment, but we perhaps miss out on a lucrative opportunity because we make a decision that is based on the fact that we doubt our ability to source labour at that time. There is probably no hard figure to say the labour shortage is causing a lack of investment, but anecdotal evidence and my experience supports that. Other people in the industry would concur with me. They would say it is part of the decision-making process but it is now becoming a higher priority, where we may be making a decision in the forward planning based on a lack of labour.

**Mr Rossignuolo**—I will comment on that too. In the tomato industry, we virtually call it a day about 20 April. One of the reasons we do that is that our itinerant workers who come from the north want to go back up north. We could expand our season by another two or three weeks. One of the reasons we do not is strictly because there is a massive exodus of labour.

Regarding growth in the industry, the Northern Victorian Fresh Tomato Industry Development Committee was created by an act of the state parliament in 1988, and we have very good data to support the levies that are being collected. In 1988, we collected levies on something like one million boxes. Our industry has currently grown to four million boxes per annum in virtually a four-month period. We could grow that industry more, but one of the reasons we cannot is because it costs you \$12,000 an acre to grow the crop and it is a shame if at the end of the season you cannot pick it. Our industry has grown in leaps and bounds in the last 15 or 16 years. It is still growing, but it is not growing by 20 per cent like it used to—it is growing only by a very small margin, where a grower is prepared to invest an extra \$500,000 to grow an extra 50 acres in the hope that he will be able to pick them. That is one of the things that have been holding us back.

We do very well with our backpackers, but we need to get permanent people on the floor who will stick around for a period of three to four months. Backpackers do a wonderful job for the short period of time they are here, but they are here for a short time and a good time. In our

business, we are constantly retraining. We are grateful for them being here, but we might get them for only three or four weeks and they move on and we have to train another crew. However, if we could get stable people coming in and we knew we would have them for three, four or five months, we would be more than happy.

**CHAIR**—I understand that aspect in terms of the turnover of staff and the costs that go with that turnover, but at this particular point I want to try to identify a potential unmet need based on investments. As an example, we know Select Harvests will plant one million almond trees next year alone. They are then able to say to us, ‘This will be our labour need for the new million trees over the next one, two, three or four years,’ so we can get a figure. That is only one comparatively small investment compared to what is happening around the place. It has been surprising to me in this inquiry how much potential development there is. We can then look at those figures and try to extrapolate whether that labour can be sourced internally from Australia or whether it will still be predominantly backpack labour, which again I understand is not certain labour even though it is there at the moment. We have also heard evidence this morning that your labour needs have been met in this region, notwithstanding what you have said about the turnover and the reliability of that labour.

**Mr Hall**—That probably needs some qualification.

**CHAIR**—I am happy for you to do that, but I would also be happy—and you may not be able to do this today—if your organisations could say, ‘We have \$50 million worth of plantings planned or on the drawing board, and that will mean an extra 3,000 people for the months of X, Y and Z.’ We will not hold you to those figures, but having some sort of ballpark understanding about what the growth in the labour would be in your region would be useful to us.

**Mr Hall**—I understand that point and it is true that it is difficult to demonstrate that someone has left fruit on trees, although most orchards would have come to a point where they would have been unable to harvest part of their crop successfully. The core issue is not having fruit that is not harvested; the core issue is being able to harvest at the correct time. Many orchardists make a compromise decision on harvest because the labour is not available at the time when it is appropriate to harvest. It is more an issue of timing.

My perspective on this issue of guest labour schemes is that it is more about flexibility rather than just having a whole lot of people coming over here to solve our problems. It is probably one of a suite of approaches to meeting our labour needs. The backpackers are a good segment of that. Locals are a segment of that. Other people on different training schemes have been part of the solution. We are saying that what we have available is getting us by but perhaps at an economic loss in some situations because we are not able to manage our harvest correctly. We are looking for more inventive solutions that we can add to the solutions we already have to make us more flexible in being able to harvest our crop with the appropriate timing.

That is probably a limiting factor in terms of investments. We are looking at what we have available at the moment. Some schemes have been introduced. In particular, the extra year if people work for three months in a harvest area has been very successful this year. I do not know whether you have been involved in that but we applaud the government’s role in introducing a change to that status because that has had an on-the-ground positive effect in this area. But it is just one of a suite of solutions that we would like to have available to us to meet our harvest

labour needs. We are not looking for a magic bullet here to solve all our problems. We are basically saying, ‘Look, here is something that has been floated around for a while. Would the government consider looking at this as part of a solution to what is a fairly complex issue?’ It is not just a matter of shipping in a whole heap of people; there are timing and seasonal issues.

**Mr Rossignuolo**—Accommodation issues.

**Mr Hall**—Yes, there are accommodation issues. There are different things that present difficulties. I heard the presentation before from Worktrainers. Each year presents its own difficulties. Each year presents changes in volumes, changes in timing. So effectively you need some flexibility to manage that process so that you can get the right outcomes and maximise the productivity of your orchards and what occurs.

**Mr Wall**—I think it is all right to refer to further developments downstream—they are quite substantial and have in the past been, for example, almonds and olives—but we have an established industry here. We need 15,000 pickers just during the harvest period. It is a deciduous fruit crop. We need people to prune the trees, thin the crops in the spring and to harvest the fruit. There is an ongoing huge demand and there needs to be as much flexibility as can be provided in the provision of that labour. Building something slowly and steadily, such as a guest worker program, is certainly a realistic option, as Peter has suggested. Going forward, there is no accurate development at this stage. We have 10,000 hectares of production here—25,000 acres. There is a huge industry here now. We need to be able to maintain that industry and move ahead at the same time.

**CHAIR**—One of the sensitive natures of exploring this avenue into is the public perception that overseas workers could potentially displace Australians in work. If an Australian was capable of doing the work that you had a vacancy in, will they get work with you?

**Mr Hall**—This is a question often posed to us. We have a policy. Basically in peak harvest times we take anyone who walks into the front gate. Frank would be the same. You are desperate for fruit pickers. As far as vetting anyone or working out whether they are suitable for the job, you basically need people up ladders picking the fruit. Do we employ locals? Yes. Do we employ anyone who presents themselves and has two arms and two legs? Yes, we do. That is basically the approach we take.

That raises another issue though. We have had some debate. I made a radio comment a number of months ago and I think a comment was made by someone in the gallery along these lines. Peter Costello made a comment in response to the industry’s comments. It was along the lines of: while there are unemployed people in Australia they should fill the vacancies. I agree with that. I think it is reasonable to expect that, if jobs are available in Australia, people who do not have jobs should fill them. I have no problems with that at all. One of the issues with harvest labour is that it is probably not a job that is that suitable for someone who has been long-term unemployed—I am not saying that we do not put them on; we do. We put on everyone who comes through the gate. But it is probably fairly challenging for someone who has not been working for a long period of time. There is probably a place for some scheme that assists them. If we are going to employ them and give them a start again, which we would happily do, there needs to be a scheme that assists them because it is hot, hard, laborious work. For someone who

has not worked for five or 10 years, for long-term, entrenched unemployed people, getting their heads around that activity is quite a challenge.

**Mr Wall**—They will stay for a short period of time and, if another opportunity develops, move on. SPC Ardmona, the major cannery here, takes up to 3,000 staff each year for their seasonal requirements. There is a steady movement into an area like that and into other opportunities that are under cover and do not have the harsh conditions of fruit picking and activities during other times of the year.

**Mr Hall**—It is just a fact that everyone puts on whoever walks in the front gate. If you are short of people, you will put them up.

**CHAIR**—Following up on that, I understand the way that works at the moment. People have to get here and then be responsible for their own accommodation and social infrastructure or whatever it is they bring with them and they appear at your front gate and that is when you bring them in. If we are going to talk about a seasonal workers scheme where we bring in people from overseas, it will not be like that. Infrastructure will have to be provided for them. We could not just bring in people from overseas and say, ‘Here you are, here’s the area,’ and dump them at the bus station. That simply will not work. Accommodation would have to be organised and provided. The ability to cook and feed themselves and have some assimilation in the society while they are here all has to be done. That will cost in infrastructure. There will be a premium on that labour and that will have to be found somewhere. Would the beneficiaries of that labour, the growers in this instance, be prepared to contribute to that cost of providing infrastructure for people?

**Mr Hall**—We would, and we do. We are currently engaged in providing supplementary support for workers in the area. Some growers have accommodation on site. Some growers have cooking facilities or provide meals for pickers. Some growers assist in the transportation of pickers in the area. There is quite a support network in the valley. It is probably not formalised. But, if we were presented with, ‘Look, a sector of your workforce will now be supplied through a guest labour scheme,’ I am quite confident that local industry would gear up to supply the support services and networks to give them access to this area. I do not think that has been an issue. Although in the past there have been times of huge demand and they have brought in a lot of people, we have still managed to accommodate, feed and give them work successfully in the area. I think that could be solved if that were a problem, which I do not believe it to be.

**CHAIR**—I think our last witnesses had a very good proposal. If we ran a pilot scheme that worked and was streamlined, it could probably respond very quickly to unexpected demands. While you may have 150 people in the region doing the work, if there were a need within a week to get up to 500 or 1,000 people, that may be able to be done. But again how do you accommodate those people quickly? How do you provide infrastructure for them? If something like this is to succeed, there would have to be a lot of cooperation, assistance and an obligation on the growers/employers to have that infrastructure in place ready to go.

**Mr Hall**—Frank could probably comment after me. I do not think we are looking for a guest labour scheme to help us in those drastic situations where we have had a week of 40-degree heat or rain or whatever where we need a big influx of pickers. We would be asking too much of any system if we thought that we could have a system which supplied people for our huge demand

peaks. I think that is just part of the agriculture risk we have to face. We are probably looking at a more managed approach. You probably have to manage those blips that occur in the best way you can in those situations. To have a guest labour scheme that solved those peaks is not really what we are chasing. We are looking for a flexibility that enables us to perhaps manage those peaks better but to also give us better management of our harvest through the consistency of the five or six harvest periods.

**Mr Rossignuolo**—I really think we are looking for consistency and we are also looking for stability. In the towns of Tatura and Murchison we could get that stability because we have plenty of caravan parks, two backpackers and a new backpacker in Shepparton that we are currently utilising. We are providing our own transport. We have a 12-seater bus and we make two pick-ups every morning and two pick-ups every night at our expense because we need the people.

Basically, the tomato industry would be looking for the guest workers to be our stable workforce for three or four months, backed up by the backpackers. At the moment it is the other way around. We are using the backpackers for our four or five months. We encourage them to stay a little longer. I believe it would be good if we could turn it around and make the guest workers our stable workforce and back it up by the backpackers.

Peter and Ross actually touched on this in the fruit industry. There is more and more work every year. At the start of your spring you have to thin your fruit and there is spring pruning and then you have autumn pruning on Pink Ladies and Sundowners so that they have the right colour. That is becoming an issue more and more in the fruit industry. But in our industry, as more and more growers go from field-grown tomatoes to trellis-grown tomatoes, we have to work now from September right until the end of June or July. Although we do not harvest for as long as Peter, he plants his crop of apples and they stay there for 10 or 20 years. We grow our crop and grow our trellis and, at the end of the 15-week cycle, the crop is dead and we have to demolish those trellises, clean the paddocks and move on to another site.

We need that steady flow of people to be able to do all these jobs now. Currently a family might grow 20 acres of tomatoes and do it all on their own, now people are growing 500 acres but they are employing a massive workforce. Currently that workforce is made up of backpackers and itinerant workers working the coast from Bowen and Bundaberg down to Victoria and then going back. We need a stable workforce so that we can manage. If it is going to rain, especially at the end of our season, we have to get the crop off before the rains come, otherwise you cannot get your tractors in there to pull up sticks, roll up wire and lift plastic. We have to try to do that as quickly as we can and if we had a stable workforce it would be a lot better.

**Mr Wall**—We need to be careful here too. We are quite happy to start off with humble beginnings. If 500 people come in for a week, the organisational factor is quite significant. As the two chaps have said, we are looking at some core workers who can be here on a stable system. It might be only 50 or 100, but it is a start and we will see how that progresses. They would be here for three or four months and integrate into the community and get those support facilities. That is something that we could quite readily handle at this point and allow more flexibility at the other end with those peak needs.

On the issue of on-costs, which is certainly in our submission, they are significant. If you have a contractor organising that labour, there are management fees which need to come from somewhere and there are plane fares that need to come from somewhere. We can look after the accommodation. In other situations the employee is required to meet some of those costs. But, under the foreign aid packages, if this is offsetting some of the significant costs into Pacific island countries, for example, maybe the government could help out and support some of those management on-costs that otherwise the employer or the employee has to meet. I certainly mentioned it in our submission, and I do not think it is an unrealistic call. We are not talking about large amounts of money; we are talking about a team effort here that can get something up to meet all our needs in the long term.

**Mr Rossignuolo**—One of the things I want to stress about the tomato industry is that we have a shortage in the field, but it is a manageable shortage. Where we find our biggest shortage is in the pack houses. Like I say, we need to get a stable work force into the pack house—and I want to stress that we do not necessarily require men. We do need the fairer sex to do the more delicate procedures. We grow a lot of those little tomatoes, and some men are a little rough—like me. I am not allowed in the pack house.

**Mr Wall**—He is talking about cherry tomatoes.

**Mr Rossignuolo**—I was approached by one of the group trainers in this area to assess some Aboriginal people. We had numerous meetings, and in January this year they came out and had a look at the operation. I said, ‘We’ll take one or two or three.’ Ten weeks down the track I have not received one. I made inquiries the other day, when I knew I was coming here. I said, ‘What happened to those young Aboriginal people you were going to give me?’ They said, ‘We gave them to SPC to do a trial there,’ but apparently they did not last very long. That gets back to your comment earlier about why we do not employ local people. I was prepared to take on two, three or four. Sure, there was a government incentive there for me to take them on, but that was only a secondary factor. My No. 1 factor was that I wanted to have a core of people in my pack house. We operate with 12 people. We do grape tomatoes and cherry tomatoes. We need 12 people, but we could probably run the pack house with a core of eight people. We were prepared to offer that opportunity to a young Indigenous person. The last meeting I had with the trainer was 10 weeks ago, and I have not received one Aboriginal person yet. So much for getting your local people in.

**Mr Hall**—There is no dispute. People will employ anyone from the area. If you walk into any orchard, we give you an opportunity. When we need people to pick, there is no classification or qualification put on who comes in. If they are warm and vertical, they get a job. So be under no misconception. We basically have absolutely no classification as to who we put on and who we do not put on. When we are desperate to get our fruit off and it is ripening on the tree, we give anyone a crack at it. It is probably quite an unusual industry from that point of view, given that we are asking people to climb up a ladder and there are OH&S issues and all sorts of things where you have to go through training and show them how to use these things. However, it is the nature of our industry that we are desperate to get our crop off at various times, so we will basically take anyone on without a lot of assessment as to whether they are suitable for the job or not.

**Senator TROETH**—Obviously, if you were to set up a scheme to bring people to Australia and pay the air fares with the on-costs that you have mentioned, it is not likely that it would

bring them out only for a week or two. I think your suggestion of three to four months, or something like that, is closer to the time. We all recognise that, in an industry such as farming, there may well be a week or two weeks interspersed through the season when nothing is happening—when it is too wet, too hot, too dry or too whatever to pick the fruit. I am sure that you have recognised you would need to factor into the situation down times when the labour force may not be doing anything.

**Mr Wall**—Peter might like to comment on that. He has 16 workers at the moment with a commitment for three months.

**Mr Hall**—We have been involved in some different programs over the years, some educational, with some people coming on an educational or training visa. We have had some people come on skilled migration visas. I suppose it requires an operation with a certain critical mass if you are to make a commitment to a group of people. Let us say you have an arrangement to employ a group of 10 people. Our operation employs up to 150 people on its various sites in total—it varies depending on the time of the year. Again I make the point: we are looking at it as one of a number of answers to our labour shortage. If we said, ‘Yes, we will commit to a group of 10 people for four or five months,’ we would just make sure that in priority for work availability they would be a bit further up the tree than someone who wants, say, work for a week or so—because we get some backpackers who are in between the Boxing Day cricket in Melbourne and the test match in Sydney and want a few days work as they are travelling through. We will just prioritise the availability of work for the group we have the commitment with.

If you had a smaller operation, I could foresee a situation where perhaps the fruit grower organisation sponsored people or said, ‘We will make sure there is work amongst some of the smaller growers,’ perhaps using a group scheme—perhaps like a group apprenticeship traineeship scheme. Where the work is available, those people would move between those orchards. There are various ways, depending on the dynamics and sizes of the orchards and work flow, that you could manage to give them continuous employment. However, there would be periods in the year with no work. In our operation we probably have no more than a two- or three-day break between work programs. At the point at which those breaks occur, people are looking forward to a break because we have been working solidly for maybe six, seven or eight days. It has not been an issue in the past. Growers already regularly make commitments to groups of pickers. We already say to some who come on a regular basis, ‘We will give you work from December through to the end of May.’ Sometimes the commitments are to do with them asking for days off rather than looking for work. So it is not an unusual situation to have to make a commitment to a group of people and say, ‘Yes, we will give you some work.’

**Mr Rossignuolo**—Unfortunately, my members are not as lucky as Peter’s members, where they get breaks. The only time we get a break is if it rains. That is the only time we do not work. We work seven days a week. We hardly ever get a break. If you could come to me now with 50 people, I could place them in five sheds, 10 in each shed, and I could guarantee them 17 weeks work, and their take-home pay would be in the order of \$700 or \$800 a week.

**Senator TROETH**—That is fine. I just thought it was important to get it on the record that there is a recognition that this could happen, but, given the ups and downs, as we all know—

**Mr Rossignuolo**—Understanding the nature and the difficulty—that these people have to come here and they have to make the money to live, socialise et cetera—we would then prioritise those people, providing they had made the grade, into the jobs that would give them a regular income and work for at least six days a week.

**Senator TROETH**—Ross, you mentioned in your submission the on-costs associated with this, such as airfares, accommodation and so on. Is there a recognition among growers generally that these costs should be shared, or should they be deducted from the workers' wages? What is the feeling among your members?

**Mr Wall**—We have contractors here—and the chaps can answer this as well—who supply labour, and growers meet a premium on those costs to meet the managements costs of coordination and so on.

**Senator TROETH**—So they are used to doing that.

**Mr Wall**—They are used to paying some additional costs. Where we have had programs with people coming from overseas, I think those airfares have ultimately been met by the employee rather than the employer. However, there are some areas there where we could negotiate to help all concerned—bearing in mind that we are paying award wages and we are meeting the bulk of all those costs, and they are quite substantial costs.

**Mr Hall**—As a grower body, we would probably meet any reasonable cost incurred in facilitating people working in the area. In some other schemes around the world, and in some that we have had involvement with, the employees themselves have met the airfare cost and some visa processing costs. They have made enough income in their time here to pay for those costs and to return home with a considerable amount of money in their terms. I think that has been experienced in some other countries where they have labour schemes and they attract labour from overseas locations. Even with some substantial on-costs supplied by some labour management firms that bring them over, they have still managed to earn enough real income to take back and make the exercise profitable. Whichever way that is arranged, I do not think it is an impediment to people being involved in this scheme, as long as they are here for a reasonable length of time. I would suggest a three-month minimum.

Frank made the important point that for us harvest is not just from December through to the end of May. We also have a considerable work program from mid-September through to the start of harvest. A guest labour scheme probably is not as essential at that time of the year, but there are times in our program when we are looking for people to do specific tasks. As a general social comment, we have found in our experience that people are less and less inclined towards labour type jobs, less interested in being involved in jobs outside and in the elements. In a short labour supply market, as it is now—which is a good thing because it is a good result for Australia that people are finding employment—jobs like ours, which are more laborious, perhaps more difficult, and where there is perhaps a perception of them being less attractive jobs, which ours would appear to be to someone, suffer in that environment.

**Mr Rossignuolo**—Illegal immigrants do very well out of working in Australia, so I see no reason why legal guest workers should have any difficulties.

**Mr Wall**—As we said in the submission, we met with Global Horizons, when they were out here.

**Senator TROETH**—Yes, I noted that.

**Mr Wall**—They had an interesting program. They ended up in Canberra talking to people there. Their selection process is very rigid. They told us that they only select 50 per cent of the people they interview. People have to meet agriculture background, family background et cetera criteria. Most of that is to ensure that they do go to the country, are there for three or four months and then want to go home again. There are various ways of ensuring that they do go home—for example, holding back some of their funds et cetera. They are very secure programs. As I mentioned in the submission, DIMIA does not need to be paranoid about losing people through such schemes. We encourage them to come out for the Commonwealth Games and they disappear. We have a rigid program here that would be in place.

**Senator TROETH**—Australia is a great place to live; let us face it. I take it you would be in favour of a labour hire organisation running this sort of program—that is, it would be a hands-off program for the farmers. I would be interested in your views.

**Mr Hall**—I think that would be part of the solution. Some smaller farmers may not have the resources to recruit overseas. I think some larger operations would like to be perhaps more involved in that process and have the infrastructure to manage that process. One issue that I would see with a guest labour scheme would be the vetting and the appraisal of the people who are applying to work. Sometimes labour hire firms may not have a perspective that a farmer may have of someone's suitability. I think part of it could be managed by a labour hire firm or a coordinator or perhaps even a fruit grower organisation. We in the past have run the Harvest Labour Office in the Shepparton area. That office is used to doing that, so it may provide a service in that area.

**Senator TROETH**—It would be horses for courses.

**Mr Hall**—Yes, that would be an appropriate way to put it.

**Mr Rossignuolo**—I can only talk from the experience of my business. We like to employ our own people, because we have a structure in place where we manage people filling out group certificates and doing all that sort of thing. It is pretty hard when a labour hire company says, 'It is \$16 plus a \$2-an-hour management fee,' and we say, 'We already have an infrastructure.' It really comes down to cost. When you are putting on 10 people through a contractor and you have to pay roughly \$2 an hour just for the contractor to manage them, it does come out very expensive, and we do not really make a lot of money.

**Senator TROETH**—I guess for smaller operations to do it themselves, from go to whoa, could also be time consuming in that sense.

**Mr Rossignuolo**—We would like people to vet them and interview them but then hand them over to us for the on-farm induction and all the administration, such as getting them to fill out their employment declaration forms, pay them, deduct their taxes and superannuation and things

like that. With 10 or 20 people it does become very expensive to hire an agency to do all that for you, when we have part of that structure already in place.

**Mr Hall**—That is an important point. We are probably one of the few countries in our competitive environment to not have access to a labour source of this nature. We pay appropriate Australian award wages and conditions to people. We are not looking to circumvent that, and that is a criticism that is often levelled at farmers—that we want cheap labour. We are not after cheap labour; we are just after effective labour, and we will pay the appropriate awards and conditions. But any more costs added to that start to make us uncompetitive, and we are competing against South Africa, Chile and sometimes the US in going into some quite tough export markets. So any extra on-costs on that really challenge our ability to perform productively in those environments.

**Senator TROETH**—Given that you are all local residents, do you consider the health infrastructure and facilities here in the Goulburn Valley to be adequate to cope with the influx? I am not talking about an initial influx of 50 people, but suppose it got to 500 or 700; do you think facilities here would be adequate to cope with that sort of influx?

**Mr Hall**—I am probably not qualified to comment on that. All I can say is that we have a very large multicultural community in Shepparton. We have had a large influx of people from the Middle East recently. We have a large population of backpackers from all over the world who come to this area. Given that the appropriate health checks are made at the point of departure for these guest workers—so that they come in in good health—I could not see an issue with our health system being under pressure because of a scheme of this nature. It already has a large number of people with limited English skills who perhaps come from different backgrounds. I guess they are well used to assisting people from those countries. So I would not imagine it, but you would probably need to direct that question to the local health authorities.

**Senator TROETH**—We did ask other questions.

**Mr Rossignuolo**—When you talk about 500 people, that is a huge influx. It would be at somebody else's expense. I think it would probably be at the backpackers' expense. For example, in Shepparton a new backpacker hostel opened up and they are accommodating 70 backpackers without any difficulty. I think they have an internet link into Melbourne. Apparently backpackers meet at this place and look up the internet and say, 'There is accommodation at Joe Bloggs.' They ring him up and say, 'Do you have accommodation?' 'Yes.' 'Can you find me work?' 'Yes.' They jump on a train and come up. There are ways and means of these people finding out about accommodation.

Unfortunately, the one we are dealing with is the new one in Shepparton—a family friend. He asked, 'Would you use my people?' We supply a bus service, because he does not supply that service. We send the bus there twice a day to pick them up and then to take them home. He is accommodating 70 people at the moment, and we are using around about 20 of them. There are plenty of caravan parks. If they want to go to five-star accommodation, we have one Park Lake and one Carrington Motel. But, if they are quite happy to live in caravan accommodation and backpacker hostels, we have more than enough to handle it. I do not think we could handle 500, but I think we could handle 250 very easily.

**Senator BARNETT**—Thank you for your submission. It has been most valuable. I read in your submission, in the conclusion, that 70 per cent of your operating costs are for labour. I want to check and clarify that with you. Is that pretty much broadly accepted in the horticulture industry in this part of the world?

**Mr Hall**—Yes. It would be between 50 and 70 per cent, perhaps sometimes higher for more lucrative products, but it can be that high. It might come as a surprise to some people because often people talk about mechanisation in farming, but in horticulture we are talking about soft fruit, fruits that have delicate skins. Developing a robot or a mechanised way of picking that fruit has probably been the holy grail of researchers around the world, but they have come up with nothing at this stage and I cannot see anything in the foreseeable future that will see that process change. We have developed perhaps better systems for growing that make it easier to harvest. The old days of people walking into jungles to pick fruit is history. We have well-known orchards, easy access. We have OH&S issues that we deal with on a professional basis. The training now among the orchardists, I think, is fairly good universally. The conditions are better. But, at the end of the day, someone has to climb a ladder, grab a piece of fruit in their hand, place it in a bag and take that bag and put it into a large bulk container. That is a manual process that, no matter how you look at it, is difficult to economise on.

**Senator BARNETT**—We are talking about the growing and the production of the fruit rather than the downstream processing.

**Mr Hall**—But downstream processing is also fairly labour intensive. I am not sure whether you have had representations from packing sheds. From a packaging point of view, each piece of fruit is mechanically weighed and sorted, but then it is hand packed into a specific box. So there is quite a lot of labour involved in the packaging and presentation of the fruit for retail. I think there are some labour supply issues with the packaging and processing in horticulture.

**Mr Wall**—We have benchmarking studies which show that up to 70 per cent of operating costs are processing costs. That makes the industry and this deciduous fruit industry unique. And it has a high labour cost obviously; that is why you picked it up. But we are talking about 12 months of the year—managing those trees by hand.

**Senator BARNETT**—You made the point earlier, Mr Hall, that flexibility is the key. We have had it put to us there is a labour shortage issue in continuity of employment. Backpackers come in and go out again. It is a combination of those two issues. I guess you are wrapping that all up in the word ‘flexibility’. You said that a lack of that caused revenue loss. Is that all correct?

**Mr Hall**—Yes, that is correct. I will give you a scenario. We could be picking a peach destined for the Taiwan market, if it was open, and we have a weather front coming and we need to pick that fruit quickly in order to avoid the rain or moisture effect on the fruit. So we try to get as many pickers as we can. We put in as many as we can find. But, inevitably, some fruit will not get picked at the right time. We wait for the rain event. The product after the rain has been downgraded; we still pick it, but the economic effect on that can be quite disastrous. In some situations it is not worth picking, but we still do it because we need to get rid of the fruit from the tree; carry-over fruit breeds disease and pests within the orchard. So there is a cost to harvesting that fruit, even though there is probably no economic return there. That is an example. We have had probably four of those situations already this year.

**Mr Rossignuolo**—Perhaps I could elaborate on that. I will talk about today's scenario: a tomato that is picked in semi-ripe condition is worth \$25 a box. If that tomato is picked tomorrow, it becomes red and is worth \$7 a box. It still costs you \$12 to get that box into the market but, for every box you pick, you will get \$7 back.

**Senator BARNETT**—You are saying today that you have had this issue this year and perhaps so to some degree last year, but it is looking like, in light of the demand, it will get worse and not better.

**Mr Hall**—It is just part of our management. We have to manage, knowing there is a shortage of labour at particular times, so we just make decisions. If someone says, 'You have left fruit on the tree'—no, we have not, but we have not picked it at the right time in many situations, therefore the economic effect has been quite high on each operation.

**Senator BARNETT**—On Wednesday, 15 March there was an article in the *Financial Review* headed 'Import workers, report says'. It was about the tourism industry—and here we are talking about horticulture, which is a totally different sector. The article said:

A top tourism body has urged the federal government to allow more temporary foreign workers into Australia to fill gaps that are hurting the industry, despite union concerns that it will take jobs away from locals.

The report by the National Tourism Investment Strategy Consultative Group chaired by Macquarie Bank's Warwick Smith yesterday recommended extending working holiday and education visas as a stopgap measure.

What would you say to that proposal? Take the working holiday visa, where they have to work for three months to get another 12 months in Australia. What would you say if that were extended for a number of months?

**Mr Hall**—Do you want a selfish response? That would probably impact on us because it would rob workers of their availability for us in a way. But I do not want to have a crack at another industry. If they are short of workers as well, they need to access available labour. We are all in the market together there. However, I would imagine that, if backpackers were able to find employment in the tourism industry, it would probably be a bit more attractive than the Golden Mallee.

**Mr Wall**—It would have a significant impact on the program that is currently available that allows an extension of the working holiday-maker visa for a person who has done three months of seasonal agricultural work. That would have a significant impact on the availability of that labour for our purposes, if it were taken up, because we would be competing against the hospitality industry for the backpackers.

**Senator BARNETT**—You are competing with them today, aren't you?

**Mr Wall**—Yes. We have a bit of an advantage at the moment because of the program that has been provided.

**Mr Hall**—Are you saying that you could extend that qualification on the visa—that if they work for three months in the tourism industry they would get an extra year on their visa?

**Senator BARNETT**—No. It does not have to be the tourism industry. They want it for the tourism industry. But I am saying to you: what if instead of three months they could work for a longer period? In other words, you are going to have more backpackers. Let us say that we cannot get up this program that you are wanting. What if you had more backpackers available?

**Mr Hall**—Backpackers have become more and more important as the available labour in Australia has dried up. Although we applaud what has happened recently with the change in the visas, one difficulty with backpackers is that they are not seasoned workers. I can give examples where young girls have got off the plane from England, in the middle of their winter, and rocked up to a week of 40-degree days, and it has been a bit of a challenge for them. That can be an issue in terms of getting productivity out of people. It is also difficult work. We pay piece rates, and most people make good money at piece rates, but if people are not used to that style of work it takes them a while to get up to speed. However, in saying that, backpackers have been quite a valuable component of that suite of solutions to our harvest issues. But I am not sure whether it would be a successful outcome for us if we were totally reliant on backpacker labour. Australia might not be the flavour of the month in a couple of years. Perhaps another destination may be more attractive. I do not know. It will probably be determined somewhat by how well the ad in England goes.

**Senator TROETH**—They still want to basically work and move on, which is what you said earlier.

**Mr Wall**—The three-month offer seems to have been effective at this stage.

**Mr Hall**—It has been a positive thing. We applauded that for sure.

**Mr Wall**—I do not know whether you need to extend that.

**Senator BARNETT**—I put it to you because it was floated a couple of weeks ago. The tourism industry have a similar work force shortage problem. I realise your issue is flexibility. I appreciate where you are coming from. I wanted to float it with you just to get your feedback.

**Mr Hall**—Any change in policy that makes it a more competitive environment for workers does not help our situation because of the very nature of the sort of harvest labour supply we are after. I would say that the backpacker market is our main source of labour at the moment. Any industry that was looking to access the pool of workers in that group would certainly be a bit of a challenge to us.

**Senator BARNETT**—I think they are suggesting an extension—so from the three months they would go to four or five months so that there would be more backpackers for everyone. Have a look at the report. I think that is really their argument.

**Mr Hall**—What are the present standards for the tourism industry? Do they get access to backpackers?

**Senator BARNETT**—Yes.

**Mr Hall**—But they do not have the extended visa if they work for three months in the tourism industry?

**Senator BARNETT**—They do. If they work for the three months, they have it extended for 12 months.

**Mr Hall**—In the tourism industry?

**Mr Wall**—Isn't it just for seasonal work?

**Mr Hall**—I thought it only applied to agriculture.

**Senator BARNETT**—We can clarify that.

**CHAIR**—We have run out of time on that issue. Thank you for your feedback.

**Senator McEWEN**—I would like your comment on some things that were said early on in the inquiry by both witnesses and other people commenting on the inquiry. One is that early on in this inquiry strong representations were made to us that the committee should look outside the Pacific region if Australia is going to implement a guest labour scheme. Strong representations were made that we should look in particular to China, and reasons were given as to why we should look at Chinese workers. Do you have any views about extending the scope?

**Mr Rossignuolo**—I can only talk from experience. You may have passed a tomato farm just out of Murchison that uses around about 150 people a day to pick tomatoes. The teams are made up of groups of 12 people. There are two or three Samoan teams, two or three Fijian teams, a couple of New Zealand teams and one Iraqi team. They do seem to be able to perform very well under difficult circumstances—that is, 45 and 46 degree heat. As far as the tomato industry is concerned, we would probably say that the Pacific people will be just as good as the Chinese. We employ a huge number of Vietnamese to do our pruning, and we have a policy on our farm that, if it gets over 36 degrees, we do not want them to prune any more. But they do not want to stop working when it is 36 degrees because they are very comfortable at that heat. What we cannot get through to them is that they are damaging the crop because the crop is switched off. However, we cannot afford that luxury when it is 46 degrees and we are picking. We have to keep picking because it then becomes an economic issue: do we pick a \$7 tomato or do we pick a \$20 tomato? So we do not have the same policy when we are picking. Whether they are Chinese, Tongans, Fijians or Samoans, I think they have a capacity to work. They also want to make the money, because if they can go back to their country with whatever they can set themselves up for life.

**Mr Hall**—One criteria that I think would need to be in some way met would be proficiency in speaking English. I am not sure how available English-speaking people are in China. The Pacific islands are often floated as a source for guest labour schemes, probably because they generally speak English or at least speak it well enough to be involved in harvest operations. Perhaps we should look at some of the countries closer to Australia—perhaps Indonesia, the Pacific islands and countries we are already supplying aid to. It might form part of a perceived aid package that we are looking at to help these countries to progress. Part of the process of harvest labour is learning about the industry—learning how tractors work and learning about chemical

applications, pruning and managing harvest operations. I think they can legitimately go back with some experience where they have picked up skills.

Some people are perhaps purely opportunistic. I am not saying that the Chinese will be that way, but if you source a country where they are basically just looking for work opportunities I think we would be missing out on an opportunity to share something of what we know about farming and perhaps to have an input into their home communities. If a scheme is to be promoted or even got up in a pilot form in Australia, I would suggest we target the Pacific islands, Indonesia or perhaps some of the closer nations that already have some affinity with Australia and that maybe have some English skills. Maybe we could even target some areas where agriculture is a basis of their community so that they can take back some skills that would aid them in what they do.

I know that people latch onto things like, 'Let's get 10,000 Chinese.' I saw that in a newspaper report. I think that is misinformed and really an ill-advised comment. We are certainly not looking for that and I do not think farmers could manage a group that large with, perhaps, challenged skills. As I said before, we are looking for a partial answer to what is a complex problem. I think it could address some other issues in terms of foreign aid and assistance to some of our neighbours. I guess that would be my view on China or countries like that.

**Senator McEWEN**—Another comment that was made to us earlier on in the piece was there really is not a labour shortage; it is just that growers do not post their available jobs with the harvest offices. The reason they do not do that is because harvest offices send the wrong people so they are wary of using them again. I guess by harvest offices we mean Job Network and so on.

**Mr Hall**—Sometimes it is the case that the Job Network offers workers who perhaps are not that suitable, who have not been informed of the requirements of the job. But I think generally speaking farmers make their needs well known, particularly to the organisations responsible for providing harvest labour. I think it is fairly well known on the backpacker trail that, between the months of December and May, there is a large amount of harvest labour on offer in this area. It has become more formalised. We have run these harvest labour offices for a number of years now, but generally people come here on the trains or in whatever vehicle they have and basically go to the harvest labour office, go to some of the larger orchards and make themselves known and get work. I think it would be rare that farmers would be quiet about their issues and not be shouting about shortages of labour. It is always a good news story to get on the front page and say, 'Look, I've got fruit on my trees,' et cetera. We try to take advantage of any opportunity to tell people if we have a harvest labour issue. I do not think that would be a fair comment to make.

**Mr Wall**—I would comment on the internet sourcing. We get a number of inquiries through our office obviously from people wanting work and certainly the Job Network is opening up so you can refer them to a website. A number of growers in this area—I would not say a lot but a number of the larger employers—have their own websites, so there is significant direct sourcing as well. Also, as I think Peter referred to, there are people who come back each year. There are a whole lot of employees out there for harvest labour who return on a yearly basis and have been doing so forever and a day. There is a whole package out there and this is all part of that flexibility.

**Senator McEWEN**—Would it be fair to say that growers are well and truly knowledgeable about government funded assistance available to them to find labour?

**Mr Wall**—I think so. If they are not, they are not keeping their eyes open. I would like to make a couple of quick comments. One is that the Victorian Farmers Federation, despite what you may have been told a couple of days ago, supports the concept of a guest worker program. I just make that point for the record.

**CHAIR**—There has been some controversy about that. I would rather them tell us if they are going to tell us.

**Mr Wall**—All our members are members of the Victorian Farmers Federation and we are just making a point of it.

**CHAIR**—That is on the record.

**Mr Wall**—We have a huge membership in this area. The second thing that is still a major issue—it is a little bit to the side—is about the 29c or 30c in the dollar tax that backpackers and others are required to pay. It creates significant angst within the workforce and we just want to see the end of it. We have a 13c in the dollar rate for Australians to work in harvest orchard labour casual work. This 29c is just creating a huge dissension within the workforce. We had a situation yesterday—the chap I spoke to called the police in, in the end. He had five Eritreans who could not understand why they should be paying 29c when the other people they were picking with were paying 13c. They wrecked their accommodation and it was worse than wrecking it. They called the police in, in the end. That is an extreme, but we have had many other contacts, many other comments, from growers concerning pickers saying—I know that they can claim it when they leave again—‘Why am I paying 29c in the dollar when the bloke next door to me is picking at 13c?’

**Mr Hall**—It is a problem. Everyone talks in the orchard. Someone says, ‘I am paying X amount’ and others say, ‘I’m paying double that.’

**CHAIR**—How many do the illegal workers pay?

**Mr Hall**—I do not know. I do not have any illegal workers.

**Mr Wall**—You are encouraging people to incorrectly fill out the form so that they pay the 13c.

**CHAIR**—We will not go there. I do not think we are actually encouraging anyone to do anything.

**Mr Wall**—It is just not necessary.

**Senator TROETH**—They are not the first to mention it. It was mentioned somewhere else.

**Mr Hall**—We have had a lot of contact with the department of immigration in the last few years. If there is some perception that we are a cesspool of illegal labour hirers down here, I

would challenge that. We have had a number of raids in the industry over the last few years. I am sure there are some people floating around—quite athletic people—now looking for jobs. But, generally speaking, our industry has really looked to improve the way they deal with that issue and we welcome the involvement of the department of immigration to make sure we are basically complying with the regulations and assisting them with how they do their operations in this area.

**CHAIR**—Is it the same with the tomato industry?

**Mr Rossignuolo**—No comment.

**Mr Wall**—Frank has been in meetings with us with DIMA officials—with John Williams. It is actually mentioned in our submission—he is the state director—with regard to orchard raids and that.

**CHAIR**—I think we will leave it there. Thank you for your submission and your presentation to us today.

**Committee adjourned at 12.21 pm**