

Wednesday 9 February 2022

Senator Tony Sheldon
Chair
Select Committee on Job Security
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Dear Chair

MADEC Australia has been an Approved Employer in the Seasonal Worker Program (SWP) since its inception, providing employment opportunity for thousands of workers from participating countries. More recently, in the last 2 years MADEC has sponsored over 3,800 individual workers on the SWP to provide them with work opportunities.

The SWP operates a model of support for workers that is unique among Australia's visa programs. Employers provide welfare support and a range of other support to SWP visa holders and workers generally remain with their host employer for the duration of their visa. During COVID, Approved Employers have organised charter flights, quarantine arrangements and a range of other additional support due to COVID and the restrictions and requirements which have applied at different times. COVID has been difficult for SWP visa holders and also presented a range of challenges for Approved Employers.

In a typical week, MADEC SWP workers average \$620 per week in net earnings, after costs of tax, accommodation, transport, health insurance, international travel etc. At least 20% of the workforce earn in excess of \$1,000 per week in net wages after deductions/costs. Over the course of a 26 week assignment, MADEC worker savings have consistently averaged \$15,000, per worker.

In total, this represents \$1.34 million per week (\$70 million per annum) in net wages (after deductions/living costs) earned by MADEC workers that benefits the workers, their families and their communities.

On Wednesday 2nd of February, the Senate Select Committee on Job Security took submissions from four workers that MADEC sponsors through the Seasonal Worker Program. Two Vanuatu workers (Sergio & Moses) specifically referenced MADEC as their employer. Two Samoan workers (Aleki & Taliipope) incorrectly referenced Sunnyridge Farms

as their employer, when in fact Sunnyridge is the grower placement and MADEC is the labour hire employer.

It is disappointing that the submissions from these four workers, that were both factually incomplete and inaccurate, are now on the public record. It is also disappointing that the media has run with a range of articles that have selectively used the inaccurate statements made by the workers to allege improper conduct.

MADEC Australia rejects the public allegations made of improper conduct and provides the following information and evidence that quite clearly demonstrates the extent to which reported allegations are incorrect. Attachment A provides an overview of how deductions for flights, accommodation and other costs are made and why, while Attachment B responds more directly to the testimony that the committee has received. We are providing detailed information to the Government (program managers) to address the allegations.

Given the significant distortion of facts and circumstances presented by the abovementioned four workers, their statements in current form have caused reputational damage and likely will also result in financial loss for MADEC. We request that the workers statement concerning the above matters either be corrected, or at least that the information provided in this letter and attachments be accepted by the Committee as a submission to the inquiry – to provide a response to the allegations.

Yours Sincerely,

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Chief Executive Officer
MADEC Australia

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Attachment A

Statements Referencing Wage Deductions

The term “deductions” has been portrayed as something that employers such as MADEC are improperly and unfairly imposing on workers. The payment received after deductions has also been misrepresented as being a measure of worker payment for work completed.

Salary deductions are a legitimate practice in the Seasonal Worker Program that is universally applied by all Approved Employers. Deductions are in fact reimbursements that workers are making to their employers for actual cost incurred on their behalf and for their benefit. The reimbursements are processed by way of a deduction from a workers after tax earnings.

There are generally two types of salary deductions, on arrival costs and weekly costs. On arrival costs represent the advance payments made by Approved Employers for the workers they sponsor for return international air fares, visa’s, domestic transport and provision of cash advances on arrival. For MADEC Australia workers, the on-arrival costs are general recovered from workers, in the first 6 weeks to 10 weeks of a 9 month work assignment depending on the workers earnings. It is our experience that most workers prefer these on arrival costs to be recovered as quickly as possible.

Weekly costs represent the cost of accommodation (all inclusive), transport (purchase and maintenance of vehicles for work and for leisure) and private health insurance. These costs are paid by the approved employer and then recovered each week from the workers. MADEC does not make money from these deductions. They are recoveries, at cost, for costs incurred on the workers behalf. Generally all of these weekly costs would be less than \$220 per week.

All cost, whether weekly or on arrival costs, are paid in advance by Approved Employers and workers pay those cost in arears when they earn income. Approved Employers are not permitted to take deductions for more than actual cost of services provided.

MADEC provides a “safety net” salary payment of \$100 for living expenses (after all costs of accommodation, transport, health insurance etc) as the minimum payment possible after deduction of up front and weekly costs that are due. Generally this is only necessary in the early stages of an assignment when upfront costs are being deducted in addition to weekly costs. This approach is supported by Government guidelines.

Deductions, including the deductions scheduled for each week, are explained in written offers of employment before workers come to Australia. The labour sending unit in each country assist to ensure the offers of employment are thoroughly understood. All changes to deductions are supported by a signed deduction authority from the worker. They are detailed on payslips every week and explained to workers when they seek clarification.

All worker costs that MADEC recovers by way of salary deductions are processed in accordance with Seasonal Worker Program and Fairwork guidelines.

Attachment B

Statements Referencing Employment Conditions - 2 x Samoa Workers

Hourly Work – It was alleged that prior to arriving into Australia, workers signed a contract stating that they would be paid hourly at \$25.48 per hour and would work Monday to Friday, with weekend work being optional. They further allege that they were subsequently paid on a piece work basis. This is NOT correct. The workers agreed to Offers of Employment (pre-approved by Government) prior to coming to Australia that indicated they would be paid as a piece worker in the Berry industry, in accordance with the Horticulture award. The contract also indicates that workers will generally work Monday to Saturday.

Isolation on Arrival – It was alleged by Samoan workers that they were isolated in Cairns upon their arrival into Australia. To provide clarity, this was a mandatory 2 week quarantine program that MADEC was operating under COVID guidelines which applied at the time, approved by the Queensland Chief Health Officer, for international worker arrivals. All meals, hygiene items, accommodations and PCR testing were provided to workers at no charge by MADEC during their period of quarantine. Workers understood that quarantine was a requirement of entry into Australia and that they were in a quarantine facility.

Medical Support – It was alleged that a Seasonal Worker fainted at the farm they were working on and no medical support was provide. This is NOT correct. Farm management performed CPR on this individual, with the worker then supported to hospital and treated by medical personnel. The incident was also comprehensively reported to government.

Support During Covid Outbreak– It was alleged that during a COVID outbreak at their accommodation facility in December 2021, that workers were provided with no support, insufficient Covid19 testing and minimal food during their 10 day isolation. This is NOT correct. Their accommodation facility was in a quarantine lockdown, imposed and overseen by the Victorian Department of Health and during this time MADEC worked closely to the direction of health authorities. A number of food deliveries were supplied to workers during their isolation period, organised by both the Department of Health and MADEC. The release from quarantine was managed in line with State directions.

Hours of Work and Payment– It was alleged that workers were working upwards of 60 hours per week and only earning \$100 after deductions. This is NOT correct. Both workers have been working in Australia for the past 12 weeks and have averaged between 30 and 35 hours of work per week. NET earnings after on arrival costs (international flights and visa) and weekly living costs (Health insurance, Rent and Transport) during this period have average over \$390 per week. The minimum weekly safety net payment of \$100 after deductions for arrival and living costs occurred on only 3 occasions. Further to this, once on arrival costs were paid off in the first 9 weeks, workers have significantly increased net income (post living expenses).

Statements Referencing Employment Conditions - 2 x Vanuatu Workers

Earnings - It was alleged by a worker that he would earn \$1,375 per week when working on a grape farm and would only receive \$70. As mentioned above, in the early stages of a workers assignment, upfront costs incurred on their behalf, such as cash advances and international plane fares, are repaid to their employer, generally over an initial 10 week period. At no stage during this initial period did either worker earn \$1,375 gross in a week or receive less than the \$100 safety net provision that MADEC observes. Both Workers have been working in Australia since January 2020 and on average since arrival have received a weekly net income of between \$530 and \$600, post living expenses.

Absconding - One of the workers indicated that they had absconded from MADEC to escape mistreatment. This is NOT correct - Neither of the Vanuatu workers providing testimony at the Senate Committee hearing have absconded. In fact, both have been in continuous employment under the sponsorship of MADEC for the past two years and remain employed by MADEC.

Inability to Repatriate – It was alleged workers had no choice but to stay in Australia, as the borders to Vanuatu are closed. This is NOT correct. Repatriation flights have been operating to Vanuatu since September, 2020 and throughout 2021, fortnightly flights were facilitated. During this period MADEC has supported over 600 Nivan workers to return to Vanuatu via these services.