



Appendix

Seasonal Worker Program Presentation

Talk at launch of research study – ANU, Canberra

18 Feb 2015

My name is Grant Owen. I spent 25 years in HR before redundancy led me to start Owen Pacific Workforce to service the horticulture sector with professional seasonal worker harvesters. I have 160 workers on the ground currently in Australia.

People frequently ask my workers why they are in Australia. I tell my workers, “Do not say ‘I am here to pick fruit’, you answer by saying ‘I am part of a professional harvest crew’”, because there is a world of difference between the two.

Australians not familiar with the horticulture sector have very little understanding of working conditions, and operation of horticulture enterprises. Employment in this sector is often *casual* in the award sense, but it is by no means *casual* in the attitude sense.

Typically my clients will get orders from the big supermarkets several weeks in advance. An order for 2,000 trays of berries for 14 days hence requires a confluence of many favourable factors.

- Is there enough green fruit that is exactly 14 days from maturity?
- Will the weather over the next 14 days bring the fruit to maturity on that day? A day after or a day before might as well be a month.
- Is our watering and nutrition program correctly set to ensure the fruit will be ready on that day?
- Do we have enough punnets, cartons, picking trollies?
- Will there be space in our cool rooms for 2,000 trays?



- Have we set up the logistics to get the packaged fruit to the client within the required time frame? AND FINALLY TO THE ISSUE WE HAVE AN INTEREST IN.....
- Will we have enough skilled pickers to collect the fruit in the allowed time frame at a cost that will enable us to make our predicted profit margin within the price we have agreed for this order?

The image of gray nomads and foreign backpackers chatting amicably while lazily picking fruit in the sun between extended coffee breaks on the days when they are not sight-seeing or surfing is not the true picture of piece rate work, at least not on any commercially viable farm I have worked on.

- The professional harvesters that comprise my seasonal worker crews turn up on time, every day, rain, hail or shine.
- My professional seasonal worker harvesters reliably pick the right fruit. Their quality is consistent and dependable.
- My professional harvesters pack their fruit in accordance with the specifications of the current order, with the required number, orientation and weight of fruit in the punnet. If a punnet sampled by the supermarket upon delivery is outside specs the entire order may be rejected, the fruit sold at a loss at the markets, and further penalties by the supermarket will certainly follow repeated rejections.
- My professional seasonal worker harvesters clean off damaged and second quality fruit to maintain the health and viability of the bush.
- They set a steady pace and maintain it hour after hour, week after week, delivering a predictable result for the farm.

Last season I stood by a chariot (which is a big covered trailer out in the field where the picker brings the fruit to be weighed and checked and recorded) and listened while a new worker starting that day tried to tell the supervisor about his upcoming dental appointment and driving test and which days he would be available to come to work. His attitude was “this is when I can get



to work and you will just have to work around that". Multiply that by 800 workers and you get a glimpse of what a harvest manager's life is like.

Then consider this scenario.....

One morning when I was settling in a new crew we awoke at 4.30 am to hear heavy rain drumming down on the roof. After getting my crew of 40 seasonal workers onto the bus I observed "today you will prove how valuable you are, because many of the backpackers working on this farm will hear the rain on the roof when they wake up this morning and they will go back to sleep"!

Sure enough the next morning at 6 am I asked the harvest manager about the previous day, and he said "Your seasonal worker crew saved us yesterday. Only about one third of the backpackers turned up for work because of the rain. Without your workers we could not have filled our orders."

No farmer wants to ring any of the major supermarkets and report they cannot fill an order. The supermarket will not be interested. They will just tell the farmer to fill the order or be penalized. That means making up the shortfall by buying fruit at market prices, and filling the order at cost or even at a loss.

(Note: I have no issue with backpackers. They fill a very important role in harvest, however NZ research found their average length of stay on any one farm is 5.2 weeks, so they never can develop into professional harvesters. A sensible harvest labour strategy is to determine the absolute minimum requirement for the season, let's say its 40 workers, and fill that space with reliable locals and seasonal workers who can be depended upon to turn up every day, then meet the fluctuations above that, resulting from the ebb and flow of the crop, with backpackers)

In my experience once a farm tries seasonal workers they like the results, and increase their order next season.

The reasons are both financial and operational.

From an operational perspective farmers quickly discover that having a professional harvest crew means instead of spending every day scavenging



hostels for backpackers they are able to spend time developing their business because the harvest crews turn up reliably every day, get better as each week passes, and are there for the whole season.

From a financial perspective, if your best pickers are getting better then your piece rate is dropping. My experienced workers are picking at piece rates my clients never anticipated achieving two years ago, and as each year passes those rates are built into each succeeding budget, so the seasonal workers become an essential part of the farm's strategy to deliver the result.

Let me also say that whilst they are very important, speed and productivity are not the only measures of success of seasonal workers. Seasonal workers are also optimistic and cheerful. They appreciate the opportunity that has been given to them. They arrive at work in a good mood. They sing sometimes when they are working. They lift the spirits of everyone in the harvest team.

But the thing that makes a seasonal worker so successful is reliability and consistency. These are the "game changing" qualities that set them apart.

Let me observe here that the SWP must first and foremost run as a business. If the program is not commercially viable it won't matter what else it is, because it won't be sustainable. Some farmers get too close to their seasonal workers and lose sight of the commercial reasons for the program.

That is not to say I don't enjoy my role in the lives of my seasonal workers and try to help them when I can. I subsidize their purchases of computers, I assist them to start businesses at home and loan them money against wages to pay school fees. I have worked hard to set up a relationship with my bank in Tonga and Vanuatu to ensure someone who knows about statutory declarations is available to help them fill out their super claim form when they go home, and to mail the completed documents to Australia. I bargain hard to get the best airfares and insurance deals for my workers, but I never lose sight of the fact that if my workers don't deliver a



significantly better result than the other harvest workers then in 6 months I will be out of business, and they will be out of a job.

I have read the report of the research that has been done and I would like to endorse the findings and underline 3 changes that, as an end user, I would particularly like to see made to the program.

1. **First Improvement:** Remove requirement to pay superannuation – the rationale for super just does not apply to seasonal workers.
 - a. Super is a provision for retirement which is entirely inappropriate for seasonal workers.
 - b. Super is a financial cost to the farm, an administrative burden to the Approved Employer (who now, with the advent of superstream has to do all of the super fund's administration and pay fees to remit superannuation!!!), and provides little benefit to the worker. The only real beneficiary is the government.
 - c. The prohibitive tax penalties that stop Australians accessing our super early also apply, perversely, to seasonal workers, so if they do collect their super they will find almost 60% has gone to tax and fees.
 - d. Super is often wasted, as seasonal workers are unable to collect their super after they return as they find the claim process onerous. For those who think I am exaggerating I share this text message that arrived just 9 days ago. This worker accumulated a super balance of \$1,500 last season, of which around \$800 will have been taken by the government (15% tax on deposit and 38% tax at withdrawal) and fees, leaving about \$700 for the worker.
Hi, Mr Grant happy new year to you and Mrs Owen, just to let you know that its been 9 months now and I haven't received my super yet, no idea about it, Anyway it won't be possible because I still can't find my copy of my visa so its very hard to claim my super. I just gave up hope, Regards (Signed).
You will be pleased to know that we have since found the missing visa and forwarded it to the super fund, but I will not hold my breath waiting for the claim to be paid.



- e. There are provisions in the Superannuation Guarantee Act that exempt employers from having to make super payments for certain employee groups.

The principle is therefore established and needs only to be extended.

Either exclude seasonal workers from the requirement to pay super as NZ has evidently done, or at the very least, change the rules to allow all seasonal workers to accrue super in the payroll just like annual leave, which is then taxed as wages and paid out on termination. This will reduce compliance costs for the AE, deliver a fair tax to the government and deliver a fair share to the employee.

2. **Second Improvement:** Remove the requirement for the Approved Employer to pay the first \$500 of the airfares and the internal travel costs.
 - a. This greatly inflates the cost of seasonal workers
 - b. I was told these provisions were to “be fair to SWs”. The focus of this program should be on making it commercial viable, not on trying to decide what is fair.
 - c. In any case the Approved Employer is already bearing a huge risk by paying for the airfares and visa costs up front without any guarantee of repayment. The crop might fail, or the worker might abscond and the investment is lost. I have no protection against these perils. Surely that is sufficient share of the “fairness” burden?
 - d. The internal travel can be hundreds of dollars per person, often much more than the international flights.
 - e. The rules around domestic and international airfares can lead to different outcomes for the same journey. Consider this example of how these rules interact: Assume I recruit a worker from Tonga to work at a client farm in Perth, and the international return flight from Tonga to Perth is \$2,000. If the flight’s only stop-over is



Auckland then the Approved Employer pays \$500 and the worker pays \$1,500.

However if that particular flight stops in Melbourne on its way to Perth Melbourne becomes the end of the international leg and the beginning of the domestic leg and the calculation of liability changes. Now the Approved Employer must pay \$1,500 and the worker only \$500.

- f. From the start it has been a guiding principle that the seasonal worker program has to pay its own way, with no subsidy from government. Let the seasonal worker also pay his or her own way, with no subsidy from the Approved Employer.

3. **Finally:** Remove the requirement for the AE to do market testing.

- a. Market testing is an insult to the farmer who requests seasonal workers. The farmer's request should be sufficient evidence that a genuine need exists and that there are insufficient reliable workers to fill the need.
- b. However if there is insufficient political will to remove market testing at least reduce it to the first year. It is absurd to continue this onerous and time-consuming process after the first year for a "repeat" client. Having to do market testing in the second and subsequent seasons places a perpetual question mark over the scheme. The biggest selling point of the program is continuity of labour supply and accumulation of skill in the workforce. Yet the program rules require the Approved Employer to try each year to recruit Australians and put an end to the SWP! At the very least market testing should be only required for the first recruitment plan. Subsequent recruitment plans for the same client should not require market testing.

The seasonal worker program is a success. Every farm that tries it embraces it after seeing the results. The barriers I have described mean that the scheme has begun to succeed in spite of those barriers, and removing them would open the floodgates.



And let us be realistic: If Australians wanted those jobs, and could do those jobs then they would be filled with Australians and we wouldn't need a SWP. But Australians don't want those jobs and they need to be done by someone. Seasonal Workers are the answer.