



Submission to

**New Inquiry into the Seasonal Worker
Programme**

10 July 2015

The Victorian Farmers Federation

The Victorian Farmers Federation (VFF), Australia's largest state farmer organisation and only recognised consistent voice on issues affecting rural Victoria, welcomes the opportunity to comment on small business in Victoria.

Victoria is home to 25 per cent of the nation's farms. They attract neither government export subsidies nor tariff support. Despite farming on only three per cent of Australia's available agricultural land, Victorians produce 30 per cent of the nation's agricultural product. The VFF represents the interests of our State's dairy, livestock, grains, horticulture, flowers, chicken meat, pigs and egg producers.

The VFF consists of a nine person Board of Directors, with seven elected members and two appointed directors, a member representative General Council to set policy and eight commodity groups representing dairy, grains, livestock, horticulture, chicken meat, pigs, flowers and egg industries.

Farmers are elected by their peers to direct each of the commodity groups and are supported by Melbourne-based staff.

Each VFF member is represented locally by one of the 230 VFF branches across the state and through their commodity representatives at local, district, state and national levels. The VFF also represents farmers' views on hundreds of industry and government forums.

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Introduction

The Victorian Farmers Federation (VFF) Horticulture Group welcomes the opportunity to provide comment to the new Inquiry into the Seasonal Worker Program.

VFF Horticulture represents the interests of horticultural producer members from across Victoria and from all horticultural commodities.

Horticulture is the third largest agricultural activity in Australia and employs a considerable casual seasonal workforce. In order for the industry to continue its growth to meet global demand for fruit and vegetables it must ensure productivity is at the forefront of any employment decision.

The VFF has been a strong supporter of the Program since its inception and continues to promote the Program to our horticulture industry members as a means of securing a reliable seasonal labour force.

The rigorous nature of the program enforcement also assists in ensuring the workers are paid under the correct Award and have the legal right to work in Australia.

VFF Horticulture believes this program should be aimed at assisting the horticulture industry meet its seasonal labour needs and should secondly be considered an aid program. Under the current framework policies have been developed with aid in mind and assisting horticulture is a secondary consideration.

Recommendations:

- 1. Airfares for workers returning for subsequent years be paid for by the Seasonal Worker Program participant**
- 2. Labour market testing be a requirement of government during each review and not a role for individual employers**
- 3. That Seasonal Worker Program participants be excluded from superannuation payments**

Current employment patterns

The industry relies heavily on seasonal labour and traditionally that is made up of local labour and Working Holiday (subclass 417) visa holders.

The opportunity, introduced in November 2005, for Working Holiday visa holders to apply for a second 12 month visa, after completing 'specified work' for 88 days in regional Australia, has made a significant difference to seasonal labour availability for the horticulture industry. This is seen by the increase in visa grants from 2692 in 2005-06 to 45,950 in 2013-14.¹

There are two downsides to this visa:

1. the visa holders are not permitted to stay with one employer for longer than six months (by operation of mandatory visa condition 8547) and
2. the opportunity to apply for the second year visa is not open to visa holders who work in peri-urban areas although there is a large horticulture industry around Melbourne in the Yarra Valley, Cardinia, Casey and Werribee areas.

This means a greater turnover of workers and the continual need for training new workers as well as ensuring they have the legal right to work in Australia.

The Seasonal Worker Program has seen strong support from the industry from the beginning and with more countries signing on means a greater available labour force.

Table 1: Places in the Seasonal Worker Program²

| 2012-13 (Year 1) | | | 2013-14 (Year 2) | | | 2014-15 (Year 3) | | | 2015-16 (Year 4) | | |
|------------------|-------|-------|------------------|-------|-------|------------------|-------|-------|------------------|-------|-------|
| Hort | Trial | Total | Hort | Trial | Total | Hort | Trial | Total | Hort | Trial | Total |
| 1600 | 400 | 2000 | 2000 | 500 | 2500 | 2600 | 650 | 3250 | 4250 | N/A | 4250 |

Table 2: Take-up of the Seasonal Worker Program

| Year | Horticulture sector | Trial sectors | Total |
|------------------|---|--|-------|
| 2012-13 (Year 1) | 1452 of the 1600 places were used by approved employers | 21 of the 400 places were used by approved employers | 1473 |
| 2013-14 (Year 2) | 1979 of the 2000 places were used by approved employers | 35 of the 500 places were used by approved employers | 2014 |

Recently announced changes

The VFF welcomes the recently announced change which uncapped the number of annual visas available to the industry.

It became quickly clear that this year the visa cap would be reached before the end of the financial year. This caused issues for Approved Employers who were then unable to offer new and existing clients access to workers as part of the Program but also for growers who had made the decision to participate. The VFF was pleased to see that government reacted quickly to the issue and removed the cap.

1. BR0100 Working Holiday Maker visa programme report - 30 June 2014
2. Seasonal Worker Program Report 1 July – 30 September 2014

VFF concerns around the program

Upfront costs

The VFF believes the upfront cost of participation as an Approved Employer is prohibitive. Up-front costs (including airfares, visas, rental, ground transport and living expenses) can amount to \$1,000 - \$2,000 per worker prior to any productivity. An employer who requires 20 workers would have to find approx \$20,000 – \$40,000 from their cash flow to participate.

Airfare costs

The VFF believes \$500 of any airfare for the first year should be paid upfront by the employer. However, with many workers taking home in excess of \$10,000 it should be possible for the seasonal worker to pay for the cost of a return airfare in subsequent years.

Labour market testing

The program exists because of a recognised shortage of seasonal labour in the horticulture industry. This need was identified prior to the pilot program and with subsequent program reviews.

The VFF believes labour testing is time consuming, costly and serves no benefit as it is almost impossible to test the market so many months prior to the actual position becoming available.

For example growers requiring pickers starting around October/November would have to do market testing in July/August. This provides a disincentive for locals to apply knowing the job is not available for some months. Early market testing is required as it can take some months to secure seasonal labour through the program.

A major burden on employers is reading the several hundred email responses to the position to determine if there are any local suitable candidates as opposed to other overseas nationals and those applying to meet their Centrelink requirements. Employers cannot afford to employ a person who then decides that the work is not suitable for them and the employer must start the process again.

Labour market testing should only be a requirement of government at each Program review with the onus removed from individual employers or third party Approved Employers wishing to participate in the Program.

It is unlikely an employer would seek to employ a Seasonal Worker over a willing Australian resident as the cost of participation in the Program is considerably higher than the cost of employing a local.

Superannuation

Superannuation was introduced as a vehicle to provide retirement savings for Australian residents. The VFF believes therefore that superannuation should not be applicable under the Seasonal Worker Scheme.

There is a significant administrative burden on Approved Employers surrounding the payment and claiming of superannuation. If the removal of superannuation were not possible due to wage differences with Australian workers then the superannuation amount could just be added to the salary component.

Extension of the Program

The VFF is concerned that extending the program beyond its existing scope will mean the labour pool for the horticulture industry will be much smaller. Extension to the accommodation industry for such work as bar attendants, baristas and food and beverage attendants could mean that potential farm employees will move to these seemingly more attractive jobs that are not weather dependent and could be construed as 'easier'.

Future need for Seasonal workers

The VFF believes that the future need for seasonal workers will only increase particularly in the vegetable industry. Vegetable growers are now starting to see the benefits and the VFF is aware of one grower alone who is looking to source around 100 workers in the East Gippsland area.

The fruit industry has not been as receptive to the program in Victoria. We speak constantly to growers across the major fruit growing regions in Victoria and there seems to be a resistance to workers from the program mainly due to the upfront cost of participation.

This cost could be in the form of a higher hourly rate if sourcing workers through an Approved Employer or through the direct up-front costs of being an Approved Employer.

Conclusion

The VFF supports the Seasonal Worker Program but believes changes are required to encourage horticultural producers to take up the program directly or through third party Approved Employers.

Those currently participating have seen clear productivity gains.