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AGRIFOOD
SKILLS AUSTRALIA



Submission to

**The House of Representatives Standing
Committee on Regional Australia**

**Inquiry into the use “Fly In, Fly Out”
FIFO Workforce Practices in Regional
Australia**

30 September 2011

Who we are

AgriFood Skills Australia (AgriFood) is one of 11 independent, not-for-profit Industry Skills Councils established by the Australian Government.

Led by industry and funded by Government, AgriFood is charged with driving the skills and workforce development agenda across 43 sectors that include food processing, beverages, meat, seafood, agriculture, horticulture, conservation and land management, pharmaceutical and racing.

Working in partnership with industry, governments, communities and the tertiary system, AgriFood's strategies and priorities are:

- Building enterprise productivity;
- Supporting high quality delivery and assessment of skills;
- Improving industry image and career pathways; and
- Driving industry leadership and sound policy.

Brief Overview of the Agrifood Industry and Key Workforce Challenges

Australia grows and produces over 89% of our domestic food supply and exports 80% of total gross value. The agrifood industry affords Australia an enviable level of food security. Meeting the skill and labour needs of our industry is critical to future national food security, sustainable industry development and ensuring robust and sustainable communities in regional Australia.

The agrifood industry is made up of 180,000 mostly small to medium sized enterprises and a workforce of more than 880,000 people, with 57% based in regional Australia. The agrifood industry covers the entire food supply chain and 43 sectors. The industry is a significant contributor to the national economy, generating more than \$200 billion each year and accounting for around 20% of Australia's export earnings.

Key Challenges

The agrifood industry is facing significant challenges to secure labour supply due to a rapid ageing of the workforce, low unemployment rates in regional Australia, and a movement of labour to other industries such as mining. Serious labour shortages in the agrifood industry pose fundamental food security challenges to Australia (AgriFood Skills Australia, 2011). The following summarises the challenges facing the agrifood industry:

- The age profile of the workforce is a critical labour supply constraint for the rural sector. By 2018, 116,558 workers (of a 2008 workforce of 305,763 in agriculture) will be over the age of 65 years. Workers exiting the sector to work in the resources sector compounds this demographic attrition.

- Low rates of unemployment and underemployment in rural and regional Australia indicate that shortfalls in labour supply due to demographic factors will not be able to be met by pools of surplus labour in many parts Australia. AgriFood Skills Australia 2012 Environmental Scan demonstrates that the scale of high skilled para-professionals and professionals, and lower skilled labour shortages will accelerate in severity in the near future and in the longer term.
- The current number of agrifood students training in the VET system is relatively low and will not meet future industry skill and labour needs. Low training rates, combined with high rates of labour departure from the sector due to portable skills, indicates we can anticipate that the current national training system output of students in the agrifood industry will compound the demographic profile noted above, and will be clearly insufficient to meet the challenge of future industry skill and labour demand.
- The Skilled Occupation List (SOL) for General Migration Purposes does not meet the needs of the agrifood industry as it is focused on skills which are classified at Certificate IV level and above. As the majority of occupations in our industry are below this benchmark, the structuring of the national migration program largely ignores the labour and skills needs of the agrifood industry.

National International Labour Supply: “Drive in, Drive Out” and “FIFO” Workforce in the Agrifood Industry

The purpose of this submission is to provide an overview of the extent of fly in and fly out workforce across the agrifood industry. We would note at the outset that it is not just the mining industry that has such a workforce. We expect that as labour shortages increase in our industry, there will be increasing rates of both national and international “FIFO” labour force participation, which will require planning for regional labour force and social capacity building, to maximize the benefit of changing forms of labour force supply and workforce development scenarios. This submission seeks to make a contribution to national policy in this respect.

Backpackers (Working Holiday Makers), and students (including overseas students), along with itinerant workers and early retired ‘grey nomads’ comprise a large proportion of the seasonal pool of legal workers available to growers. As well, one in four growers in the Murray Valley surveyed in 2005 by Peter Mares admitted to employing ‘illegals’, i.e. visa overstayers or people working outside their visa conditions (Ball, 2010).

Fruit and vegetable growing has become increasingly reliant on overseas workers, particularly through the WHM scheme and more recently through the Pacific Seasonal Worker Pilot Scheme. In terms of broader access of the agrifood industry to overseas labour, access is quite limited due to the intersection between migration policy and the Australian occupational classification system. A key barrier for industry to be eligible for skilled migration programs is the ANZSCO and ASCO code systems. This system does not accurately reflect the occupations within the agrifood industry, and where it does, the skill level requirements are at too low a level. The ANZSCO system provides the framework and classification systems used by the Australian Government to research and administer the National Skills Needs List, Skilled Migration criteria, and the Skilled Occupation List. As farm labourers are ranked at level 8–9 on the Australian Standard Classification of Occupations (ASCO), seasonal harvest workers do not meet the skill level required for independent migration or temporary skilled worker sponsorship, for which ASCO levels 1–4 are required: ASCO level 5–7 workers such as truck drivers may be sponsored into designated areas, through concessional arrangements, under various regional migration schemes.

More recently in 2008, growers in production horticulture have been given access to a seasonal labour supply from several Pacific Island countries, under the Pacific Seasonal Worker Pilot Scheme (discussed below).

Working Holiday Makers

Australia's Working Holiday Program establishes arrangements to encourage cultural exchange and closer ties between countries, by allowing young people to have an extended holiday, and supplement their funds with short-term employment. The program has a special focus on helping employers in regional Australia to meet short-term employment needs. The Working Holiday visa (subclass 417 Visa) is available to passport holders from Belgium, Canada, the Republic of Cyprus, Denmark, Estonia, Finland, France, Germany, Hong Kong SAR, the Republic of Ireland, Italy, Japan, the Republic of Korea, Malta, the Netherlands, Norway, Sweden, Taiwan and the United Kingdom.

In 2005–06, 113,935 000 WHM visas were granted. By 2009-10, this number had grown to 175,739 (<http://www.immi.gov.au/media/statistics/pdf/visitor/2005-06to2009-10>). These data indicate a major increase in both numbers and reliance on WHM as a temporary international labour supply. In a 2009 study, 27% of WHM worked as farm hands, which was the single biggest form of employment for WHM (Tan et.al. 2009). The horticultural industry has become increasingly reliant on these 'backpackers' (Millbank, 2006). WHM visas allow young people, on a reciprocal basis, to travel and work in Australia for 12 months. Since 1 November 2005, WHMs who have worked as a seasonal worker in regional Australia for a minimum of three months have been able to apply onshore for another 12 month visa. They can also apply onshore (for a Skilled Independent Regional Visa) to stay in Australia. A study commissioned by the Department of Employment and Workplace Relations and the Department of Immigration and Multicultural Affairs in 2001 found that employers hire WHMs because they make themselves available, and they are willing to do work like seasonal fruit picking in regional areas: 'Local unemployed youth do not hold a strong interest in these jobs and are not as prepared to relocate' (Millbank, 2006: 36).

The Pacific Seasonal Worker Pilot Scheme

The Pacific Seasonal Worker Pilot Scheme (PSWPS), located in the horticulture sector, is the only temporary migration mechanism which specifically addresses the labour needs of the agrifood industry. As a Pilot scheme, the PSWPS is located in production horticulture. We welcome the PSWPS as a very significant and important government initiative that addresses the workforce needs of one sector of our industry under this Pilot.

Pacific seasonal workers are recruited from Kiribati, Papua New Guinea, Tonga or Vanuatu to work with horticultural enterprises in Australia who cannot find enough local labour to meet their seasonal harvest needs. Approved Employers can choose to recruit Pacific seasonal workers for a minimum of six months, five months or four months, and are employed under the same conditions and receive the same pay as Australian workers (<http://deewr.gov.au/employment/programs/PSWPS/pages>).

Industry experience has been that Pacific seasonal workers are reliable and returning workers who are willing and able to come back in following seasons. Pacific seasonal workers can perform a variety of tasks, such as picking, pruning, thinning, packing, and planting. Growers and horticultural enterprises who participate in the Pilot can benefit from an increasingly experienced and stable workforce and

lower costs due to reduced turnover, training and administration. Pacific seasonal workers undertake a range of horticulture related work such as harvesting fruit, vegetables and nuts, pruning trees and vines, thinning, planting, and working in on-farm packing sheds.

Under this Pilot, over 500 Pacific Islanders have been employed on an industry demand and seasonal basis over the last two years. Depending on a range of factors (e.g. inclement weather) government estimates that an additional 800 to 1500 workers will be employed under the Pilot over the next nine months, to the end of the Pilot period.

The PSWPS is a labour supply mechanism that is essentially “FIFO” model that operates internationally and on a seasonal basis. Workers under the Pilot come from Pacific Island countries to work for a DEEWR approved employer, for periods ranging from 4 to 6 months. At the end of this time they return back to their country of origin, and may return to work again in Australia with the same or another Approved Employer. Typically, many workers return to work again in Australia the next harvest season.

Industry experience has been that under the PSWPS, access to a reliable, productive workforce that can readily train and up skill has resulted in significant productivity gains, and built grower confidence in the future sustainability of their businesses and industry due to the reliability and quality of the labour supply. We note also that World Bank evaluations of the Pilot have found positive impacts on the labour sending communities and countries in the Pacific, both in community development, rural livelihoods and skill enhancement terms. Both industry and participating Pacific Island nations speak unequivocally of the Pilot as a win-win Australian government initiative.

Future Labour Demand across the Agrifood Industries: Issues for Scenario Planning

The major capacity constraint across the agrifood industry is access to productive, reliable labour that can be readily trained and retained. As the demographic figures provided earlier indicate, labour shortages derived from demography alone (let alone the compounding effect of labour force attrition to the mining industry), indicate emerging labour supply issues of crisis proportions across the agrifood industries which will accelerate in the next five years.

There will be increasing demand for a highly mobile workforce not only in horticulture, but in broad acre agriculture, the meat and seafood industries, the food processing sector and in a wide range of industry services. For example, we can expect significantly increased levels of labour contracting to occur across the food supply chain for shearers, agronomy services, irrigation systems establishment and servicing, harvesting crops, in fish farming, and in food processing.

The PSWPS is a circular international labour supply mechanism and a demand driven flexible model of labour provision. There is strong industry support to expand the Pacific Seasonal Worker Pilot Scheme to a permanent program accessible to the whole of the agrifood industry. This scheme offers the greatest opportunity for an industry led, demand driven and responsive international labour supply to occur at the lower skills levels which supports skills and workforce development of our industry, without radical shifts in government migration policy to occur. We welcome the Prime Minister’s recent announcement of the extension of the PSWPS to four additional Pacific Island Countries as being

indicative of the government's intention to support our industry in the future through this labour supply mechanism.

Issues Surrounding “Fly In, Fly Out” Communities for Regional Australia

The system of fly in, fly out workers involves miners flying into the area before the start of a shift, staying in supplied accommodation, and then departing to their place of residence, often interstate, at the end of shift (which often last up to six weeks). “FIFO” workforces provide employers with the flexibility to obtain the labour force necessary for locationally specific and challenging industries, such as mining. Fly-in/fly-out labour is a critical means of supplying workers to the resources sector, and will become increasingly common as both the resources boom proceeds and our national workforce ages.

There are, however, challenges associated with fly-in/fly-out work including regular periods of separation from families, isolation, fatigue and stress placed on communities hosting or situated nearby to major resource developments. While fly-in/fly-out labour can offer relatively straightforward access to a large pool of labour, it can also have a range of negative implications for employers. Perhaps the most significant of these is extremely high rates of employee turnover in fly-in/fly-out locations. There have been strong expressions of community concern in some parts of regional Australia over the effect of this impermanent workforce on community coherence and resources. A transient community means a drain is put on local services. Services for regional communities are based on the permanent populations that reside there.

Operationally, the PSPWS model has some major points of contrast to other FIFO workforces, particularly due to the pastoral care and community engagement components of this Scheme. Under the PSWPS, employers of foreign workers are required to facilitate community engagement of the workers, and provide workers with a range of support including knowledge of social opportunities, and how to access these (Ball, 2010; Ball et.al. forthcoming). Through a requirement that employers provide pastoral care, workers under this Pilot have engaged with, and made contributions to regional communities in a range of tangible and intangible ways such as: church attendance, football team memberships, and disaster relief (e.g. assistance in the Queensland floods and subsequent reconstruction). As a result, this provision not only assists workers in terms of wellbeing and mental health, it has also contributed to building sustainable local communities and businesses in regional Australia.

Recommendations

Research Needs

We believe there is an urgent need for more social, regional and industry impact assessment of this labour provision mechanism, drawing on international knowledge and experience of the complex issues surrounding regional development and FIFO workforces.

The intersection of globalized labour supply mechanisms and industry and regional development needs, is an issue that labour deficit countries have grappled with over the last 40 years. This has become

particularly so as international labour supply arrangements from labour surplus to labour deficit nations has grown rapidly. Temporary international contract labour migration to the ageing countries of the OECD and the high growth economies of the Middle East has become a key mechanism to meet fluctuating international demand for labour.

Australia is situated in the Asia-Pacific region, a region in which international labour supply and demand arrangements between countries is part of a transforming global geography of work, labour supply and production. Over the last ten years, Australia has begun to embrace this broader global dynamic. For example, the Australian government has developed the PSWPS program to meet the labour needs of industry based on respect for worker's labour rights, and as an international development partner. Australia has the advantage of being able to learn from, and build on, the experience of other countries as we enter a phase of enormous resource development and meeting production challenges associated with increased global demand for food, within a national context of a rapidly ageing workforce.

We request the Government resource the following research needs surrounding the FIFO phenomenon for both the resources and agrifood industries in regional Australia and undertake to:

- Undertake an international best practice regional development and FIFO workforce survey of models used elsewhere around international temporary labour force supply and resource and agricultural development in remote and/or thinly populated regions. This research is essential to inform Australian regional and workforce development strategies.
- Assess challenges associated with fly-in/fly-out work including regular periods of separation from families, isolation and fatigue. While fly-in/fly-out labour can offer relatively straightforward access to a large pool of labour, it can also have some negative implications for employers. Perhaps the most significant of these is extremely high rates of employee turnover in fly-in/fly-out locations.
- Determine the social, industry and economic impacts associated with fly-in/fly-out mining operations on agrifood industries and regional communities through wide ranging stakeholder consultation, social and economic impact assessments;
- Continually monitor of the health and wellbeing of the fly-in/fly-out workforce
- Investigate whether further flight connections with capital cities in other Australian states, and possibly internationally, are a viable and acceptable means of increasing the available labour pool in regional Australia.

International Migration, FIFO and the Future Labour force Needs of the Agrifood Industry

Due to the demographic factors discussed above, there is a growing demand for labour which will not be met by national labour supply. We believe that meeting growing levels of labour demand through increased levels of temporary migration, can present opportunities for regional communities. With thoughtful planning, vision and stakeholder engagement, Australia can avoid the unraveling of the social and economic base of these communities. For example, increased migration can build social and economic capacity, through for e.g. providing much needed labour supply to regionally based industries and thereby provide for confident business investment and planning to occur. Such measures have the potential for revitalizing regional Australia.

We request that the Australian government broaden the access of our industry to international labour supply mechanisms and undertake measures that support this objective.

- We request the development of a semi-skilled list for incorporation into the Regional Sponsored Migration Scheme and the ANZSCO occupational titles for the agrifood industry.
- We request that the Australian Government make the Pacific Seasonal Worker Pilot Scheme permanent and extend access of labour to the food processing sector at the end of the Pilot period in June 2012.
 - Industry sentiment is that if this extension could be announced by the end of 2011 (rather than at the end of the Pilot in June 2012) it would allow confident workforce planning in our industry to occur and restore hope to an industry which is hampered by labour supply problems. A permanent PSWPS would ease growing labour supply constraints faced by our industry when local labour is unavailable, and would enable demand for temporary labour to be met through this mechanism.

Building strong regional communities

As labour shortages become increasingly pronounced and are accompanied by both increased rates of labour force migration within Australia, and international temporary migration to meet Australia's labour shortfalls, there are some important strategic regional social and economic development plans that need to be put in place. These may include adopting some of the community engagement and pastoral care initiatives that are structured within the PSWPS

We request that major mining companies that impact on regional communities where our industries are also located, are required by the Federal government to be good corporate citizens. This would involve contributions towards community sustainability in regional Australia.

We recommend that mining companies are required by the Federal Government to:

- Have a minimum proportion of their workforce reside permanently in the town.
- Provide pastoral care as discussed above with respect to the PSWPS;
- Work closely with local councils, State and Federal Governments to build and sustain regional communities through a range of locally agreed measures;
- Provide Community focused funding for increased service delivery such as medical facilities.
- In the context of increased levels of international migration, we recommend that mining companies be required to meet minimum benchmarks on gender balance in the temporary workforce. This would contribute to more sustainable and balanced communities.
- Contribute to the building of community facilities and building social infrastructure (clubs, community based activities) to make small, isolated communities attractive for family settlement.
- Build housing located as much as possible in nearby townships, and to encourage workers to have their families there.
- Stipulate a minimum permanent workforce residing in towns near mining communities and the development of residential attraction packages be provided to encourage workers and their families to settle in regional communities.

Conclusion

This submission has identified that the FIFO model as practiced in the mining sector is problematic in terms of long term sustainability of regional communities in Australia. It is clear from our description of seasonal labour supply mechanisms in some sectors of the agrifood industry, that our industry also has both a “fly in, fly out”, and ‘drive in, drive out (DIDO)’ workforce. Given the demographic crisis facing our industry, we expect that the FIFO and DIDO forms of labour supply will also increase for our industry. However, we believe that these models do not need to operate at the cost of sustainable regional communities. There are both challenges and opportunities that new forms of flexible (international) labour supply present, which need to be addressed in the future in order to sustain and grow our regional communities and industries, such as mining and the agrifood industries. Our recommendations contribute to the national scenario planning discussion that needs to occur, if the objective of sustainable regional communities is to be achieved.

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