

# SUNRAYSIA CITRUS GROWERS INC.

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## SUBMISSION FOR SENATE INQUIRY INTO HARVEST LABOUR

Sunraysia Citrus Growers Inc (SCG) is an Agri Political body, which represents citrus growers from the South Australian border to Boundary Bend in Victoria. Most of our growers are located within 70 km of the Mildura Post Office. SCG is funded by voluntary, grower production-based subscription.

Seven biannually elected Directors representing growers from specific sections of the growing area, form a Board to manage current and long-term issues of interest to growers.

SCG is not involved in marketing or associated issues on a day-to-day basis. However, SCG does have policies regarding market development, particularly in export markets. These policies deal essentially with macro issues of access and service structure.

SCG considers that one of its roles is to represent the Sunraysia clients of the Murray Valley Citrus Board.

SCG produced a discussion paper in March 05 (attached) and has participated in the NFF Labour Shortage Action Plan.

SCG has also studied the US H-2A Program and had a presentation from a supplier included in that Program.

### **Future Demand**

Attached is Murray Valley Citrus Board (MVCB) planting statistics as at January 2006. Analysis of these figures shows the growth in plantings and thus the growth in demand for labour to harvest.

Column 3 divided by Column 1 x 100 will give the growth factor

$$\frac{88.9}{6820.9} \times \frac{100}{1} = 12.9\% \text{ growth}$$

Most of this growth is in the winter navel variety (69.91%).

## **Time of Demand**

Winter is the main citrus season in Sunraysia with only the Valencia's 21.87% being in summer.

Because winter can be wet and cold and the days short (citrus should not be picked wet or below 10°C for optimum quality) daily productivity can be low and thus unattractive to some seasonal workers.

### **Quality of Labour**

Australia competes in the southern hemisphere with South Africa and South America. Both these continents are low labour cost economies.

The cost difference to Australia is about 20 to 1, that is most of these countries pay about \$1 per hour while in Australia we pay with on costs, over \$20 per hour.

Citrus is a labour intensive industry and thus, to compete, our labour must be 20 times more productive. At times of high employment in the Australian economic our available labour falls far short of this mark.

The Inquiry should remember that the farm gate return to an Australian citrus grower is similar to that of our competitors. The cost you pay at retail reflects the costs in our economy, but growers are not afforded that privilege. For just a moment I would like the Inquiry members to reflect on what pressure they would be under if required to compete on price with your African and South American counterparts, or make up the difference in productivity. Growers must be highly efficient in sourcing and managing labour. Mostly we manage. However, even a small increase in demand 12.9% will produce some real difficulties when you consider where that growth must come from. I will give some details when I present to the Inquiry.

## **Sources of Labour**

### **1. Guest Labour**

The rest of the horticultural world uses imported labour. From time to time it is necessary to explore options for Australia. It could be a straight import of labour through to skills training as part of our international aid obligations.

DIMA have opposed this option in the strongest of terms. The concerns DIMA have expressed have been how to deal with issues such as housing, transport, language barriers, pay terms and very importantly managing risk of flight.

This option is what has brought about the current Senate Inquiry.

The Pacific option has appeal to the Board of SCG. SCG has a policy supporting the Pacific option with a strong training component.

## **2. Back Packers**

Australia allows young travellers to work providing their home country allows young Australians to work in their country.

The USA is a major source of young visitors who cannot work. For just a little while it was hoped the FTA would address this issue.

Back packers also pay 29% tax compared to Australia's 13% and some do not have access to our medical benefits or the PBS. There have been studies done that show backpackers spend as they go and rural economies would benefit directly and effectively if the tax rate were 13%. By the time the 16% difference goes to Canberra it disappears before returning or providing any benefit.

A solution to short term labour shortages would be for DIMA to waive the "We will if you will" policy and allow US backpackers (or others) to work for short periods in specific places.

The issue of super payments has caused some discussion, with citrus growers favouring the unclaimed back packer super being returned to industry use, either to Hort R & D or for specific projects to benefit back packers working in the industry.

The effects of the extension to visa's for three months work in rural Australia has improved the supply of this labour segment but we have yet to have a winter citrus season to gauge the effect. Many back packers do like to follow the sun north during our winter.

## **3. Unemployed and Disability Pension beneficiaries**

We need to continue to find ways to encourage participation in the workforce. However, we need to be mindful of the unemployable factor and the risks this holds for farmers. Many of these long-term unemployed need considerable time to adjust to the workforce and a straight entry will generally fail.

This is the ever-vigilant option.

SCG views a continuing problem to be the time taken to return to benefits or to get onto benefits once the work has been completed.

## **4. Retirees and Aged Pensioners**

This is the option that SCG most wants to pursue due to the large number of retirees around Sunraysia. Also the main harvest window is winter when most other workers have "followed the sun".

This category of seasonal worker was decimated when the annual allowed limit was changed from annual lump sum to periodical reporting, fortnightly, as I understand it. Given the difficulties getting benefits from Centrelink and the vitally important Health Care card, most retirees don't bother to look for seasonal work any more.

This was a particularly useful source of labour as it was generally well trained and easy to manage and did not require accommodation.

## **Conclusion**

Where will the extra labour come from? That is what growers want to know. Whichever sector the extra workforce is to be sourced from will have its difficulties.

**Guest Workers** – your inquiry will determine

**Back Packers** – Wait and see. Issues with accommodation and transport as well as being able to make money at the time of year as well as a difficult tax requirement.

**Unemployed** – How can farmers be twenty times more productive than their competitors if we are running welfare support components in our operations?

**Retirees** – The work needs to be worth the bother of dealing with the system

I look forward to presenting

**Peter Crisp**  
**Chair**  
**Sunraysia Citrus Growers Inc.**