

SUNRAYSIA MALLEE ECONOMIC DEVELOPMENT BOARD AND MILDURA RURAL CITY COUNCIL

SUBMISSION

Senate Employment, Workplace Relations and Education References Committee

Inquiry on Pacific Region Seasonal Contract Labour

PREAMBLE

The Sunraysia Mallee Economic Development Board (SMEDB or Board) has involved itself in seasonal labour matters over the last 4 years. It has done so in an attempt to secure a dedicated, reliable, efficient and trained labour force for the local horticultural industry and undertaken this task in consultation with the Mildura Rural City Council, local primary producers and horticultural organisations locally, nationally and internationally.

The Board has made an effort to understand both sides of the argument - from a government and migration point of view and from a primary producer and horticultural industry perspective.

The Board is at a loss to understand the current direction from the Federal Government and associated migration agencies on the matter of *"Farm Skilled, Seasonal or as defined Unskilled Labour"*.

The following submission provides a brief summary of what the Board feels is an industry being discriminated against, in a State which is the largest producer of horticultural products, and which (as an industry) in its many types and parts, is under considerable pressure and stress and in fact crisis.

The Board will be represented at the Senate inquiry in Mildura by Mr John Irwin, Chairman, and Mr Andrew Millen, Chief Executive Officer (SMEDB). Mildura Rural City Council will be represented by Mr Phil Pearce Chief Executive Officer.

ABOUT SUNRAYSIA MALLEE ECONOMIC DEVELOPMENT BOARD

The Sunraysia Mallee Economic Development Board is a Section 86C Committee of Mildura Rural City Council, and is, in effect, the economic development arm of council. Further, SMEDB is regarded as the peak industry body for the Mildura region.

SMEDB is funded by an Economic Development and Tourism Differential Rate that is paid by all businesses within Mildura Rural City Council region to be used for economic development within the region. We represent the differential rate payers of this region, and have a board of 10 Directors from local industry, many of whom are differential rate payers themselves. They are:

- **John Irwin, Chairman**
Consultant Lawyer for Martin, Irwin & Richards Lawyers

- **Dane Huxley, Deputy Chairman**
Chief Executive Officer for Mildura Base Hospital
- **Judith Damiani, Director & Treasurer**
Executive Director of the Australian Citrus Growers
- **Bruno Moras, Director**
Managing Director of Nangiloc Colignan Farms
- **Mike Mooney, Director**
Area General Manager for Telstra Country Wide
- **Paula Mastrippolito, Director**
Business Manager for Dennis Family Homes (Mildura)
- **Guy Kingwill, Director**
Chief Financial Officer for Tandou Ltd
- **Gary Simpson, Director**
Chief Executive Officer for Sunraysia & Murray Group Training
- **Cr Vernon Knight, Director**
Portfolio Councillor for Economic Development for Mildura Rural City Council

MILDURA REGION PRODUCTION

The table below provides a quick reference for what is produced in the Mildura region. Just a glance at this table reveals the extent of horticulture and agriculture activities. You clearly see the nexus between our region and a dedicated and reliable labour program.

Product	% of Aust'n product in the region	Tonnes produced	Value \$A	Year	Region
Dried vine fruit	95%	27,907t	\$41.6m	2004	Mildura Region
Table grapes	69%	59,394t		2003	GI: North West Vic, Big Rivers NSW & Lower Murray SA
Almonds	55%	5,500t	\$33m	2004	Mildura Region
Pistachios	41%	450t	\$3.6m	2003	Mildura Region
Olives	33%	840t	\$5m	2004	Mildura Region
Carrots	24%	64,500t	\$22,600,000 (farm gate)	2004	Mildura Region
Asparagus	23%	2,000t	\$8,000,000 (farm gate)	2004	Mildura Region
Citrus	21%	114,000t		2003/2004	Murray Valley
Wine grape crush	21%	400,000t	\$224.7m	2004	Murray Valley
Melons	11%	18,900t	\$13,900,000t (farm gate)	2004	Mildura Region
Zucchini & Squash	6.8%	1,125t	\$1,100,000 (farm gate)	2004	Mildura Region
Honey	3.9%	1,000t	\$3.5m	2003/2004	Mildura Region
Mushrooms	2.3%	1,200t	\$3,000,000 (farm gate)	2004	Mildura Region
Lettuce	2.2%	3,000t	\$1,900,000 (farm gate)	2004	Mildura Region
Pumpkin	1.3%	1,125t	\$303,000 (farm gate)	2004	Mildura Region
Capsicum & Chilli	1%	480t	\$420,000 (farm gate)	2004	Mildura Region
Sweet Corn	1%	600t	\$510,000 (farm gate)	2004	Mildura Region
Sheep		181,081 yardings		2003/2004	Ouyen, Yelta & Mildura Saleyards
Wheat		765,600t	\$153.1m	2003/2004	Mildura Region

		average	(farm gate)		
Barley		430,650t	\$81.8m	2003/2004	Mildura Region
		average	(farm gate)		
Canola / Legumes / Triticale		55,825t	\$16.2m	2003/2004	Mildura Region
		average	(farm gate)		

Source: *Grow Mildura Region 2005* www.growmilduraregion.com.au

WHY LIMIT SEASONAL LABOUR TO THE PACIFIC RIM NATIONS

The obvious question must be asked, why this enquiry is limited to the Pacific Rim. No other industry other than agriculture / horticulture has to suffer the indignity of being told that if there is to be a seasonal labour programme, then the workers must come from a limited region. Skilled labour for Regional Australia can be sourced from anywhere which gives the employer the right to select the best qualified from anywhere. Has it ever occurred to the Federal Government that the Pacific Rim nations are not the only nations that can provide non-skilled seasonal labour and that in fact other countries, because of their extensive agricultural base and practices, may provide a more experienced worker who could possess the basic skills and experience required. Surely the Australian farmer is entitled to source the best skilled picker, berry trimmer, packer. Surely in the interests of the farmer freedom of choice to select the most appropriate workers for the environment in which they will be required to work is paramount.

The subject of this enquiry – limited to the Pacific Rim denigrates the quality and characteristics of Australian Farmers by reducing them to second class citizen status. It is intolerable that they have to wait for the outcome of this review and at best be informed that they can draw labour from a pool of labour that will never be tested against workers from other regions.

The Federal Government is yet to comprehend that labour is a marketable commodity, such a resource, a global market force in itself.

The Chinese pack the Japanese apples, the Poles pick the German asparagus, the Jamaican's pick the Canadian tobacco – the list is endless. Everyone is a winner.

But where is Australia? It is yet to pick up the baton, let alone drop it to use the vernacular during the Commonwealth Games. The members of SMEDB are at the coalface, having to witness daily the plight of those in the horticultural industry struggling to survive.

The farmers of this Region have to continually battle against adversities which are beyond their control being the weather, markets and currency fluctuations.

The inability to secure the best labour which is skilled and reliable due to Government intransigence is repugnant for this is one part of this equation where assistance can be given.

LABOUR SHORTAGES IN RURAL AND REGIONAL AUSTRALIA

“The pressing need to find jobs for Pacific Rim nation workers coincides with the emergence of gaps in the unskilled labour force of developed nations. In Australia, lower birth rates, the aging demographic profile, increased personal wealth, the provision of social welfare, sustained economic growth, relatively low unemployment and higher levels of education have combined to reduce the supply of workers who are available (or willing)

to undertake physically demanding labour for relatively low pay. This has opened up debate about the potential for seasonal employment schemes for Pacific Islanders (and others) to work in overseas labour markets, particularly seasonal agricultural pursuits".
Labour Mobility in the Pacific by Peter Mares and Nic Maclellan October 2005.

Mildura like many other regional communities, experiences skilled and unskilled labour shortages. Our reliance on irrigated horticulture places our region at particular risk should there be a labour shortage to pick, sort and pack fruit.

The horticulture industry employs approximately 20% of our regions workforce and produces in excess of 2 billion dollars worth of primary produce, half of which is exported.

Skilled labour and migration attraction programs exist including the Provincial Victoria Campaign and Regional Migration Incentive Scheme. However there are no such programs to assist the horticulture industry. The government and its agencies continue to frustrate efforts to design any effective pilot seasonal labour program, which in the long term will adversely impact on the industry and reduce our ability to compete in the global market place.

Horticultural producers (including table grapes, citrus, dried fruit and vegetables) advise the Board that they continue to have difficulty securing a reliable supply of labour to work their properties, particularly to bring in high value crops that require sensitive handling and are not amenable to mechanised harvesting. They complain of lost exports, fruit left on trees and vines or ploughed back into the ground, and about the immigration raids on their properties searching for undocumented workers. Growers say there is still good money to be made picking fruit and other seasonal work, but Australian's consistently seem not to want to undertake this work.

The grower is forced to rely on a seasonal work force of backpackers, itinerant retirees (grey nomads), contract labour hire companies and undocumented workers. There is obviously a solution available – Seasonal Labour Employment Scheme which would allow workers from other countries fill short-term labour gaps and during times of peak labour demand eg harvest and pruning.

Until recently most of the labour shortage evidence was word of mouth and or anecdotal. A Labour Study in the Murray Valley Horticulture Region "*A Survey of Growers Needs and Attitudes*" (March 2006) provides some of the first available research. Of the growers (approx 176 completed surveys) researched the following were the study's key findings:-

- Half stated that seasonal workers continue to be difficult to find that suit their farm business
- One in ten said that labour shortages are already preventing expansion of their business, and further more that one quarter anticipated labour shortages now and into the future would prevent future expansion
- Many growers (more than 1 in 4) admitted to employing undocumented workers
- A majority of growers (70%) supported an offshore labour scheme, with one in five growers saying that they would employ workers from offshore.

A reliable seasonal labour program is the only answer, obviously in conjunction with other unemployment assistance programs. Such a scheme is supported by the majority of horticulturalists, industry bodies including the Victorian Farmer's Federation and the National Farmer's Federation however, for largely unknown political and bureaucratic

reasons Australia continues not to have an effective seasonal labour program to the detriment of the industry.

AVAILABILITY AND MOBILITY OF DOMESTIC CONTRACT LABOUR

The “farm skilled” labour market is very mobile. Workers travel to where the work is available using their own transport, by public transport or as organised by labour hire companies. However labour and its mobility is unpredictable. Largely made up of backpackers, grey nomads, specialised labour hire companies, farm labourers and undocumented workers, farmers are at the mercy of the labour market.

As with mobility, reliable labour also varies significantly, depending on harvest timing, pay rates, availability of accommodation and conditions of work. In addition, if the weather turns, or harvest is delayed, or surfs up, your labour can be there one day and literally gone the next. Why do we continue to tolerate this situation, it is unacceptable. No another industry that has to deal with such a liquid form of labour.

In an attempt to assist with farm labour on a national basis, and to smooth out the highs and lows of labour availability, the National Labour Harvest Trail was established by the Federal Government. This organisation assists with identifying employment positions and matches employees to jobs, but not all farmers register with the service nor do they place much faith in the quality and reliability of the workers of the service.

Another Federal Government measure to attract workers to the horticulture industry involves attracting backpackers, encouraging them to work in regional and rural Australia for three (3) months, after which their holiday visa can be extended 12 months. Recently this measure has increased the available pool of backpackers, however this is a short term band-aid approach to a more serious problem.

SEASONAL LABOUR PROGRAM IMPACT ON THE CURRENT SEASONAL WORKFORCE

There will be a negligible effect on the current seasonal workforce numbers in the Board’s opinion.

Australian farmers, horticulture organisations, industry and the union movement have repeatedly asked the government to consider a seasonal labour scheme. These groups are not happy with the current labour pool programs and look to the government for leadership.

SMEDB in its limited way has funded independent research, spoken to farmers and representative organisations, developed a labour MOU and draft labour agreement with a region in China. The overwhelming response is that there needs to be a seismic change of policy, and most certainly not confined to the Pacific Rim unless China is accepted as part of the Pacific Rim, which it is in strict geographical terms.

SMEDB’s China labour program proposal hit the national print media just after Christmas of 2004. Since this time the Board has received hundreds of calls from farmers, industry groups, employment agencies, politicians and the general public from around Australia, USA, Canada, Asia, India, South America and Indonesia.

Anecdotal evidence and more recently the Peter Mares research indicates that there would be minimal effect if Pacific Rim seasonal labour was allowed to work in Australia under a seasonal arrangement.

There is a real need to develop a seasonal labour program for Australia in times of peak demand. It makes good sense to develop a pilot program in association with the most appropriate nations, and build on successes.

Harvest season(s) in Australia vary quite significantly between regions, crop type and weather conditions (ie from mangos in North Queensland to citrus in the Murray Valley). The availability and mobility of the unskilled labour force is always an unknown factor for the farmer. This should not be the case. It is not like this for any other industry and the government continue to be obstructionist and at times unwilling to act.

SOCIAL AND ECONOMIC EFFECTS OF THE SCHEME ON LOCAL COMMUNITIES

The Board supports a pilot seasonal labour program and does not believe it will have any adverse effects on our (Mildura) or for that matter other local communities.

Such a program will assess the capacity of any local community to cope with an influx of seasonal workers. It will also address matters of accommodation, transport, pay rates, farm conditions, cultural integration, insurance and medical provisions and employer / employee agreements.

Of the existing seasonal agricultural workers schemes overseas, the one operating in Canada appears to provide the most useful lessons for Australia – not for its completeness but more that it has been operating since 1933, extensively studied and subject to critical review. Close assessment of the Canadian scheme will assist Australian authorities to design a better model that best suits our conditions.

Research into the Canadian model provides the following as benefits to local communities:-

- A secure labour supply assists growers to expand their enterprises with greater confidence – having labour at harvest time. In Ontario, where 85% of Canada's seasonal workers are employed, horticulture output expanded by 90% between 1994 – 2000 and employers say that without the migrants, labour intensive agriculture.... would be virtually non-existent (Ferguson, 2004). Further it is estimated that each horticulture farm worker supports 2.6 jobs in the supply and processing sectors (Basok, 2003). Thus, rather than stealing local jobs, a scheme to bring seasonal labour to Australia would contribute to economic expansion and increase regional employment opportunities, particularly in non-agricultural industries like transport, construction and food processing.
- The Canadian scheme (Bauder, 2003) suggests that country towns would also benefit from the multiplier effect of spending by seasonal workers on goods and services, particularly food, entertainment, telecommunications, banking and postal services. In Canada some shop owners believe the seasonal workers sustain the viability of their businesses (Preibish, 2004).
- Again in Canada, research of Peter Mares identifies that in some communities the presence of seasonal workers has retained some services and caused a review of trading hours to suit use patterns (eg banks and postal services, and Church

congregations). Australian country towns well remember the centralisation and rationalisation of banking facilities, loss of teachers and doctors....

LIKELY EFFECTS OF A SCHEME ON PACIFIC NATIONS

Any scheme is likely to have positive and negative effects on whichever nations participate.

On the positive side:-

- Employment of farm skilled workers where they may not have access to work at home
- Training and education opportunities to improve skills
- Transfer of knowledge and techniques back into their respective economies
- Investment into local enterprises
- Financial independence and a reduced reliance on State assistance
- Improved education and health of the community
- Reduced reliance on foreign aid

On the negative side:-

- With the departure of a spouse there could be stress placed on the traditional island village networks and structures
- Stress placed on the traditional family unit – increase of family break-ups, depression of spouse remaining at home
- Reliance on seasonal work to maintain new lifestyle

SEASONAL LABOUR SCHEME CONSIDERATIONS

There must be commitment from government, immigration and migration agencies of participating nations (ie Commonwealth of Australia and participating Government Nations). The Canadian government has agreements with the Mexican and Jamaican governments.

The starting point must be to undertake a pilot scheme on a small scale, say 100 workers at 5 locations to begin, and increase numbers as the program is established.

All matters of worker and farmer selection, transport, accommodation, insurance and health care, pay rates, farm occupational health and safety, cultural integration, employment and employee contracts, arbitration, taxation, scheme administration etc must be addressed.

SMEDB is recognised by both the National Farmers Federation (NFF) and the Victorian Farmers Federation (VFF) as taking a pre-eminent position in pursuing the objective of introducing seasonal labour and wishes to ensure that any pilot scheme is trialled in the Mildura region with support of the Federal Government, but working collaboratively with the Federal Government, NFF and VFF.

The composition and status of such a group could be the subject of a recommendation by your Senate Committee.

HORTICULTURE INDUSTRY FUTURE DEMAND AND INVESTMENT

Members of the Board have already had discussions with varying areas of the Federal bureaucracy and it has never failed to amaze my colleagues that the government agencies forever refer to present demands for existing horticultural industries.

No thought is given as to the future demands of industries or whether the present migration policies mitigate against future development.

In this region 80% of farmers own 20% of the developed land. Conversely, 20% of farmers own 80% of the developed land and these farmers, being of a corporate nature, are those committed to future large-scale development.

Representatives of these major corporations will give evidence as to their preference for the best labour possible but also enunciate their concerns as to the wisdom of embarking on development when a shortage of a reliable workforce could jeopardise their investment programmes.

Major superannuation companies have also spoken to the Board stating a desire to invest in Regional Australia rather than invest in CBD properties, but again the spectre of labour shortages is raised. Australia simply cannot afford to see investment capital go offshore when this country has the soil, climate and water to expand in crops of high value and high returns.

CONCLUSION

The majority of Australian farmers, horticulture organisations and industry bodies advocate the need for a seasonal labour program.

A seasonal labour program must provide stability of labour for growers, must protect the rights of participating workers, must be integrated with other Australian employment programs and must contribute to the economy and social nature of the communities in which the workers come from.

The scheme should be essentially based on economic grounds for the mutual benefit of Australia, its farming fraternity and participating nations.

Thank you for the opportunity to address and host the Senate Inquiry into Pacific Rim Seasonal Contract Labour.

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SUNRAYSLIA MALLEE ECONOMIC DEVELOPMENT BOARD

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