

## **INQUIRY INTO SKILLS SHORTAGES IN RURAL AND REGIONAL NSW**

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**Theme:**

**Summary**



**Murrumbidgee Horticulture  
Council Inc.**

**Submission to the NSW Legislative Council Standing  
Committee on State Development**

**Inquiry into skills shortages in rural and regional NSW**

**12 August 2005**

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## **Inquiry Terms of Reference:**

1. That the Standing Committee on State Development inquire into and report on the skills shortages and its impact on rural and regional NSW and, in particular:
  - (a) The current and future demand for labour
  - (b) The economic and social impact of the skills shortage
  - (c) The strategies and programs of local governments to retain and attract skilled workers including opportunities for strategies and programs in conjunction with non-government bodies such as regional business organizations and Area Consultative Committees and Regional Development Boards
  - (d) Consider appropriate models from other states in interacting with the Commonwealth's skilled regional migration programs
  - (e) Coordination between Local, State and Commonwealth Governments, to attract and retain skilled workers
  - (f) The impact of the Commonwealth's regional migration programs including assessing the long term jobs and investment outcomes and considering possible recommendations to encourage sustainable regional development in NSW
  - (g) The adequacy of current measures used to record and report on the skills shortage
  - (h) The methods used by training organizations including TAFE to assess skill needs in rural and regional NSW and their response to identified needs.
2. That the committee report by Friday 9 December 2005.

## **Introduction**

The Murrumbidgee Horticulture Council Inc. is pleased to provide a submission to the Standing Committee on State Development in relation to its inquiry into skills shortages in rural and regional NSW, and would like to thank the Committee for providing an extension of time to enable us to do so.

The Murrumbidgee Horticulture Council is a not for profit industry body representing the interests of high security irrigators and the wine grape, citrus and stone fruit growers of the MIA. The Council supports the terms of reference of the inquiry.

It is the view of the Council that ongoing shortages of labour, including both skilled and seasonal workers, impact directly on farm gate profitability, sustainability of rural and regional communities and the maintenance of existing essential services. Indirectly skills shortages impact on family wellbeing and community health.

## **Response to the Terms of Reference:**

Our submission relates specifically to (a), (b) & (f) of the terms of reference:

### **(a) The current and future demand for labour**

It is the view of the Council that there are labour shortages at all levels in the Murrumbidgee Irrigation Area from skilled professionals in the community, to farm managers, leading hands, and semi-skilled seasonal labour. While refugee placements and skilled migration programs have had some positive impact on labour supply in the community, the perennial horticulture industry remains heavily reliant on seasonal labour for crop establishment, harvest, and maintenance.

The Report of the National Harvest Trail Working Group (*Harvesting Australia*, June 2001, Department of Employment, Workplace Relations and Small Business) stated that growers, Harvest Offices and Job Network providers reported that they could not obtain sufficient labour to bring in the harvest and undertake other seasonal horticultural activities at critical times.

Similarly, the Rural Industry Working Group report to the Minister for Education, Training and Youth Affairs (*Skill needs now and in the future in the rural industry*, March 2001) found that both in the Production Horticulture and Viticulture industries there was a chronic lack of skilled labour at the middle management level including overseers, supervisors, vineyard managers and trained personnel who can direct unskilled labour. Integrated pest and fruit management and pruning are among the areas where skilled labour/supervision is critical to the efficient and effective management of the enterprise.

### **(b) The economic and social impact of the skills shortage**

The economic impact of skills shortages is directly felt at the farm gate. Lack of skilled and semi-skilled labour makes ongoing and essential farm operations (eg harvesting fruit, training vines, drying prunes) costly and inefficient. Many farm operations are season specific with a narrow window of opportunity for completion.

Ongoing recruitment and training costs (including OH&S obligations) have a direct impact on efficiency and consequently profitability of perennial horticulture.

Larger corporate farms are also having a strong influence on the labour market. The scale of these operations requires large seasonal labour forces. Where regional labour is scarce, this can set labour price expectations above the reach of smaller landholdings, essentially exacerbating labour shortages on smaller, family operated holdings and increasing labour costs unsustainably. In the MIA citrus harvesting costs for 2005 have been reported at up to \$100/tonne, which in most cases is more than 50% of gross return. Pruning costs for wine grapes have been reported at double the 2004 season.

In rural areas farm profitability directly impacts on the economic security of small business in the broader community. Regional viability influences the provision and maintenance of essential services (particularly health & education), which in turn impact on the regions ability to attract and retain skilled professionals.

The lack of skilled professionals (particularly in the health sector) places strain on rural health and community support services. General health and well-being as well as mental health are known to be adversely affected by periods of prolonged stress. Increased labour costs place stresses on families through reduced economic return. Additional work demands directly related to skills shortages, compound these stresses impacting on physical and mental health.

- (f) The impact of the Commonwealth's regional migration programs including assessing the long term jobs and investment outcomes and considering possible recommendations to encourage sustainable regional development in NSW

The Murrumbidgee Horticulture Council supports the further investigation of a "guest workers scheme" for horticultural work in Australia. Such schemes have been in operation for some time internationally (notably Canada, UK and USA).

A report by the Institute of Social Research ("*IMMIGRATION Is it time to import fruit pickers?*" Peter Mares 9/3/2005 [www.apo.org.au](http://www.apo.org.au)) identifies the potential benefits of such a scheme to rural communities in Australia as well as to the Countries from where the labour is sourced. In particular:

- Long term development outcomes in source countries - particularly enhanced housing, nutrition and education support for workers families;
- Increased labour reliability for the Australian horticultural industry and expanded employment opportunities in tertiary industries (eg transport, construction and food processing);
- Increased economic viability for rural communities resulting from seasonal workers' spending on goods and services in the community.

The report notes the recommendation of the Senate Foreign Affairs Committee (reported in *A Pacific Engaged*, 2003) that a pilot scheme be developed that recruits workers from the Pacific Island Nations. The Murrumbidgee Horticulture Council would encourage the Standing Committee to also support the development of such a pilot program.

**Conclusion:**

There are labour shortages at all levels in the MIA. Skills shortages are particularly evident in perennial horticultural industries, which require seasonal labour for crop establishment, harvest, and maintenance.

Labour shortages are impacting directly on the socio-economic well being of farming families and rural communities. Labour is scarce and labour costs are high.

Guest migration programs have been used effectively internationally to address this issue. A pilot program, recruiting seasonal agricultural labours from the Pacific Island Nations should be supported.