



KELLOGG
RURAL LEADERSHIP
PROGRAMME



Seasonal Labour Shortage –
Kiwifruit Sector
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I wish to thank the Kellogg Programme Investing Partners for their continued support:



SEASONAL LABOUR SHORTAGE - KIWIFRUIT SECTOR

NZ Economic success story



Employee Engagement



Team effort



EXECUTIVE SUMMARY

The kiwifruit sector has a serious labour shortage. What is the extent of the shortages, why has the industry got to this problem and how can we address the shortages?

The aims for me in doing this project was to get an understanding of the labour problems facing the kiwifruit industry. I wanted to see what was driving the labour shortages with an aim to consider how we could overcome the problems to create a desirable workplace and attract plentiful and reliable workforce.

New Zealand kiwifruit sector is currently producing 143 million trays, this is projected to reach 190m trays by 2027. The sector is set to contribute \$6 billion to New Zealand's GDP by 2030. The kiwifruit industry currently employs 15,000 FTE seasonal workers. An additional 7,000 workers will be required if projected growth is to be achieved so the extent of the labour shortages is critical to the industry.

Kiwifruit together with all sectors, are struggling to employ sufficient workers. In 2018 a labour shortage was declared in the Bay of Plenty with 1,200 vacancies and still 70% of the crop remaining to be picked. The reasons why these shortages have come about are multiple. The current labour market is very tight with a nine-year unemployment low of 4.5%, projected growth for the industry of 67m trays by 2027, the diversion of working holiday visa workers to other sectors and poor uptake of the local seasonal labour pool, this being due to poor reputation around pay and conditions.

As an industry, labour constraints are a real challenge in meeting future growth. Many of these challenges are around the nature of seasonal work being inconsistent hours, physically demanding but other challenges are around compliance with employment law. How the industry participants respond to the situation will impact on future growth. The constrained labour market will require owners and employers reconnecting directly with employees.

Inconsistency of seasonal work is a significant deterrent to new employees; the industry could address this with centralised labour coordination to facilitate year-round employment and alternative employment arrangements and agreed hours. Employees are also looking for greater range of flexible working options with different shifts, staggered hours and job sharing.

How the industry engages with our employees, ensuring the pay is structured to provide certainty as well as incentives for efficient high performance. Allowances should be considered to address travel waiting times, and availability allowance to acknowledge employees being on hold and available to work and not redirecting to other sectors.

Investment into accommodation and transport options for the seasonal workforce will contribute to attractiveness as well as motivation and performance. Innovation is the way of the future and investment is needed now however it is not the immediate solution we are needing.

The attraction of all the seasonal workers available within New Zealand will not meet projected demands, the Recognised Seasonal Employer (RSE) scheme needs the full support of the industry and government, however employment standards, accommodation and transportation investments are required.

The growth of NZ Horticulture, including Kiwifruit, is a great economic success story for our country. People are or most important and scarce resource, coordinated, committed and compliant efforts are required by all.

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3 ACKNOWLEDGEMENTS



4 INTRODUCTION

Seasonal labour in the Horticulture sector is a scarce resource. The Horticulture sector as a whole need to jointly address the labour shortage to allow the growth in what is a great NZ success story.

Labour shortages have been talked about widely in the past year, but what is the true extent of the labour shortage and why is it such a problem in the Kiwifruit Sector?

The kiwifruit sector is doing well why is it they cannot attract sufficient labour to meet their demands? What's really happening in the seasonal labour workspace?

What can the sector be doing differently or what can be learnt from others to help with the labour constraints that currently exist. Where can we find the people and where will we house them?

4.1 AIMS AND OBJECTIVES

The aims for me in doing this project was to get an understanding of the labour problems facing the kiwifruit industry. I wanted to see what was driving the labour shortages with an aim to consider how we could overcome the problems to create a desirable workplace and attract plentiful and reliable workforce.

4.2 METHOD

All of the horticulture sectors across NZ are largely in the same position, I went about reading and discussing what different parts of the kiwifruit sector were doing and also what different horticulture sectors were doing. I also considered what was happening in the international market place.

As part of my research I undertook a review of the many theories around labour effectiveness and applied this to kiwifruit seasonal labour situation.

I undertook a survey of selected participants to get first hand feedback as to the labour problems and solutions they were using. A copy of the survey questions is included in the appendix. The level of responses to the survey were not high. With responses 9, Total visits 40, Unique visits 20, Completion rate 45% and Average time to complete 33:08. This is most likely a combination of factors including; technology (the availability of high-quality internet across the region was not good), the age and approach many growers had to internet surveys, abundance of labour surveys being undertaken but also reflective of the sector and number of growers who are not direct employers.

Survey data was analysed using google sheets. The majority of the information provided was in narrative form. This information was read and considered in conjunction with other research and provided me with a practical check on what my respondents were saying about problems, solutions and how important it was to their business.

Labour shortages are widespread and consequently there is much written and from many different perspectives, being growers, packhouses, industry bodies, NZ social system and international perspectives. In an attempt to narrow my reading, I focused on just seasonal labour and I also was particularly interested in on-orchard labour solutions.

5 WHAT IS THE EXTENT OF THE LABOUR PROBLEM

We know the labour demands for a growing industry are high and we know that the labour shortages are a problem in horticulture, but what is the extent of the problem?

5.1 NZ HORTICULTURE

Horticulture export revenue has increased by 55 percent over the past five years to \$5.5 billion, faster than any other primary industry sector.

With this has come a real shortage of labour. In the 2018-year seasonal labour shortages were declared for fixed periods over summer/autumn by the Minister of Social Development for Otago, Hawkes Bay, Nelson and Bay of Plenty regions.

Export growth is driving increased fruit planting plus improved growing systems and productivity has increased yields, this is all contributing to the labour problem worsening.

The labour shortage is forecast to get worse with all horticulture crops in New Zealand increasing planting together with yield improvements.

The horticultural success story, delivering high returns per hectare for several fruit crops, is influencing land use decisions change in parts of New Zealand:

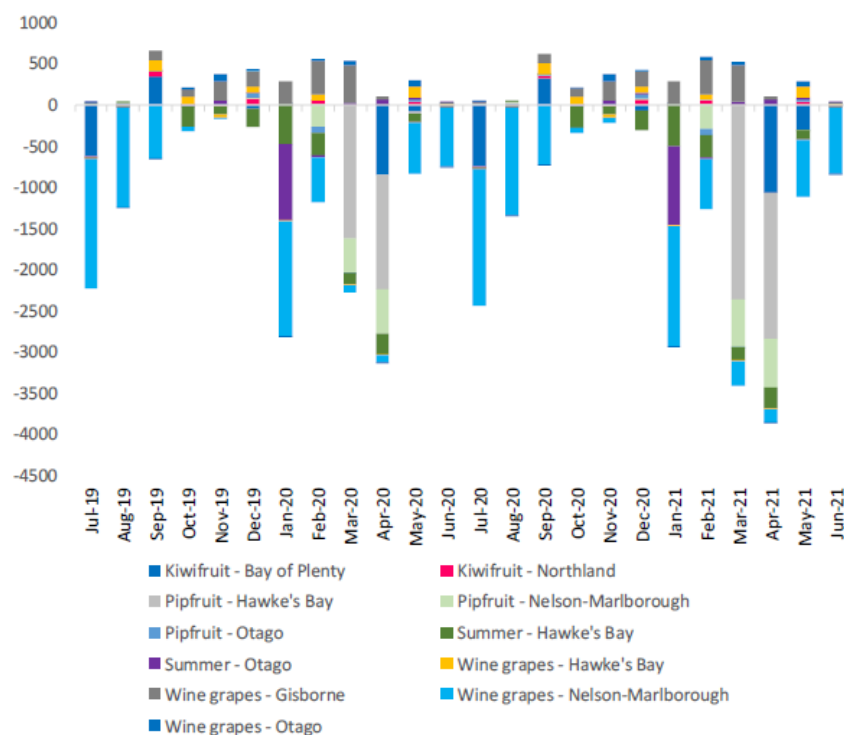
- New avocado orchards in Northland are being developed on pastoral land, with an estimated 850 hectares underway or scheduled.*
- In the Bay of Plenty, Zespri's intention to increase the licensed area it is allocating to Gold3 kiwifruit by 700 hectares per year for 5 years will provide further pressure on conversion of pasture land to kiwifruit orchards.*
- New apple plantings in the main growing region of Hawke's Bay is on land previously used for cropping or viticulture, and with a good water supply.*
- Marlborough is experiencing ongoing growth in viticulture, with another 3,000 hectares of plantings expected over the next four years.*
- Central Otago is expanding its area in stonefruit, mainly cherries. Planted area is expected to increase by around 50 percent to 1,200 hectares over the next six years.*

This being at a time where the use of natural resources of NZ is being heavily scrutinised and challenged. Horticulture is generating significant export revenues delivered back into the regions of NZ, is doing this with limited carbon foot print, and environment impacts.

The NZIER have prepared a report "Horticulture labour supply and demand, 2018 update" where the extent of the labour shortage was reviewed and modelled. NZIER report states - Our estimates suggest that the largest monthly labour shortage for the 2018/2019 season will be over 2,000 workers. This shortfall is expected to increase to an extra 5,000 workers by the 2024/25 season. Higher demand from increased crop production (based on forecasted hectares) will require around 8,000 extra workers, but will be partially offset by an increase in the labour supply of just under 3,000 workers.

These net labour shortages across all horticulture sectors are presented over the next 10 years as follows (NZIER July 2018);

Number of workers required minus workers available (assuming a "standard" 40 hour working week)



Source: NZIER

Figure 1 NZIER - Net Workers required minus workers available

NZIER modelling suggests the number of workers required versus the number of workers available in the peak month will see a monthly deficit, for the kiwifruit sector alone, of 2,536.

5.2 THE KIWIFRUIT SECTOR

The kiwifruit industry contributes \$2.4b in GDP to New Zealand, exporting almost all of our fruit to over 50 countries worldwide under the Zespri brand. Kiwifruit produced is spread around the regions of NZ, however 86% of the export kiwifruit is produced in the Bay of Plenty.

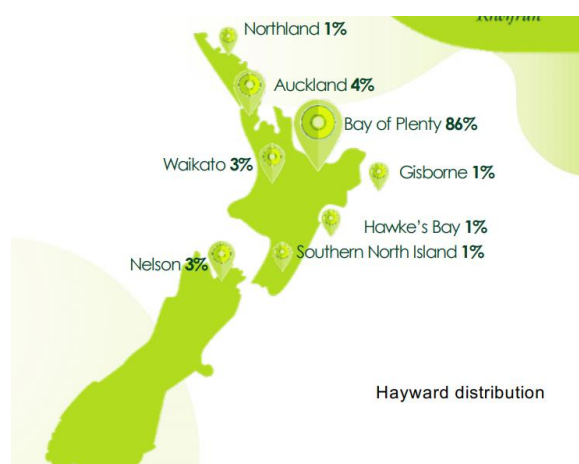


Figure 2 Zespri - Kiwifruit production by region

Current production of Kiwifruit is 143 million trays. The growth aspirations of Zespri and the kiwifruit sector are to reach 190million trays generating \$4.5billion in revenue by 2027.

The outlook for the industry is very positive – secure markets, rapid volume growth, positive export returns to New Zealanders and an industry that is forecasted to employ approximately 30,000 people.

The growth in kiwifruit volume is coupled with a change in mix of crop produced. Gold kiwifruit, which is more labour intensive than Green both in its on-orchard management but also more intense at harvest, will account for two-thirds of the industry by 2027. (NZKGI, July 2018)

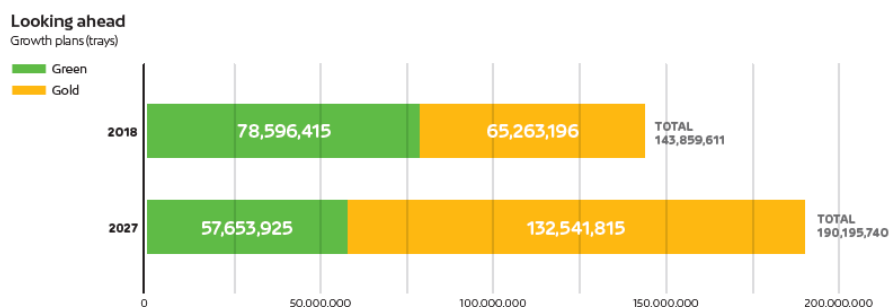


Figure 3 NZKGI – Kiwifruit growth plans (trays)

In order to achieve the predicted growth, the biggest constraint presently is the labour to produce, pick and pack our premium tasting product at its optimum time.

5.3 LABOUR REQUIREMENTS - KIWIFRUIT

In order to produce this volume of kiwifruit, it requires a mixture of labour from permanent full time, long term casual, part time and seasonal workforce.

Producing kiwifruit is labour-intensive, requiring in excess of 1,000 hours per hectare for gold and 760 hours per hectare for green. Picking only accounts for 18% of these on-orchard hours. The remaining labour requirements are spread unevenly throughout the year. In addition, packhouse labour hours are estimated to be 27 trays per person per hour for gold and 33 per person per hour for green.

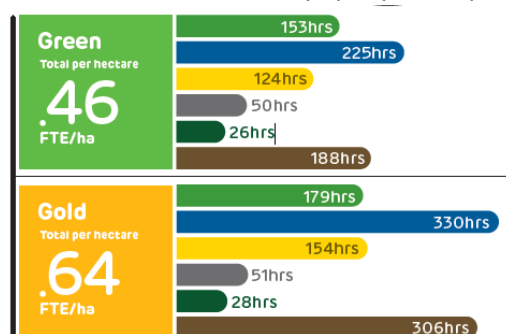


Figure 4 NZKGI – 2017/18 orchard operations Total hours / per task / per hectare

It is estimated that over 15,000 FTE's are required each year to undertake seasonal work. According to the New Zealand Kiwifruit Labour Shortage report prepared by NZKGI the current seasonal labour force in Kiwifruit is made up of:

- New Zealanders (56%)
- RSE workers (17%)
- Working Holiday / Backpackers (22%)
- International students and work visa (2% each)

The labour requirement peaks at harvest time, being March to June where the fruit needs to be picked at its optimum taste and sugar levels in order to reach the offshore consumer, meet their taste preferences but also in order to store at its best to supply the market for an 8-10-month period. NZIER July18 predicts that the peak month labour deficit is 2536 workers (assumes FTE). This labour is made up of both skilled and unskilled tasks on-orchard and packhouse.

It was indicated that for every one million trays of kiwifruit produced this requires an additional 14 fulltime staff, 28 on-orchard staff and 130 post-harvest staff. NZKGI 2016

7,000 additional seasonal workers will be required if the kiwifruit sector is to double in size by 2027 as predicated (NZKGI 2018).

This graph (NZKGI 2018) illustrates the peak labour demands over harvest both current and forecast for 2027.

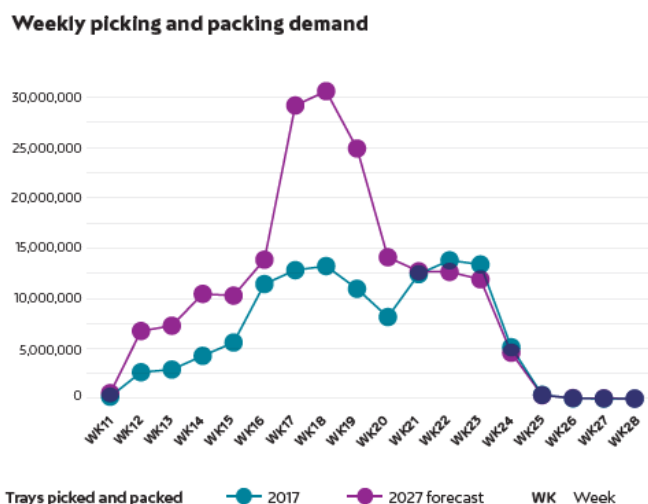


Figure 5 NZKGI – Week picking and packing demand

The harvest seasonal labour shortage that was declared in 2018 was at a time when there were 1,200 vacancies with 70% of the crop yet to be picked and packed. This was made up of about 550 on-orchard vacancies and 660 post-harvest vacancies.

A report by Waikato University Professor Frank Scrimgeour (Frank Scrimgeour, Warren Hughes and Vijay Kumar (2017) The Economic Contribution of Kiwifruit Industry Expansion to the Bay of Plenty, Northland and New Zealand Economies) completed last year said it had 10,762 fulltime equivalent jobs and predicted there would be an additional 14,329 jobs by 2030. In addition to this, in the MPI report, it estimates another 26,300 people will be required to replace natural attrition of workers from the industry.

5.4 OTHER NZ SECTORS

The labour market across all sectors in NZ is tight, most industries are struggling to find skilled and unskilled workers.

NZIER's June 2018 Quarterly Survey of Business Opinion (QSBO) shows a net 30 percent of firms have had difficulty finding unskilled labour.

The construction industry with Christchurch rebuild and the Kiwi build program is creating much higher demand for labour and are less seasonal in their demands.

A 2017 Priority One survey of 335 Western Bay of Plenty businesses (Kiri Gillespie, 2018) found 54 per cent said attracting and retaining staff was a barrier to growth. Forty per cent looked overseas to employ skilled migrants because they could not find staff in the domestic market

Marlborough's ongoing worker shortage has become a "crisis" that can no longer be tackled by businesses on their own. The Marlborough wine industry was expected to need an extra 2000 workers in the next two to three years.

5.5 INTERNATIONAL

New Zealand's horticulture sector reliance on a shrinking labour market is no different to other parts of the world.

Internationally Australia and UK are in a very similar position as NZ where there is a considerable shortage in seasonal workers. They are seeing a move of labour away from agriculture into service sector, coupled with an overall growth in food production industries.

6 WHY IS THERE A SHORTAGE OF LABOUR IN KIWIFRUIT?

The extent of the current labour shortage and labour requirements going forward are significant. But why do we have such a labour shortage problem? I will look at the NZ labour market as a whole and at the kiwifruit sector specific issues.

Ministry of Social Development regional commissioner Mike Bryant said a strong kiwifruit season (for volumes), fewer international students, a bounce-back from the PSA virus and a low unemployment rate in the region had led to the (Labour) shortage.

6.1 NEW ZEALAND LABOUR MARKET AS A WHOLE

6.1.1 Rate of unemployment

The NZ unemployment rate of 4.5% is the lowest since December 2008.

In Informetric figures from March 2018, Tauranga recorded a national low of 4.4% unemployment, compared to the national average of 4.6 per cent.

Northland, Bay of Plenty, Nelson/Marlborough, and Otago regions have seen job vacancies grow twice as fast as employment growth.

Overall, the labour market in the June 2018 quarter remained stable, with the unemployment rate remaining close to the nine-year low (4.4 per cent) seen last quarter. (MBIE)

In this environment, the horticulture and viticulture industry must compete for unskilled workers, especially against the construction, accommodation and food services industries, which have seen annual job growth above 6 percent.

6.1.2 Aging population

As reported in the NZIER report of Horticulture labour supply and demand the ageing population in regional New Zealand is a concern. Given the physically demanding nature of jobs in this industry, the ageing population will mean a reduced supply of people available for this type of work. This is especially noticeable in Nelson-Marlborough, Northland, Hawke's Bay and Bay of Plenty regions. These regions have a median age of over 40 years old, which is higher than the New Zealand median of 37 years.

6.1.3 Labour pool

Technological progress, globalization, demographics and government policies, are all driving the reallocation of employment across sectors of production. An ever-increasing number of workers are moving to the service sector, while the number being employed in agriculture is set to continue its long-term downward trend.

Statistics are showing that the number of overseas working holiday visas being issued by NZ Immigration have continued as in the last 10 years, but as mentioned by Gary Jones of Pipfruit NZ "what is thought to be happening is they are more qualified, coming for shorter times. They don't need fruit picking they can get work anywhere and everywhere." This supports the reallocation of labour away from horticulture.

The horticulture sector is having to compete with other industries and now that pool of labour is no longer coming to the kiwifruit sector. Some of the driving factors behind this include the nature of the seasonal work and the setup of the kiwifruit industry.

6.2 KIWIFRUIT SECTOR

Why is the kiwifruit sector short of labour? As summarised in the NZIER report 2018, This industry suffers from numerous misconceptions

- New Zealand workers are discouraged by the seasonal nature and inconsistency of the work as well as the labour intensiveness of it. They are further discouraged by the sometimes piece-meal and casual nature of employment agreements.*
- The industry is perceived as low-paying. However, horticulture and viticulture workers' average pay per annum is \$40,000, which is higher than the full-time minimum wage (\$32,760 at 40 hours per week).*
- New Zealand workers tend to view working conditions in the horticulture and viticulture industry as not particularly safe. The horticulture and viticulture industry are actually relatively safe, with only 23 health and safety notifications per 100,000 workers in the 2017 year, compared to the national average of 70 per 100,000.*

New Zealand Kiwifruit Labour Shortage report also pointed to what they have called "outdated perceptions" of worker welfare and pay rates as reasons why labour where not coming to kiwifruit.

In the past there has been a high number of international students' visas being issued and these students were able to work a limited number of hours to supplement their studies. Changes in NZQA and Visa entitlements has meant the number of students no longer participating in the seasonal workforce in the BOP and has dropped by approximately 1,000.

In 2016 the kiwifruit industry employed 15% International Students, 60% NZ in a seasonal capacity and 15% of RSE and backpackers 10%. International students now make up only 2% of the seasonal workforce.

6.3 NATURE OF THE WORK

Work in the kiwifruit sector is physically demanding with workers being required to spend long periods of time standing for packhouse work and work on-orchard is physically demanding with heavy picking bags, uneven ground surface and reaching for overhead hanging fruit.

The weather conditions will impact on-orchard and packhouse work considerably, such that no kiwifruit can be picked in wet weather and consequently the flow of fruit through the packhouse will also be impacted by long periods of wet weather. The weather will also impact on how the fruit grows affecting on-orchard work that is required to be done throughout the year and on harvest volumes.

The seasonal nature of the work, being intensive for a relatively short period of time makes the nature of work less desirable or suitable to some of the workforce. New Zealand workers find the inconsistency of the work as well as the labour intensiveness and the payment methods being based on outputs as disincentives. (NZIER 2018)

Perceived low pay rates and poor employee welfare in the kiwifruit sector is something that is of great concern. There is a large amount of negative media covering poor treatment of workers, poor working conditions, lack of respect and in some cases no pay for the work done. Tammy Hill has poised some confronting questions for the industry in her Kellogg's report "Worker welfare in the kiwifruit industry – are workers being cared for? (Tammy Hill, 2018)

The nature of seasonal work creates perceived lack of job security and less attractive working options, hence the numbers of workers coming to the kiwifruit sector are reducing.

First Union general secretary Dennis Maga believed people were looking for job security over seasonal employment and the wages and work conditions were "not attractive".

NZKGI Report also adds that the types of employees the industry attracts with vastly varying efficiency rates is a further challenge complicating the appeal of employment in the kiwifruit industry and thus shortage in supply of labour.

6.4 INDUSTRY SET UP

The kiwifruit industry is made up of 2,500 growers, the demographics of the orchard owners, like the NZ population is aging, 53% of growers are over 60 years old.

The supportive nature of the sector is very high and the way the industry has evolved allowing orchard management and leasing structures to facilitate hands off orcharding, again supporting the aging demographics of the orchard owners.

With the level of external management orchardists' level of hands on day to day operation is lower and therefore their connection to the realities of what is happening with labour and health and safety on orchard is lower.

Similarly, with the use of labour contractors the orchardist has been able to remain removed from day to day labour issues, these sorts of arrangements have contributed to the negative media and poor industry attitudes to employee welfare. Orchardist believe they are paying fair prices for work being done on-orchard but they have a disconnect with what employees are getting, hence minimum wage issues are occurring.

In an unrelated industry, construction, the use of labour contractor and its difficulties were also highlighted recently with Chorus whereby their sub-contractors were not paying minimum wage and exploiting their employees.

The introduction of GRASP has brought this to the front of mind in ensuring compliance with worker health, safety, welfare and all labour standards are adhered to.

As an industry Kiwifruit will be measured by the lowest denominator it is therefore the responsibility of every industry participant to work together to support, train and hold accountable their actions.

The work conditions, reputation and nature of seasonal work are all factors contributing to the shortage of labour in kiwifruit. The growing fruit volume and a change in the mix of fruit between green and gold kiwifruit will compound this shortage.

As part of my survey the respondents had a range of reasons as to why there was not sufficient staff in the sector;

- *Irregular hours*
- *Hard work*
- *Low unemployment*
- *Backpackers working in other sectors*
- *Increased demand with more gold fruit planting*
- *Student visa decrease*
- *Unemployment low and those left don't want to do the work*
- *Lack of accommodation available*
- *Incorrect messaging around treatment and wages*
- *Travel costs and lack of travel allowances*
- *In down months workers go and find other work and never return to the sector*

7 HOW CAN THE KIWIFRUIT SECTOR ADDRESS THE LABOUR SHORTAGE?

The third element now that we have a picture of "what" and "why" there is a labour shortage problem is to consider how we overcome these reasons in order to secure labour for the kiwifruit sector.

There are numerous sources of labour for our NZ Seasonal workforce, first and foremost we must look to employ, train and develop our people, "NZ's first".

Other sources covered below include Not in Education, Employment or Training (NEET), Unemployed, Underemployed, Students, working holidays, International, School age Parents, older workers, labour from other sectors and what would need to be done to tap into these pools.

I also consider how we can address the 'why' problems and group these considerations as follows;

1. Labour sources,
2. Pay and conditions,
3. Utilisation,
4. Accommodation and Transport,
5. Migrant workers,
6. Long-term, and
7. Compliance.

7.1 SOURCES OF LABOUR

In order for the kiwifruit sector to address its seasonal labour shortage a real focus on different sources of labour will be required. Currently the seasonal labour workforce is made up of the following (Source Kiwifruit labour shortage NZKGI)

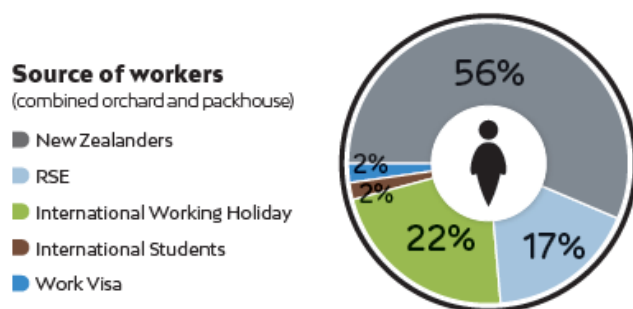


Figure 6 NZKGI – Source of seasonal workers

7.1.1 NEETS

One pool of people who present a real opportunity are those classified as Not in Education, Employment or Training, otherwise known as NEETs. While the level of unemployment overall is dropping, there has been an increase of those aged between 15 and 24 in this NEET category. The proportion of these NEETs increased to 12.4% at the end of March 2018. Just over 600,000 of our population are within this age bracket, so there are just under 75,000 NEETs in New Zealand. (Orchardist June 2018)

7.1.2 Unemployed

There are a number of schemes that are in place across the country to attract the unemployed into the workforce.

- *Minister for Social Development Carmel Sepuloni and Minister of Employment Willie Jackson launched the Work the Seasons website in Pukekohe. The website is designed to make it easier for seasonal workers to find the job they need and for employers to find the right person.*
- *The 'Pipeline' programme places people into work in the orchards. Funded by the Ministry for Social Development (MSD), this project focusses on identifying unemployed people and assisting them into permanent work in the industry. Potential workers are pre-screened for suitability by the project coordinator, Ian Fryer, then provided with training and pastoral care and placed with an employer in a permanent role. The project has been very successful with 65% of workers under the project remaining in full-time work.*
- *Seasonal Work Assistance*
Assistance for seasonal workers who are no longer getting a benefit and have lost wages because of work missed due to bad weather.
- *The range of projects undertaken by the sector in partnership with MSD can be seen in Appendix 1*

The number of unemployed in the BOP were 12,500 with a large proportion of these people not considered to be work ready. Work is already being done about assessing and matching the work ready people with the available work positions. Considerations include the nature of the work, the distance to work and the inconsistent nature of pay. There are numerous difficulties this group of labour may be facing in trying to become self-sufficient such as lack of work experience, qualifications, and self-confidence, childcare, also transport issues and availability of reliable drivers.

However, to put the numbers into perspective at the time the labour shortage was declared, needing 1200 workers Ministry of Social Development regional commissioner Mike Bryant said 80-100 workers from Western Bay Work and Income sites were available to meet the labour shortage.

The sector does work closely with the Ministry of Social Development (MSD) in assisting with the transitioning of beneficiaries into the workforce. There have been concerns about this pool of labour, the NZIER report highlights that "Growers say they find this difficult due to inconsistent work habits, failure to pass drug tests and the low productivity of some of these workers. Absenteeism and low productivity have serious implications for cost covering and reliability to get the work done.

7.1.3 Underemployed

The changing population of NZ has meant there is a larger pool of people at retirement age. 86% of Kiwifruit is grown within the Bay of Plenty region, as such there would be very few long-term residents that have not been touched by the industry in their past. If we could address the physically demanding nature of the work coupled with offering a variety of working shifts the retiree pool of labour could provide a consistent, reliable and engaged workforce for a short period of time.

7.1.4 Students

The Bay of Plenty region is a growing region as a base for tertiary study. The University of Waikato campus is currently being established, the Toi-Ohomai Institute of Technology has campus's in Tauranga, Rotorua, Taupo, Whakatane and Tokoroa. The industry should work with the education providers to plan their trimesters such that study breaks coincide with pick and pack season. This would be an additional pool of labour. In addition to this, students are also available for weekend and possibly night shift work during peak season. To do this, promotion would be needed in the right social media and employers would need to offer fixed term contracts in order to address the inconsistent hours and variability in pay.

Based on an informal conversation with Toi-Ohomai this alignment of study break was a real option.

7.1.5 Working Holidays

Working holiday workers make up 22% of the Bay of Plenty seasonal labour force. They are productive; however, they have a high turnover. Working holiday workers work on average 6 weeks per year compared to 18 weeks per year for the average seasonal worker.

The number of working holiday visas issued by immigration has not reduced, given the fall in numbers working in kiwifruit these workers are looking elsewhere for holiday employment.

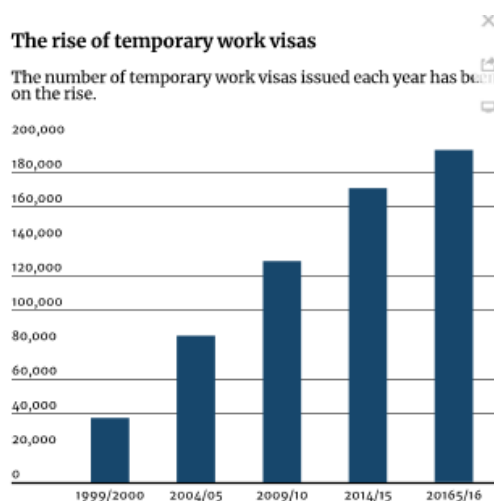


Figure 7 Temporary work visas issued

This group of employees are very transient by nature. The challenge is therefore to attract them to kiwifruit firstly and then to keep them here for the whole peak season.

In addition to harvest much of the on-orchard work over the spring and summer months and is very well suited to this pool of people as the work is not physically demanding, it is out in the sunshine and doesn't require a built-up level of skills.

Given their level of connection and transient in their working commitments this group is very heavily influenced by social media, bad news travels very fast and to a huge group of people. It is our responsibility to ensure good news is spread equally as fast and the bad news stories are stamped out of the industry.

7.1.6 International

The number of international students has dramatically reduced in the kiwifruit sector.

The 2013 changes that allowed international students to work during all course breaks, rather than only during the summer, had a significant impact on the horticulture and viticulture industry and saw a tripling in the number of international student workers employed.

The number of international students now working in kiwifruit has dramatically fallen, this is considered to be as a result of education providers closing in the BOP.

Although the education providers and the student scheme were not being used as intended it does indicate a very large desire from the international community to come and work in NZ for fixed periods of time.

Other international workers are people already in New Zealand on a student or visitor visa who apply for a Supplementary Seasonal Employment (SSE) visa to do seasonal work in the horticulture or viticulture industries.

7.1.7 School age Parents

Available in the Bay of Plenty is a large pool of parents of school age children. This group are reliable, consistent and good working. They have childcare responsibilities and therefore need work shifts that can facilitate this.

There are examples of work gangs that have been set up to allow this shift. The school hour shift would be supplementary to the full day shifts. Again, fixed term employment agreements or similar would be needed to address inconsistency of work hours. For example, a fixed term guaranteed hours repacking work shift could be used so School age parents would work every day for fewer hours as opposed to adhoc full day shifts. Hence providing consistency in work hours for staff but also consistency of work output for packhouses.

My survey results show that 87% of respondents were in favour of a school hour work shift, some of the supporting comments made were that "every hour worked in one less hour for me", "would be a good extra shift during harvest, gets bins picked then afternoon to collect bins", "would work for bud thinning and summer work".

7.1.8 Other sectors

There is an increasing number of seasonal workers now moving outside of the kiwifruit sector. This could be a result of a number of reasons such as more consistent work hours, work for both husband and wife, greater training and longer work prospects and less physically demanding work.

It is therefore up to the industry to promote the kiwifruit work that can be all year-round work such as, picking, pruning, bud and fruit thinning, canopy work much of this work is less physically demanding, the work conditions are outdoors in the fresh air.

7.2 PAY AND CONDITIONS

One of the biggest and most frequently commented on aspect of kiwifruit seasonal work is that pay and work conditions are poor.

Here I will discuss employment conditions, (the theory and flexibility). I will then look at Pay (current, piecemeal, incentives, allowances and increases). I will also look at employment agreements terms.

There is much to be said about pay rates and employee conditions. I have to acknowledge the industry has a long way to go in becoming an "employer of choice". Industry participants need to be bold and take responsibility for "doing the right thing because it is the right thing" (Ian Proudfoot). The shortage of labour will not change if the industry attitudes, culture and conditions do not change.

7.2.1 Employment Conditions

Terms of employment are conditions that an employer and employee agree upon for a job. Terms of employment include an employee's job responsibilities, work days, hours, breaks, dress code, leave and sick days, pay and more.

Some of the employment conditions that need to be addressed are the

- *Notification periods of work available*
- *Employment agreements - lack of, casual*
- *Lack of flexibility in contracts*
- *Travel allowances*
- *Minimum wages*
- *Inconsistency of hours*
- *Continuation of employment*
- *Working conditions*

Employees are also contributing to the problems in reputation where by employees are turning up one day and not the next, come for one week and not the next, part days, getting trained and get equipment and then not turning up for work.

There is considerable theory as to what workers need in order to perform, what motivates them to be engaged in the work place and drives their job satisfaction. Many of the employment conditions that are mentioned above come back to the core human needs as described by Abraham Maslow in his 1943 paper "A Theory of Human Motivation"

Maslow's hierarchy of needs is a motivational theory in psychology comprising a five-tier model of human needs, often depicted as hierarchical levels within a pyramid. Needs lower down in the hierarchy must be satisfied before individuals can attend to needs higher up.

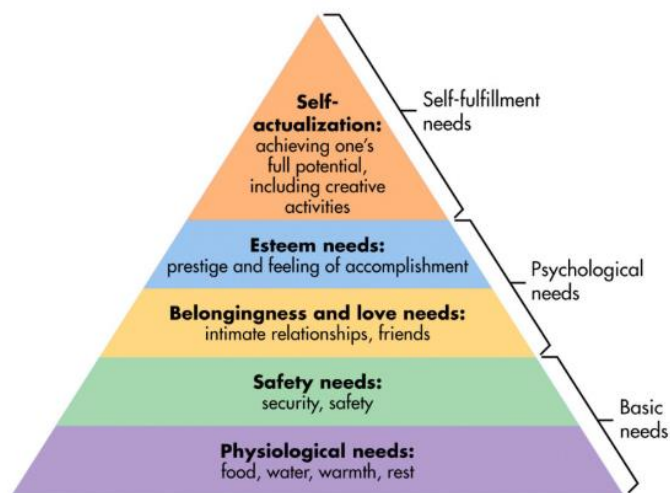


Figure 8 Maslow's hierarchy of needs

Based on this theory employment conditions are at the core of every human and need to fulfilled in everything we do in order to move up the pyramid.

Many of the on-orchard working conditions are not sufficient, there can be poor availability of clean drinking water, impractical distances to bathroom facilities, waiting times before work commencement and changes between orchards, also notification times of work being available or required very short and not reasonable.

Employers and importantly labour contractors need to walk a mile in the employee's shoes to appreciate the impact of having and not having these facilities available.

Refer Appendix 2 to summary details of employee rights in NZ - MBEI

All employees are entitled to these and further rights under NZ Law, it is essential that the whole industry operates at least at this minimum standard. As an industry we are judged and assessed by potential employees by the worst-case scenario.

Rest break and meal breaks are minimum employee rights, employers need to ensure they are being observed for their workers, these are in place to look after employee's wellbeing, basic needs.

There are some great examples of employers and employees working together to look after physical health, as part of the RSE conference site tour I watched as staff stopped working and together in a big circle, they all stretched and moved to ease muscles. The session was run by a fellow workmate, each session is led by different employees giving them opportunities and fostering new skills.

7.2.2 Flexible working conditions

Employees in today's workforce require different working conditions and flexibility around work arrangements. The consideration of this flexibility will contribute to changing the reputation and hence attracting greater numbers of seasonal workers.

Flexible working, flexible hours, job sharing, flexible time off are all possible conditions being sort by employees. Employers need to consider how they can accommodate such requests.

Definition of flexible working. Flexible working gives employees flexibility on how long, where and when they work. (MBIE).

Flexibility in the workplace allows employers and employees to decide about working conditions that suit them. This helps employees maintain a work / life balance and can help employers improve the productivity and efficiency of their business.

There are many examples of how flexibility could look; Flexible hours (compressed, annual and staggered), employees work the same hours over fewer days. With annual hours contracts, employers and employees agree they will work a given number of hours during the year, but the pattern of work can vary from week to week. Staggered hours contracts let employees start and finish work at different times. Job sharing - This is where one job is shared between two people. They might work alternate days, half weeks or alternate weeks, or one might work in the morning and one in the afternoon. Flexible time off - allowing employees to take time off at their choosing as a result of working and accruing banked hours.

An example of flexibility is in the Pip fruit sector they consider - Family friendly/flexible roster/ school hours shift/ split shift initiatives to accommodate parents of school aged children/ appeal to locals who are unable to work a full week – job sharing and reduced hours. (NZIER, June 2018)

Flexible working can have a number of business benefits

- *Flexible working patterns may attract employees to your company. Having a flexible approach will also help you retain existing staff.*
- *It can help to reduce employee turnover.*
- *Improve likelihood workers will return next season.*
- *It may boost employee morale and commitment.*
- *The introduction of more flexible working arrangements can also reduce absenteeism.*
- *It has also been proven that flexible working provisions can lead to noticeable improvements in employee productivity.*

7.2.3 Pay

New Zealand Kiwifruit Growers chief Executive Nikki Johnson said pickers could expect to be paid on average \$21 an hour, which was more than in previous years.

Even though kiwifruit seasonal work is not the highest paid, on average, most workers are paid above the minimum wage. There is also a significant wage premium for picking. This is one task where there is a large shortage of workers.

As part of the NZKGI report the average pay rates for workers in the kiwifruit sector were as follows;

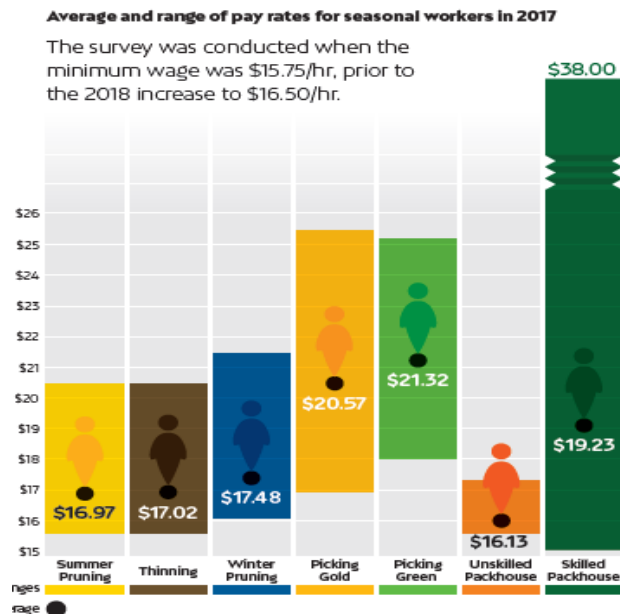


Figure 9 NZKGI – Average pay rates

"More physically demanding areas of the kiwifruit industry, such as picking and pruning, are paid more than the less physically demanding areas such as packing kiwifruit," Nikki Johnson said.

In Patrick O'Sullivan's Herald focus report RSE seasonal workers are earning between \$800 - \$1000 per week.

In context the average weekly wage after tax are as follows;

Minimum wage \$564 per week

Living wage \$695 per week

Average wage \$780 per week

Seasonal wages best \$800- \$1000 per week

Seasonal wage average \$600 - \$700 per week

This would indicate for those that are working efficiently in the sector there is above average wages to be earned.

7.2.3.1 Piece-meal rates

Piece-meal rates are when the employee is paid by bay, square metre or by bin, any unit of measure based on output.

The use of piece-meal rates is to drive performance and productivity, it allows for employee to work hard and be well rewarded financially. However, there are some complications with this form or payment in that the level of transparency for employees is not great, ensuring each employee is getting at least minimum wages is complicated and the provision of paid rest breaks are more difficult. Payments on piece-meal rates also do not take into consideration any down time for change of orchards, or fruit drying times.

There are alternatives to Piece meal rate payments that are advantageous for both employee and employer. That is payment on an hourly rate plus financial incentives based on performance and efficiency.

7.2.3.2 Hourly rates

Hourly rates can be determined in a number of ways, I do believe there should be some step increases in hourly rates to reflect experience and skill plus any additional responsibly. Thus, providing incentives for employee to return, develop, build and demonstrate their skills. Seasonal hourly rates in kiwifruit do need to be relative to the competition in the market place, this being other orchards, packhouses but also other sectors in the region and other regions, i.e. apples, construction.

7.2.3.3 Financial incentives

Financial bonuses are a means for incentivising quality and productivity from the employees. For the incentives to be effective they need to be known up front, with clear calculations and be achievable. For example, completion of agreed number of bins per day, pruned agreed number of hectares, job completed by certain date.

7.2.3.4 Employee allowances

Allowances as recognition of the employee's opportunity cost of being committed and/or available for kiwifruit seasonal work. Availability allowance, travel allowance and waiting allowances are all situations where the employee is required to be available for work, committed their resource to being available for work but is not able to work. Having these situations covered by a reasonable compensation would address the concerns around unfair conditions and impact on minimum wage - across available hours.

Payment of wages to employees is of vital importance and the consistency of pay week on week is something that is difficult for seasonal workers. Later I discuss the use of alternative employment agreements with guarantee minimum hours as a means to help overcome this inconsistency. Employers can offer base hours with opportunities for additional hours with additional financial incentives. Pay must be able to be anticipated, paid correctly, and on time.

7.2.3.5 Responsiveness to wage increases

An appendix was created for NZIER's Horticulture and viticulture labour market forecasts 2016 report. What this showed was that horticulture and viticulture workers appear to be relatively unresponsive to wages, in other words, the supply of labour is inelastic (an increase in wages will result in a proportionately smaller increase in labour supplied).

NZIER estimated the wage elasticity to be 0.15, which means that a 10 percent increase in wages results in a 1.5 percent increase in labour supplied.

The RSE Grower Survey found that competitive pay was important for attracting staff, particularly among New Zealand permanent and casual workers, which suggests there will be some amount of supply response to wage changes.

7.2.3.6 Pro - for pay increases

Union representatives believe the availability of RSE labour pool is keeping the wages down. The scheme provides an additional source of labour at minimum wage instead of increasing wages and improving conditions. They believe that a competitive market is needed to have decent increases to attract locals. "Free market ideology says 'put the wages up and the people will come'.

Increases in take home pay can be achieved in other ways than base rate increases that are a

- reward for effort - incentives and reward for performance work

- *reward for skills and years of experience - pay rates to be scaled to reward repeat experienced workers*

7.2.3.7 Cons - for pay increases

As noted in the NZIER report the evidence suggests the seasonal labour responsiveness to wage increases is low, little impact on the supply of seasonal labour

Higher wages had resulted in workers only working 4 days to get the money they require and not the other 2 days' work which is needed, more money driving fewer working hours.

Working holiday workers especially get enough money for a long weekend of travel then return and go up a different driveway for more work than do the same, as a consequence

- *Less hours are being worked*
- *Less consistency of workers*
- *Increased training*

7.2.3.8 Summary on pay

There are both positives and negative to pay rate increases. I believe there needs to be a link between efficiency and worker returns - i.e. incentives versus blanket pay rate increases for little productive changes. Transparency of pay, calculations, and payments on time are minimum standards that must be adhered to.

Encouraging workers to return though paying a clear payment structure so they know what they will be getting, recognition for those with greater experience and skill and how employees can positively influence pay through bonuses, facilitate a positive working environment.

There is currently a very wide range of pay mechanisms for contractors and employees. In order to address the inconsistency and lack of transparency of pay rates for staff there needs to be a correlation between how the contractors are being paid and how his/her employees are being paid. For example, payment by hectare vs employees paid per square metre. Acknowledge that experienced staff should have differing hourly rates to unskilled staff and incentives for higher than expected output.

For consistency and transparency all jobs should be on an hourly basis with incentive bonuses for work completed on time and to a high quality. My survey participants also noted this as suggestion as to how to improve pay.

7.2.4 Employee Welfare

The kiwifruit sector has a reputation of poor employee welfare. Employee welfare is about fairness, respect, safety and encouragement. It is about providing services, facilities and benefits for the comfort of the employee over and above wages paid. This is about how employees are being treated and how they feel as equal and fellow human beings.

This is a topic I have not reviewed in detail here and would be whole research topic in its own right.

In 2017 53% of employers audited in the horticulture sector did not meet minimum employment standards. (Labour Inspectorate)

Sufficient seasonal and long-term employees are not the only issues as a result of poor employee welfare, the global consumer is becoming more aware of poor labour practises in their food production and will restrict market access of products on that basis.

Fear of being blacklisted by UK and European supermarkets is behind a primary industries exporter drive to stamp out labour abuses in orchards.

Investigations by the Labour Inspectorate in the Ministry of Business, Innovation and Employment (MBIE) has revealed exploitation of migrant workers, who are sometimes paid less than minimum wage.

Supermarkets in Britain and Germany are saying enough is enough, and driven by domestic law such as the British Modern Slavery Act and concerned customers, they are ditching suppliers which cannot prove they are exploitation-free.

7.3 EMPLOYMENT AGREEMENTS

Kiwifruit pickers and packers are generally on casual contracts, meaning they do not get paid when work stops. Their income is hampered by wet weather and during other hold ups in the supply chain. There are a number of different types of employees, these range from permanent, fixed term, part time, seasonal and casual. Refer Appendix 3 for key points in each type of employee.

There are a few points that employers need to be aware of and some possible alternatives are could help to address some of the concerns and drivers to poor reputation of the kiwifruit seasonal labour.

Employers should be careful as some employees who are described as 'casual' are in fact part-time employees with a clear work pattern. It's also possible for an employee to start out as casual but become a part-time permanent employee. Once there is a shift to part-time permanent employees the will be impacts on pay, leave and wider employment considerations.

Employers sharing in the risk of non-continuous working conditions, hence offering workers guaranteed hours on permanent or fixed term contracts. There is considerable risk for employers where weather related events will impact on wages and output however knowledge of working hours and pay does provide a much more attractive offering for employees. Employers could consider core base hours and pay with contracted pay incentives to cover output risks and overtime rates.

Casual employment agreements can and should still be used where the employee has no guaranteed hours of work, no regular pattern of work, and no ongoing expectation of employment.

Overtime - an option to incentivise and retain employees to complete a task could be to pay overtime, where an employee is paid an additional \$0.50 per hour over their agreed minimum number of weekly/fortnightly hours.

Minimum hours - in an attempt to create more consistency in working hours employers could offer guaranteed minimum hours for employees. There will be additional costs to employers as a result, particularly where unfavourable weather conditions, however this does secure labour supply when its needed.

Availability - the payment of an allowance to compensate employees for being available for work when it is required is a fair result considering they will not go and get alternative employment whilst available.

Pay averaging - in terms of creating consistency in income employers could look to do pay averaging across a pay period whereby under or over hours in a pay period are averaged. Consideration will always need to be given to ensuring minimum wage requirements are being met for actual hours worked.

Employee entitlements - as an employer it is vital to be aware of what type of employee you have - not only by way of contract but also by way of regular pattern of work. All having impacts on the legislative requirements of pay and entitlements.

Employers need to consider how they are more fairly able to engage with their employees such that they are fairly rewarded for their commitment to work, being available and also for additional effort and output.

There will be an element of additional costs for employers however the benefit is a more consistent and adequate supply of workforce to produce a quality crop.

7.4 LABOUR UTILISATION

Seasonal Labour utilisation is a virtual part of the solution to address the seasonal labour shortages.

I have discussed a number of different sources of labour and challenges of and what would need to be done to tap into these pools but a further element is to ensure we are utilising our labour pool to the best of our advantage.

Some ideas include labour coordination, efficiency, labour cooperation, and attraction.

Through my survey information the respondents rated how efficiently they thought the current labour resources were being utilised? The average score on a scale of 1 - 5 (5 being highly utilised) was 2.8 (4 =2, 3=3 1=5), thus supporting the fact there is room for improvement.

7.4.1 Labour coordination

As a grower and consultant Tim Egan (Tipu Gisborne) has for years been aware of the two-edged problem of producers not being able to get enough staff in the busy season, and there not being enough work for local workers in the down times. Together he has put in place a labour co-ordinator role with the Tipu Scheme.

Rawinia Parata has been appointed as Tipu co-ordinator. Parata's role is a partnership between Gisborne growers, the Ministry of Social Development (MSD) and Horticulture New Zealand, with supporting organisations like the Industry Training Organisation and the Eastern Institute of Technology.

The labour coordinator is a resourced role that becomes a central point for employers and employees. It becomes a coordination of the labour requirements and distributes the necessary labour all around the region to meet the requirements.

In Gisborne this has also involved the development of training requirements, equipment needs, skills requirements as well as 'work ready' and pastoral care program.

BOP Labour Governance group has set up a Labour Utilisation Group where the role of a labour coordinator has been discussed. The aims of the role include;

- *Be a central collection point to coordinate worker availability and work placement*
- *Benchmark and coordinate with other similar roles and incentives within NZ*
- *Connect the Kiwifruit industry with other industries in labour coordination and work placement*
- *Create seamless pathways for people and identify individuals for permanent placement*

The coordination role is about moving available resources where they are next needed, enabling year-round employment opportunities, development of skills and knowledge. This will require all parts of the industry coming together to support and facilitate such a coordination role, it will require less competitive behaviour amongst orchardists and post-harvest operators.

“A co-ordinated approach that offers year-round employment means a worker can go from being, a novice pruner to a specialist, and as long as they continue to be engaged and reliable, that makes them an asset to the industry” Rawinia Parata (Kristine Walsh (2017)

Wineworks group human resources manager Sue Whiteley believed an integrated multi-industry; multi-disciplinary approach was needed to deal with the worker shortage.

Similarly, in the Horowhenua where strawberries and asparagus crops are being co planted in order to secure staff for a longer period of time. By planting 1.1ha of strawberries in tunnels, our strawberry season will run from September/October through to May – allowing us to hold onto core staff for 9-12 months of the year."

Labour coordination provides employee with consistency of work over time, improved knowledge and skills and provides employers with certainty of availability and development of knowledge and skills.

7.4.2 Efficient use

The efficiency of labour is both about employees' attitudes but also it is up to employers to facilitate efficient use of their limited labour resource. It is well documented as to the advantages of efficient labour around productivity, engagement, process improvements, less supervision.

In order to facilitate labour efficiency, the key elements to consider are;

- *Wages and incentives,*
- *conditions,*
- *training,*
- *tools and*
- *work environment.*

To cover these items in more detail: -

- *Income and Standard of Living: There is much discussion about pay rates, but there is no escaping that the income of a worker is an important determination of his efficiency and the standard of living is determined by one's income. If a person's income is not sufficient for*

getting food, clothing, shelter and some entertainment, his productive capacity is bound to suffer.

Theory also supports regular payment of wages on a due date also increases efficiency of labour because workers adjust their budgets accordingly. Where payments and amounts are inconsistent and irregular, they are not able to devote themselves whole heartedly to their work which reduces their efficiency.

Provide reasonable wages and guaranteed minimum hours

- *Motivation and Incentives: Efficiency of labour can be increased if the worker has prospects of promotion, honour and reward.*

It is also possible to raise productivity by motivating the workers properly. By introducing various incentive and bonus schemes it is possible to relate monetary reward more closely to effort. This is often used as a means of stimulating output.

Provide financial incentives related to effort

- *Working Conditions: The efficiency of a labourer depends on the environment in which he works. A positive friendly and encouraging team and workplace will encourage great employee effort. Positive employer-employee relations will also go a long way towards increasing the productivity of a worker. This is about creating a relationship with employees, getting to know them, talking with them and acknowledging their great work, long hours, difficult conditions and appreciate what they are doing. Staff management, a tidy orchard and canopy and picking incentives can be useful tools to increase picker performance.*

Provide a friendly and encouraging workplace, connect with employees

- *General and Technical Education: The efficiency of a labourer depends on his level of training. General education broadens a labourer's angle of vision and makes him more intelligent. Providing timely and appropriate training to employees both on the job but also to supplement their broader knowledge and context of their work will enhance employee's engagement and efficiency.*

Provide ongoing training, broad and specific

- *Tools: The efficiency of employees will increase if the tools are of good quality, better equipment and raw materials increase output per man hour.*

Employer effort and commitment to employees is required and an essential element to getting the greatest utilisation of the available labour workforce and getting seasonal workers returning.

7.4.3 Labour Cooperation

As discussed in the NZIER report a solution to seasonal labour shortage might be "improving the communication between growers, which might smooth out some of the seasonal peaks by being able to offer more permanent positions."

Growers working together to provide longer term work. Staff are employed directly and neighbouring orchards are sharing the labour to keep sufficient work to enable year-round employment.

The impact of this is greater employee engagement as they know they have all year-round employment, there is consistency in that they know what is required for each orchardist, there is repeat work year on year so the level of relearning is eliminated and also provides great scope for additional training.

From the employer's perspective there is certainty in staff, consistency in work performed and reward for training, support and flexibility. With shared resources it also reduces the financial burden of full-time employment where there is insufficient work year-round on one orchard.

There is work all year round in the kiwifruit sector we need to be smarter around utilising the people we have over all the seasons in growing fruit. This is where cooperation between growers and the use of labour coordination will ensure that down times are smoothed out across crops. Still acknowledging that the peak of seasonal labour requirements is at harvest and this level of staff numbers are not required year-round.

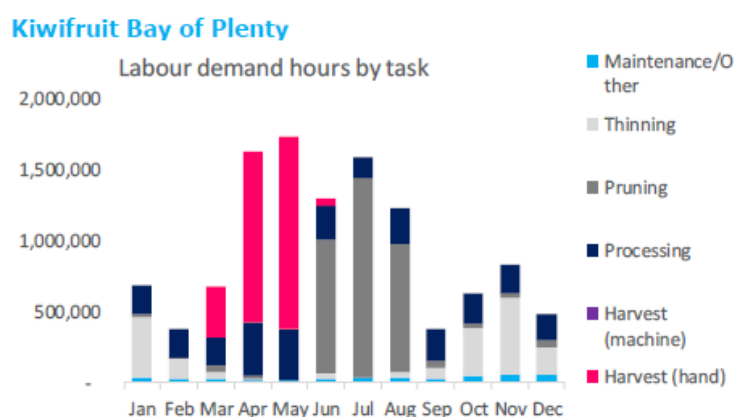


Figure 10 NZIER – Labour demand hours by task

7.4.4 Attraction

Seasonal work is a great way to gain experience, meet new people and earn some good money. It's perfect for people getting back into the workforce or anyone looking for flexible hours. There are a range of skilled and unskilled jobs that could lead to permanent work further down the line.

Getting the knowledge and profile of the kiwifruit sector out into the market place is of huge importance to the kiwifruit industry. The reputation and perceptions of kiwifruit seasonal work is out of date, communications direct with target labour market is required to change these perceptions.

An industry wide coordinated attraction strategy so marketing and communication efforts are specific, speaking the right language and providing enough of the right information.

Communication mediums have changed and the world is a much smaller place now, with social media news travel fast, especially bad news, shared great experiences are important.

The BOP Labour Utilisation Group (LUG) is currently working on an Attraction Strategy. It is considered that the attraction strategy would be industry led marketing to the target market, it would provide certainty around the workers required, share good news stories, demonstrate

flexibility in work hours and conditions and also connections with accommodation and transport options.

It would be important to include real data around money to be earned and future or ongoing seasonal work outside of harvest time as well as promoting Bay of Plenty as a destination.

The LUG is already considering the preparation of Information packs to support the smooth transition into the country and the workplace - covering accommodation, facilities, expectations of what's available on orchard, expected pay, who to contact, transport options.

Alternative programs such as childcare/training/job facilitation package could also be considered.

Every business in the region has to participate and collaborate, possibly on a national advertising campaign. Promotion of the region and all it has to offer including "Health, education, restaurants, performing arts are the sort of things that people look for.

For many people seeking full-time work, the kiwifruit industry does not appeal because full-time work is not available all year.

"It's certainly not something that we expect New Zealanders to come in and work in the industry for six weeks and then have to go and find another job, so we need to get better at presenting them with a more long-term proposition."

As we have seen in the Figure 10 there is work all year round, employers need to consider permanent seasonal employment contracts, fixed term contracts or using labour coordination across regions and sectors.

7.5 ACCOMMODATION AND TRANSPORT

"If those on the minimum wage are taking home \$564 a week and housing costs are \$350-\$400 a week, that doesn't leave much for other living expenses," said Anne Hill, Priority One.

She also said the housing market had a considerable impact on the labour shortage in the kiwifruit industry.

The availability of affordable and adequate accommodation is an issue for the BOP region similar to other horticulture regions, is making it more difficult to attract seasonal labour.

Kate Waterhouse, Tony Clow (2016) accommodation report prepared for Western BOP in 2016 found that the total available beds accounted for only 55% of the peak number of seasonal workers.

Kiwifruit growers are starting to provide accommodation for workers themselves. There are currently 2,096 beds available for seasonal workers in the BOP. (NZKGI, July 2018)

Kiwifruit businesses are looking to provide a further 1,416 beds for their workers before 2024.

"According to the WBOP report, employers in the industry are looking at building or converting existing buildings to house workers, particularly seasonal workers, but the cost of consents has left some struggling." The Western BOP Council and Kiwifruit industry have and will continue to work together to resolve ongoing concerns.

It needs to be a balance in industry spending the capital to establish quality accommodation to support the workforce versus prohibitive consents and hurdles. Additionally, certainty round RSE numbers and occupational levels for the accommodation to support the capital outlay.

Available good quality accommodation very much supports the attraction of greater numbers of seasonal workers. It goes to the heart of Maslow's basic and physiological needs, of warmth rest safety and friendship. But also addresses the standard of living for employees and thus aids in efficiency (as discussed under Utilisation, Efficient use).

7.5.1 Transport

Finding reliable transport and reliable drivers is a barrier in getting labour to where it is needed. Kiwifruit is grown all over the Bay of Plenty with transport needed on a daily basis. The majority of horticulture and viticulture growers are typically located away from where workers reside.

Lack of driver licences also makes employment difficult, especially when trying to hire New Zealanders on a jobseeker benefit. NZIER report states that Forty-eight percent of 18- to 24-year-olds on a jobseeker benefit do not have a driver license.

In addition to the driver's licence problems are the challenges of road safety and lack of experience in driving in NZ road conditions.

Taking these factors together with the number of working holiday workers, migrant and international workers shows the absolute need to address transportation issues in attracting seasonal labour.

The impact of weather on the ability to work means that workers are expected to come to work only to go home again in a matter of hours due to rain. Workers are also expected to transfer between orchards during harvest to be picking fruit at its most optimal time, often this travel between orchards is at the workers cost both in travel and time. Industry should review the way travel is reimbursed by offering travel allowances to cover both time and distance.

7.6 MIGRANT WORKERS

The Recognised Seasonal Employer (RSE) scheme came into effect in April 2007. The policy allows the horticulture and viticulture industries to recruit workers from the Pacific Islands for seasonal work when there are not enough New Zealand workers.

There is an administrative limit or cap on the number of RSE places that can be taken up in any one year, December 2017 the cap was 11,100. RSE may only recruit workers under RSE policy from the eligible Pacific countries.

The RSE scheme ensures that pastoral care, accommodation, transport and appropriate wages are all provided to the Pacific island workers. The RSE employees are able to stay for 7 months and must be home in the Pacific for at least 4 months, workers are allowed and is most often the case, return year after year.

The kiwifruit industry has been able to participate in the Recognised Employers Scheme through Immigration NZ.

Many of the positive impacts on employers and the sector from participating the scheme included;

- *A more stable seasonal workforce*
- *Better quality and more productive workers*
- *The ability to employ more permanent NZ workers in addition to RSE*
- *Reduced training costs*
- *Reduced recruitment costs*
- *very positive, great attitude, they're a pleasure to work with*

Some of the risks

- *Migrant worker exploitation*
- *RSE indenture to employer*
- *Not sufficient churn in return workers to share the benefits of the scheme widely in the islands*
- *Conditions and benefits provided to RSE workers and not to NZ workers*
- *Increases supply of lower cost labour holding pay rates down for NZ workers*

RSE Conference, Richard Bedford

From Michael Clemans (2017) report "The Effect of Occupational Visas on Native Employment: Evidence from Labour Supply to Farm Jobs in the Great Recession", he summaries that "Immigration policy frequently admits foreign workers to do specific jobs, and their effects of native employment depends critically on native workers' interest in doing those jobs", he goes further to say "These imply that the effect of these occupation specific visas for Mexican workers on U.S. employment was close to zero within farm work."

This report indicates that the use of migrant seasonal worker in New Zealand is not displacing local workers from those same jobs.

From my survey of growers and contractors there were not current RSE employers, they were either not aware of the scheme or found the process too difficult, however the perceived need and value of the RSE program was well understood.

There are other immigration options for workers coming into NZ. Consideration should be given to the flexibility and simplification in the essential skills visa category to make it easier for employers to fill the labour gaps.

Internationally Australia and UK are in a very similar position as NZ where there is are considerable shortages in seasonal workers. The similar problems of the nature of work, in perceptions around pay and conditions, the move of labour away from agriculture into service sector and the overall growth in food production. Both Australia and UK have seasonal labour immigration policies and consequently the international workforce is providing consistent, reliable and stable seasonal workforce.

7.7 LONGER TERM LABOUR SUPPLY

The horticulture sector as a whole is working hard to development programmes to encourage workforce retention and transition to full-time roles. There is considerable work being done on up to date training programs that fit with employment demands and future workforce demands.

There are global trends of human capital movement away from agriculture and food production as a whole. Global efforts are required to change these trends, focus on people capability and long-term fulfilling careers in primary sector, and most importantly Kiwifruit.

The demographics of kiwifruit orchard owners is well into their 60's, succession in orchard ownership will become a pressing issue. The structure of the sector currently facilitates a degree of hand off orcharding. The development, training and attracting of the next generation will be key to support this structure and making any changes to meet future needs.

Meeting future demands will require developing future leaders who will champion horticulture. As the sophistication of horticulture grows, this requires investing in science, technology, engineering and math and then attracting the best and brightest to become the next generation of horticultural innovators.

One of the reasons for the labour shortage in the kiwifruit sector has been the perceived lack of career opportunities, a perception it was a low-skilled job with little opportunity for career advancement.

In order to attract and retain good people to the sector clear training and career pathways need to be mapped out and promoted into our schools and education providers.

Nationally a Horticulture Capability Group (HCG) has been established. HCG is made up of Horticulture New Zealand, NZKGI, Pipfruit NZ, Hawkes Bay Fruit Growers Association, Vegetables New Zealand and New Zealand Avocado. The focus of the group is to focus on people capabilities in horticulture across the whole of NZ.

In addition to tertiary education Micro Training skills are now being developed and offered where employees are able to do short specific training that can then be immediately applied in the work place (i.e. in advance of pruning). This is a positive move to address the problem of graduates of degree programs not wanting to go back to work on-orchard, thus the Micro Training skills provides training to an additional part of the labour market.

At the recent Horticulture Conference, The Minister of Agriculture Hon Damien O'Connor launched the new Apprenticeship in Horticulture production. The new apprenticeship aims to grow the horticulture industry's workforce and support the recruitment of 100 future leaders. This initiative has been established with NZKGI alongside Primary ITO, the Ministry of Business Innovation and Employment and the Ministry of Social Development.

As part of the Cultivate Your Career event, 150 students from 10 Western Bay of Plenty schools took a bus tour around Tauranga to visit Robotics Plus, Tūhono Whenua Horticulture and the Port of Tauranga today in a bid to show the wide range of career opportunities available in the industry. The tour breaks perceptions of the industry by showing that horticulture offers high-level careers in a range of scientific, technical and commercial areas.

Bay of Plenty Young Fruit Grower Upskilling Inc chairwoman Katy McGinity said the Bay of Plenty region was home to a multitude of world-class innovative businesses and as an industry "we want to showcase this and the career opportunities available to our young people on their back doorstep".

Although many of these programs will not directly contribute to the seasonal labour pool it does promote the sector and its long-term opportunities these programs will provide direction for a worker starting out and overall increase the attractiveness of the sector.

7.8 COMPLIANCE

Compliance across the whole of the kiwifruit sector is paramount to being able to supply fruit for sale to Zespri and the international markets.

Good Agricultural Practices (GAP) Certification is a key component of the Zespri® System. For many markets it is a requirement of supply and gives all our customers the assurance that our product is produced using good agricultural practices. In order for Zespri to manage inventory and give our customers' the assurances they ask for, they require every Zespri grower to be GAP certified.

Global GAP GRASP (Risk Assessment on Social Practice), this is a new employment requirement under the Global GAP scheme. The GRASP module defines the minimum requirements for a good social management system in primary production. It aims to help growers establish good practices in regards to looking after the welfare of employees, and meeting their obligations under workplace relations and safety law.

HOW ARE WORKERS PROTECTED (NZKGI)

- *This year, the industry has implemented a compulsory compliance programme for employers*
- *All employers working in kiwifruit must be registered and audited to meet GlobalGAP requirements for looking after workers*
- *Growers are required to ensure any labour contractor is approved*
- *NZKGI strongly encourages any employees who experience issues to contact the Labour Inspectorate and NZKGI*
-

Also funded by MSD, a worker ID card has been developed for contractors that proves a worker is eligible for work in New Zealand and has an IRD number. Growers utilising contractors can ask to see the ID cards as proof of eligibility to work when workers are on their orchards.

8 AUTOMATION

The fourth element is looking to the future, the use of technology, automation, mechanisation and innovation to supplement, enhance and change the way we use our human capital.

Hall and Scobie (2005) argue that ... New Zealand has had a low ratio of labour-to-capital, meaning that it has been relatively cheaper for businesses to hire more workers than to invest in physical capital.

8.1.1 Automation over the years

The practice of plant growth for human advantage has been recorded for 8000 years. Use of mechanical systems has made horticulture progressively more productive as humankind moved from digging stick, to mattock, to plough, to steam tractor and combine harvester.

The time spent by horticultural labourers (an average 70-hour workweek) has decreased to forty or fifty hours. Mechanical aids have also eased the heavy manual labour requirement.

However, the labourer's work remains repetitive and physically demanding and is yet to experience the full advantages of significant mechanisations. Development of autonomous mechanised solutions is the next technological progression for horticulture. (RobiticsPlus)

Already we can see the use of technology in orchard production supporting more efficient use of labour. For example, heat sensor maps can be used to direct labour to the heavy crop areas in the orchard to work on first as opposed to walking the whole orchard.

8.1.2 Picking Enhancements

The nature of the seasonal work is that it is physically demanding, each worker tires considerably over the course of a work day when they carry heavy loads such as picking bags.

Kiwifruit has not yet developed solutions to eliminate or ease the heavy lifting for picking. Currently employees are using picking bags and carrying heavy weights for at least eight hours a day. In apples they are now picking fruit directly into bins or onto conveyor belts.

Other horticulture products including apples have developed different tree structures to reduce labour costs. This making it easier to reach fruit making picking faster and easier.

Bin trolleys have been developed for harvest allowing the picker to individually move the bin along the row without having to rely on a tractor driver. Working with uneven terrain or orchards on a slope did make original bin trolleys ineffective, the bin trolleys have now been fitted with an electric engine to improve the efficiency of these devices.

8.1.3 Picking Bags

To ease the physical burden of carrying kiwifruit picking bags options could be;

- *Bags could be replaced with a shopping trolley type arrangement whereby it is easily wheeled along as the picker moves under the canopy, when full wheeled to the central fruit bin and the front released and the trolley emptied into the bin. Tyres on the trolley would need to be sufficient to cover uneven terrain and slopes. Work would be needed on how to protect fruit in the tipping process.*

- *Alternatively, a motorised trolley - wheel truck - which carries a picking bin, attached to the bin are two flexible arms with a fruit basket on top, pickers pick into the basket and the fruit transfers via the arm/tube to the bin.*

Both options consider removing the picking bag from the employee, using motorisation to move heavy loads and address uneven terrain and flexible arms for protection of the fruit into the bins. I would be interesting to do a time in motion study of the picking process to identify weak points in the process. This is beyond the scope of this report.

The level of capital investment versus employee eased physical burden and productivity need to be aligned.

Automation, mechanism and enhancement can be large and small, for example there are currently on the market power geared pruners. The use of such equipment can enable a greater proportion of the labour market to work efficiently in jobs that are physically demanding.

Robotics Plus (www.roboticsplus) is addressing the growing labour shortages within horticulture globally with the development of a robotic harvester. Although the harvester is still a prototype, it has been independently assessed as state-of-the-art by US based experts.

International research and development in agricultural field robotics review found (by Institute of Agricultural Engineering Canada).

- *In most cases the technology is not yet commercially available.*
 - *Intensive research required to integrate human operators into the system.*
 - *Research should focus on fusing sensors for adequate localisation and sensing.*
 - *Navigation and guidance algorithms suited to agricultural environments required.*
- (In Biosystems Engineering, September 2016)*

8.1.4 Greater innovation, faster

The greater the amount of money the industry is focusing on research and development will shorten then innovation cycle and therefore contribute to more useful automation sooner. As more money is dedicated to technology the level of market participants increases and again contributes to shortening of the innovation cycle. As the opportunities are developed the level of international interest will increase all contributing to greater capital and greater innovation.

Although this is the way of the future, as an industry we should be investing now in innovation, we already invest in Plant and Food research and development which has proven to be invaluable in the response to PSA and the survival of the sector. Without greater investment and industry effort, innovation will not happen at a rate fast enough to aid the kiwifruit sectors labour shortages.

I don't believe, however that automation, mechanisation and robotics will be the solution that addresses the problem of labour shortages here and now. It is an essential development for the future.

9 RECOMMENDATIONS

With an industry that has and continues to grow so rapidly together with changing workforce dynamics there is much to address. The industry has a reputation to rebuild with respect to treatment of labour.

*The key recommendations following my review of the labour shortage in kiwifruit are detailed below. This is not a target or a checklist nor is it a comprehensive list of actions but continuous work-
ons for the industry and individual employers to consider. Each employer's situation, experience and
treatments will be different, but we do need to share and promote best practices.*

Pay - Fair wages, transparency, financial incentives, allowances (travel and availability)

Employment conditions

**Global GAP Risk Assessment on Social Practice (GRASP) - across the board compliance with law -
call out any bad behaviour**

Employment options - Fixed term contacts/Year-round employment - Permanent seasonal

Employment flexibility - different shifts

Attraction - Tertiary study breaks - communication - reputation

Labour utilisation - Coordination, cooperation and efficient use

Accommodation and Transport

Continued RSE scheme

Training/ pre-working skills

Investment in innovation

***Pay** – Fairly reward employees for the work they are doing. It is essential that pay and full
employment agreements are in place to ensure transparency of pay and conditions.*

*Employers should consider paying employees in such a way that they are fairly rewarded with base
hourly pay but also consider financial incentives for additional effort and outcomes. Set a rate of
pay, that acknowledges different levels of experience and skill for all work undertaken, pay that rate.
The level of pay rates does need to be competitive with other seasonal work and the consistency of
pay week on week is of equal importance. Pay must be able to be anticipated, paid correctly, and on
time.*

***Financial Incentives** – Put in place rewards for efficient high performance. Pay bonuses, in addition
to set pay rates, for speedy, effective work. Thus, providing further motivation and productivity. One
of the biggest issues to overcome for seasonal work is the inconsistency of hours. Employers should
consider putting in place guaranteed hours with opportunities for additional hours with additional
financial incentives. Workers need to be able to predict the amount of pay they can earn.*

***Allowances** – Consider the payment of allowances to employees in order to compensate them for the
variable nature of outdoors seasonal work, such that allowances address travel, waiting and
availability time when workers are not able to be earning. Allowances provide a means of increasing
the minimum wages and addressing concerns workers feel in their working day.*

Conditions – Comply with all employment law which is very clear as to minimum standards, for example rest breaks, meal breaks, public holiday work and annual and sick leave. It is up to the employer and extended to the grower where contractors are being used, to ensure these are being met at all times. Without this as the base there will be no future staff and no future growth for the industry. When workers are available for work but not required for periods of time due to greater supply chain issues or re packing volumes guaranteed minimum hours provides certainty for the employee but enables staff consistency and retention for the employer.

This is creating a greater obligation on growers and enforces a greater level of engagement with employees, the benefits of this is obviously compliance but facilitates the engagement and motivational aspects driving better productivity and utilisation.

Compliance – Adherence and compliance must be maintained. The ability to export our fruit on the global stage is dependent on a robust compliance and quality platform. Global GAP and particularly GRASP have been put in place and being continuously developed as a tool and measure to ensure compliance. The industry needs to embrace this and take responsibility for our behaviours, practises and or treatment of our people. "across the board compliance" Attitudes about the industry will only change when the culture within the industry changes. We all need to take responsibility for this. We need to call out bad practice and support those who are the victims of this bad practice to seek legal redress. (Sandy Scarrow (2018)

Employment agreements – Provide employees with greater certainty and flexibility. The current use of casual employment agreements has been seen as a deterrent for seasonal workers, the level of certainty and flexibility are not sufficient. Employers can use more permanent and fixed term seasonal contracts to provide certainty, and transparency of employee entitlements.

Employment flexibility – Provide greater level of flexibility to attract employees. Alternative sources of labour are necessary to fill the labour shortages particularly at harvest. The provision for alternative shifts, working hours and job share arrangements would enable an additional sector of the NZ labour market currently underutilised to participate in and engage with the sector.

Labour utilisation – Providing ongoing seasonal work. In order to get the most out of our scarce resource we need to be ensuring there is sufficient, consistent and ongoing work. The industry should continue to pursue a centralised labour coordinator to pull together demand and supply not only across the sector during peaks but also across industries and regions. On a smaller scale grower can operate in a more cooperative manner to directly employ staff and share them between orchards in order to provide year-round employment, and thus great commitment to training, consistency and stability.

Attraction – Consistent industry wide external communication is needed. The industry needs to communicate directly with the target labour market with real pay and conditions information. The industry should consider the preparation of Information packs to support a smooth transition into the workplace. It will help to set expectations and provide a platform for performance. It will make the transition into the country and into the industry supportive, positive and clear. The information pack could cover accommodation options, locations and costs, expected facilities on orchard, what is the nature of the work, what is expected and what is not and why, published pay rates and incentives for performance, who to contact with any concerns and suggestions, transport options.

Accommodation – United efforts to address accommodation shortages. The availability of adequate housing is a problem for a seasonal labour force and severely contribute to the lack of attractiveness in working in horticulture. There are improvements forecast to address these shortages but employers need to take the financial impact of establishing purpose-built accommodation for its seasonal workers. The seasonal peak at harvest is very large however there is significant demand throughout the year for seasonal labour force and hence the utilisation of the accommodation satisfactory.

Transport – Provide reliable transport to increase accessibility. The nature of seasonal work in horticulture is that the work is over a large geographical area and pack house being large industrial workspaces again out of the urban areas, thus contributing reliable transportation being an issue. This combined with accommodation shortages mean staff are coming from outside the region. To increase attractiveness and reduce the travel lost time burdens on seasonal workers employer should consider the provision of travel allowances. This provides financial incentives to workers but also ensures workers are reliability getting to work, reduces the impact of weather affecting working hours, and they are compensated for the lost time in changing orchards.

RSE – Government level support for the RSE scheme. The continuation of the RSE scheme for kiwifruit is vital to support the industry to grow. The sources of labour are not forecast to be sufficient to cover harvest peaks, so migrant seasonal labour is needed to fill the labour demands. The scheme is well run, there are huge benefits to both employees and employers. The continuation of the scheme is dependent on the industry demonstrating its commitment to employing NZ's first and upholding best practise in employee welfare. There is considerable effort being made to source seasonal labour and demand is still well in excess of supply, certainty around continuation of the scheme and increased cap would be beneficial to growers to make the capital investment required to accommodate these workers.

Training – Continue with focus on training and career pathways. The horticulture sector as a whole is dedicating time and effort in promoting and developing people for the long term in the industry, these efforts will need to continue in order to fulfil the full labour demands of the sector. This dedication to long term career pathways is a key element in the attractiveness of the kiwifruit sector.

Innovation – Dedicated investment into innovation will set the industry up for the future. Continued small and large operational improvements and enhancements will move the industry toward efficient and reduced labour efforts. Investment in innovation will see the kiwifruit sector and NZ leading the way in the use of technology to improve performance.

10 CONCLUSIONS

Without a doubt there is significant economic growth ahead in the horticulture sector and in particular Kiwifruit, with contribution to NZ's GDP forecast to be \$6b by 2030, increasing from \$2b in 2017. There are many constraints and industry challenges such as labour, land resources, water, social licence and Bio Security. Here I am only considering seasonal labour. Labour constraints in the production and packing of kiwifruit are currently and forecast to be critical.

There is little doubt that in order to attract and retain sufficient labour there needs to be changes in what we do and how we engagement with our labour force. It will be a change in how we engage our people and will require additional capital, time and sharing of risk but in the long term will enhance our great industry.

People are our most precious and scarce resource, Kiwifruit industry currently employs 15,000 FTE's and this harvest the industry had 1,200 vacancies for seasonal labour, the future labour needs are forecast to grow considerably.

NZKGI report states - Situation critical: Our research reveals the New Zealand kiwifruit industry will require an additional 7,000 seasonal workers by 2027.

The reasons for the labour shortage are many and varied however there are a number of consistent themes that I have discussed;

- *Growth in volume and mix*
- *Nature of the sector - weather affected, inconsistent hours, physically demanding*
- *Labour market*
- *Pay and conditions*
- *Employment arrangements*
- *Accommodation and transport*

Options on how these issues can be addressed are broad, however as an industry we need to work together and present a united and consistent message to the market place. Our reputation, market access and ability to produce and export quality fruit depends on it.

1. *Compliance with employment legislation and GlobalGAP and GRASP are the minimum of standards, they must be followed and the industry has a responsibility to identify and change any non-compliance*
2. *Attraction of different sources of labour and communicating with them effectively*
3. *Flexibility in how we engage employees - flexibility in hours, different employment contracts to reduce employee risks of inconsistency, travel and availability allowances*
4. *Address pay and conditions variability - pay transparency throughout the labour supply chain, increase the level of direct relationships between employer and employee*
5. *Accommodation and transport - the provision of accommodation and transport increases the attractiveness of the roles, reduces the variability contributes to employee motivation and engagement*

6. *Labour utilisation through cooperation and coordination and capability - as an industry we need to work together to ensure staff are able to work consistently, providing year-round work to attract and retain people.*

The above improvements will go towards making the industry more attractive to a greater range of seasonal workers, improved conditions and pay transparency will help to retain greater proportion of our existing workforce and continued efforts to move unemployed into paid employment will all contribute to solving the labour shortage problem, however the numbers required to meet demand are considerable and the need for migrant seasonal labour is essential to reaching projected growth and return for New Zealand.

While some of the additional labour force will be able to be sourced locally, and improved reputation help attract greater range of seasonal workers, should growth predictions be realised, the migrant seasonal labour will be required to meet demand. Nikki Johnson says "even if all of the unemployed were to work in the harvest season we would still not have enough workers. "

Investment in research and technology is a means to ease the burden of future labour shortages. There are wholesale changes to production coming through innovation and robotics, however there are options where automation and mechanisation can help to ease the current physical burdens associated with seasonal horticultural tasks. As an industry we need to continuously be thinking smarter, make investments and try alternative ways of doing things, labour constraints are real and are here this is a big motivation to push innovation further.

**COMPLIANCE
COOPERATION
COORDINATION
CARE AND CONSIDERATION
CAPABILITY
CONTINUOUS IMPROVEMENT
CONTINUED RSE**

There is a line attributed to Ernest Rutherford which goes: 'we've got no money, so we've got to think' (Andrade, 1964). This gets to the heart of New Zealand's economic challenge. Productivity is important everywhere, but even more so for a small and remote country like New Zealand.



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12 APPENDIX 1 - INITIATIVES TO SUPPORT NZ'S INTO EMPLOYMENT

(This list has been provided by the horticulture and viticulture industry. It provides initiatives that they have instigated, as well as those in partnership with government agencies.)

Pipfruit

There were 28 New Zealand Seasonal Worker Scheme workers employed in Motueka and 11 vacancies in Tasman for winter pruning.

Just as the season commenced some areas were seriously impacted by Cyclone Fehi and Gita, MSD implemented Enhanced Taskforce Green at the same time that employers were indicating a labour shortage; MSD recruited 21 people to move silt off orchards.

- At the beginning of the season MSD had demand defined for 1110 workers – 1390 people were placed into the sector.
- In other instances, MSD is working in partnership with employers to support sustainable outcomes for seasonal workers e.g. linking workers across employers, funding employers to train in the downtime or funding providers to achieve sustainable outcomes.
- Solo parent programme in the packhouse – job sharing and reduced hours to try to retain staff and establish consistent attendance in the packhouse
- HUA Programme – Wairoa Waikaremoana Māori Trust Board – training provider for Ngāti Kahungunu – an initiative to get young Māori into horticulture using their resources and skills in the training of their people
- SEED Programme (Seasonal Employee/Employer Development) – fully funded six-month programme with full training offered to MSD clients. Training includes both professional and personal skills, with some workers becoming permanent staff after programme completion
- Working with people with moderate mental illness – pastoral care fully funded by MSD
- NZ Corrections and Probation department – involved in their Return to Work Scheme (RTW)
- Working with the prison rehabilitation programme
- Hawke's Bay Initiative (HBI) – takes MSD clients from outside of HB and offers them full pastoral care, accommodation and employment within HB
- Facilitation of training/boot camps with Work and Income clients for picking, thinning, pruning
- Encouraging workers to return though paying bonuses, advance payments during hardship, paying higher wages, facilitating a positive working environment, being considerate about the placement of NZ workers in

23 This list has been provided by the horticulture and viticulture industry. It provides initiatives that they have instigated, as well as those in partnership with government agencies.

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positions where they are most likely to succeed (e.g. less physically demanding)

- Strong relationships with local schools – offering employment during holidays, field trips and orchard open days to promote horticultural careers to students. For example, NZ Apples and Pears is a major sponsor of the Hawke's Bay Science Competition involving 700 students.
- Full-time/permanent positions given to motivated, reliable New Zealand seasonal employees
- Family friendly/flexible roster/ school hours shift/ split shift initiative to accommodate parents of school aged children/ appeal to locals who are unable to work a full week – job sharing and reduced hours. Older teenagers then joining their parents in school holidays and weekends to gain some work experience and be introduced to horticulture
- Boot Camp for University graduates
- Advertisement – Trademe, Seek, MyJobSpace, Student Job Search, Facebook, local newspapers, newsletters, news boards, road signage
- Working with people with disabilities – Deaf Aotearoa, Work Bridge
- Working with the Department of Corrections regarding development of their land that could be used to train and educate inmates

- Match Fit – looks at getting workers physically fit for employment

Kiwifruit

- There are cadet schemes in place with a number of employers where school leavers can enter paid employment and obtain on job training
 - In work training through Polytechs, Primary ITO or independent training providers is regularly provided by larger employers
 - NZ Kiwifruit Growers Incorporated (NZKGI) is pursuing opportunities for Recognised Prior Learning and Microcredentials to improve the attractiveness of training options.
 - NZKGI has released a document to explain the pathways to employment in the Kiwifruit industry. It focuses on the full-time work option, the in-job study option and the full-time study option. Information is provided on the types of roles available, career progression options and in future will include salary information
 - The Kiwi Leaders programme is working in the Kiwifruit industry to attract young people into jobs.
 - NZKGI works locally and through the Horticulture Capability Group to work with secondary schools on explaining the opportunities for careers in kiwifruit (and horticulture). A number of schools across the Eastern and Western Bay of Plenty are involved in the Cultivate your Career project.
 - NZKGI through the Horticulture Capability Group is supporting Whenua Ora which focuses on attracting young Māori into jobs in the Kiwifruit industry
 - NZKGI provides several professional development opportunities for young people including the BOP Young Fruitgrower Competition and the Future Leaders group
- NZIER report – Horticulture labour supply and demand 47

Wine grapes

- Wine Marlborough continues to offer one of the longest serving Scholarships to NMIT's School of Viticulture participants after Year 1.
- Wine Marlborough have just about completed a pilot series of video films in a partnership with MSD about the tasks someone in the vineyard would be exposed to.
 - Wine Marlborough led a unified all-of-industry presence at a Marlborough Careers Evening on 18 June 2018.
 - The Wine industry created and provides funding for the New Zealand School of Winegrowing. This is a collaboration between Marlborough Boys' and Marlborough Girls' Colleges, Wine Marlborough, New Zealand Winegrowers and several Marlborough businesses. The school currently offers a one-year certificate in viticulture and wine and will offer a second year University Entrance programme in 2019. The industry also provides local high schools with opportunities through the GateWay programme and participates in careers events.
 - The Wine industry also works closely with tertiary providers. Viticulture qualifications and apprenticeships can be obtained through the Nelson Marlborough Institute of Technology (NMIT), Eastern Institute of Technology (EIT), Otago Polytechnic, Lincoln University and the Primary ITO with companies often reimbursing fees upon completion.
 - The Wine industry has worked with the Primary ITO to map career pathways in the industry. There are cadet schemes in place with several employers (e.g. Constellation), where employees can enter paid employment and obtain on the job training, and graduate programmes in larger companies. The wine industry also provides scholarships (Bragato, Wine Marlborough, Constellation), mentoring (Career Navigator, Women in Wine) and internships.
 - The Wine industry's major producing region (Marlborough) has partnered with Work and Income and has a labour coordinator based in the Work and Income office to provide pathways into the industry.
 - The Wine industry provides professional development opportunities for young people through the NZ Young Viticulturist and NZ Young Winemaker competitions

13 APPENDIX 2 - EMPLOYEE RIGHTS - NZ

Refer MBIE Two page summary

Employee minimum rights

By New Zealand law employees have minimum employment rights that can't be taken away from you.

It's important you know your rights!




- ✓ You must be given a **written employment agreement** (contract).
- ✓ You have the right to get advice or support from someone you trust before you sign the agreement.
- ✓ You must be paid at least the **minimum wage** if you are 16 years or older.
- ✓ You are entitled to **breaks**, for example two suitable paid rest breaks and one unpaid meal break when you work more than 8 hours in one day.
- ✓ You are entitled to **11 public holidays** off work on pay if they are days you would normally work.
- ✓ If you work on a public holiday that is a normal working day then you are entitled to **1.5 times your normal pay rate** and also another day off.
- ✓ You are entitled to **5 paid sick leave days**, and **3 days bereavement leave** for the death of an immediate family member after 6 months employment.
- ✓ You are entitled to **4 weeks paid annual holiday** per year after 12 months employment.
- ✓ You are entitled to **parental leave** up to 12 months and to payments to care for a new baby if you meet the rules that apply.
- ✓ You must not have **deductions** taken out of your pay without your consent, excluding the ones advised by law.
- ✓ It is illegal for your employer to ask you to pay them for providing you with your job.



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- ✓ It is illegal for your employer to make you keep your passport with them.
- ✓ You and your employer must be fair to each other by dealing in good faith, that means being open, honest and responsive towards each other.
- ✓ You have the right to ask your employer for details of your time worked, leave and holiday entitlements.
- ✓ You have the right to be treated fairly if you lose your job through being fired or made redundant.
- ✓ You have the right to be protected from unlawful discrimination based on your age, ethnicity, sex or religious beliefs.
- ✓ You are entitled to work in a safe workplace with proper training, supervision and equipment.

This is a simplified overview only of some key minimum employment rights. It is not intended as legal advice. Please visit our website for more complete and latest information.

Current as at 1 June 2018



MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
Te Kaitiaki Take Kōwhiri

New Zealand Government

14 APPENDIX 3 - EMPLOYEE TYPES

Summary points on the key types of employee

Permanent employees (full or part-time) - have the full set of employment rights and responsibilities.

They have employment entitlements, such as parental leave, parental leave payments, annual holidays, sick leave and bereavement leave. Where there is year-round work then employee can be deemed to be full time by their history and nature of their work. There is a school of thought where employers who do have year-round workers then they should be on permanent contracts and thus ensure all employment obligations are addressed.

Fixed-term employees (full or part-time) - this is a temporary employee's employment will end on a specified date or when a particular event occurs, for example winter pruning, to cover a seasonal peak. This may be a fairer form of agreement whereby employment is for a defined task/period. Consideration always being given to the impact on employee entitlements, it is clearer as to employer and employee obligations. There is considerable risk for employers where weather related events will impact on wages and output.

Seasonal employees - Seasonal employment is generally a type of fixed-term employment where the employment agreement says that the work will finish at the end of the season. It's commonly used in the fruit, vegetable, fishing and meat industries, after the work is completed the employer doesn't need the workers and the fixed term ends. In some situations, seasonal employment can become a rolling fixed-term employment in which the employee is re-hired at the start of every season.

Seasonal employees differ from Casual employee, usually where the employee has no guaranteed hours of work, no regular pattern of work, and no ongoing expectation of employment. The employer doesn't have to offer work to the employee, and the employee doesn't have to accept work if it's offered. The employee works as and when it suits both them and the employer. This can sometimes happen because it's hard for the employer to predict when the work needs to be done, or when the work needs to be done quickly. Each time the employee accepts an offer of work it is treated as a new period of employment.

15 APPENDIX 4 – SURVEY QUESTIONS

Survey – Kiwifruit Labour Shortages

Growers, Post-harvest operators, Labour contractors

1. How are you involved in the horticulture sector
 - Kiwifruit grower
 - Kiwifruit post harvest
 - Service to the sector
 - Other (please specify)
2. What size is your organisation?
3. Do you employ seasonal staff (either directly or indirectly?)
 - Y How many?
 - Y How many hours per week?
 - N - the sector as a whole has reported shortages in labour, do you have any ideas that could help others in the sector facing problems?
 - N – what do you do to ensure you have sufficient staff when needed?
4. Were you able to employ sufficient staff over the 2018 harvest (prior to the shortage declaration)?
 - N
 - What was the level of your shortage?
 - how many hours work?
 - What sort of roles were vacant?
 - Y - Where did you source the staff you required?
5. How did you fill the staff requirements?
 - Was this successful?
 - What additional costs were involved?
6. Why do you think there were not sufficient staff?
7. How many staff do you think you will need next year?
8. Will this number be getting bigger over the coming years?
9. How will you get the staff you need?
10. Have you put in place any different steps for next year?
 - What steps will you be doing for the next season?
11. Do you use any overseas employment schemes?
 - N why
 - Insufficient need
 - Un aware
 - Too difficult

- Y How successful was this?
 Any comments on what made this a success?
 Is there anything that could be improved?
 How do you ensure compliance with the terms of the RSE programme?
 What do you do to ensure good employee welfare?
 Any other comments regarding overseas employment schemes?
12. What impact do you see the overseas programme having on the sector in the longer term?
13. Could your current labour tasks be structured/split to make the work list physically demanding?
 How?
14. Could elements of your process be automated or mechanised to reduce the labour required using existing technology?
 If so which parts? What else could help?
 If so what are the obstacles to using this; capital costs, quality etc
15. In the last 10 years what processes have been automated or mechanised to reduce labour requirements? Please describe and estimate labour savings.
15. Do you use school, tech or university students?
 If they were available (ie study break) would you employ them for 2-4 week period?
- Would a work shift of 9am to 3pm work for your business (over the seasonal period)?
 Why/Why not?
16. What do you think the biggest hurdle to getting seasonal staff is?
 Money, career, awareness, physical demands of work, numbers available?
 How could these be overcome?
17. What obstacles do you see at a local/regional or national regulatory level that if removed would reduce the labour shortage?
18. Do you think paying more money would help the labour shortage?
 Why?/ Why not?
19. If there was a solution to the labour shortage what would it mean to you?
20. Any other comments regarding labour in the kiwifruit sector?