

## INDUSTRY PROFILE - AGRICULTURE AND HORTICULTURE

### Executive summary

This report provides an overview of labour and skill issues and responses to these issues at the 'on-farm' level of the agriculture/horticulture sector.

Export conditions are the main influence on employment trends in the primary sector. Growth in employment tends to correspond to strong export conditions, and the shedding of employees in weak export conditions.

While employment fluctuates, the trend between 1998 and 2003 has been towards positive employment growth. At the time of the last Census, March 2001, there were 114,000 people employed in the sector. As at June 2003, employment in the sector had risen to 123,500 people.

There is also a strong seasonal pattern to employment in the sector. From June 2002 employment in the sector steadily grew through to March 2003, where employment peaked at 130,400, before sharply dropping off back to 123,500 in the last quarter.

Over the last decade and a half the primary sector has demonstrated one of the highest increases in labour productivity. Real output per worker has increased by a third, from \$33,000 in 1988 to \$44,000 in 2002.

For the quarter ended June 2003, ongoing labour shortages for the sector were reported from the following regions:

Northland  
East Coast  
Bay of Plenty  
Nelson/Marlborough/West Coast  
Southern Region

Critical labour shortages, as indicated in the New Zealand Immigration Service (NZIS) Occupations Shortages List presently include:

- senior dairy farmer / manager positions in the Canterbury and Otago/Southland regions
- senior herd / farm managers in the Waikato and Wellington regions
- sheep scanners in the Waikato, Manawatu and Otago/Southland regions and
- viticulture specialist positions in the Wellington and Canterbury regions.

The Tertiary Education Commission (TEC) funds a wide range of agriculture and horticulture training programmes and qualifications.

**Table 1**  
*Training places funded by TEC for agriculture and horticulture combined*

<b>Industry Training</b>	(as at September 2003)	7,081
<b>Modern Apprenticeships</b>	(as at September 2003)	757
<b>Training Opportunities</b>	(contracted for the 2003 calendar year)	199
<b>Youth Training</b>	(contracted for the 2003 calendar year)	209
<b>Equivalent Full Time Students</b>	(as at 30 April 2003)	1,719

Government agencies are engaged in a number of initiatives that are aimed at addressing issues associated with labour and skill needs specifically for the sector:

- through the Ministry of Agriculture and Forestry's Sustainable Farming Fund (MAF SFF), assisting industry organisations with the development and implementation of a human capability strategy for the sector
- access to seasonal workers through the Working Holiday Schemes
- Work and Income Seasonal Co-ordinators
- facilitating the movement of seasonal workers from one job to the next in an effort to create sustainable work outcomes
- as part of the Jobs Jolt Package, the introduction of Mobile Employment Services that increase face-to-face employment services in isolated rural areas
- the Department of Labour (DoL) has been involved with Federated Farmers of New Zealand Inc with the launch of a New Zealand-wide series of 'good employer' seminars, which have focused on establishing and maintaining productive employment relationships and updating farmers on current law
- Employment Relations Education through the Employment Relations Education (ERE) Contestable Fund
- DoL's Small Business Responsive Service pilot, where the Invercargill pilot is identifying health and safety and employment service delivery initiatives tailored to the needs of dairy farmers, with the potential for generalising and adapting initiatives for the agriculture industry as a whole
- The FarmSafe programme funded through the Accident Compensation Corporation (ACC) and the Ministry of Education (MoE).

In summary, a significant amount of work is being done to alleviate skill shortages in the agriculture/horticulture sector. Government agencies and industry organisations are working together at the national and grass roots level around issues concerning matching labour supply with demand, skill development of employees and growers, and improving employment practices and conditions.

Looking forward, MAF, TEC, Ministry of Social Development (MSD) and DoL will be working closely with industry to identify areas where government can best support the sector's Ag/Hort Human Capability Strategy and where industry can contribute to the implementation of the government's Tertiary Education, Industry Training and Employment Strategies.

Agencies will continue to proactively work with local fruitgrowers and other employers working in seasonal industries to manage forward industry labour shortage issues, through appointment of a seasonal work co-ordinators and promotion to the industry of good employment practices.

## Overview

New Zealand's agriculture/horticulture industry has a long-standing reputation as a high quality, low cost producer of primary products and increasingly the delivery of high quality value-added and speciality products.

This report provides an overview of labour and skill issues and responses to these issues at the 'on-farm' level of the agriculture/horticulture sector.

An environmental scan conducted as part of the development of the sector's Human Capability Strategy (launched in February 2003) identified a number of challenges faced by the sector.

- New Zealand is no longer a rural country. Much of New Zealand's population has limited direct exposure to the sector and hence a rudimentary if not inaccurate understanding about the level of skills required to run agriculture and horticulture businesses and the career opportunities that exist.
- The sector is perceived as an avenue for the low skilled. This is, however, matched by the sector's propensity to settle for the low skilled. While there are some low-skilled jobs, the sector's people increasingly need to adopt and adapt advanced technologies requiring higher skill sets.
- In recent years, the agriculture/horticulture sector has experienced difficulties in recruitment and retention. There are difficulties in co-ordinating the labour needs of large numbers of small-scale employers that are geographically dispersed, especially for seasonal work. Poor remuneration and employment practices, real and perceived, make some less skilled jobs unattractive. It is acknowledged that employer practices need to improve
- Historically agriculture and horticulture businesses in New Zealand have been based around family owned and operated units that to a large extent utilised unpaid family labour. Accompanying the trend towards larger scale amalgamations and intensification in farming practice, there has been a move towards paid labour, posing challenges for employers in terms of people management skills.
- The sector's health and safety record also contributes to a negative perception of the industry. Eleven farmers injure themselves every day and one farmer is killed every two to three weeks.

- Isolation, lack of services, lack of affordable accommodation for seasonal workers, and inadequate information about career opportunities in agribusiness are also difficulties.

## Labour productivity in the primary sector

Despite these challenges, the primary sector<sup>1</sup> has experienced strong labour productivity growth over the last decade and a half.

The data available makes it difficult to decouple the agriculture/horticulture sector from other primary industries, but the following analysis of labour productivity in the primary sector as a whole is assumed to be representative of the agriculture/horticulture sector.

In the year to March 1988, the primary sector produced \$5.2b worth of valued-added output, expressed in real terms (1995/96 NZ dollars), employing 159,000 people to do so. In the year to March 2002, valued added output had risen 40% to \$7.3b, but employment had increased by only 5% to 168,000 people<sup>2</sup>. Therefore, real output per worker in the primary sector increased by a third, from \$33,000 in 1988 to \$44,000 in 2002, one of the highest increases in labour productivity across the different industries. In a Treasury Working Paper released in June 2003<sup>3</sup>, the primary sector was one of two sectors to enjoy strong growth in multifactor productivity over the period 1998-2002, the other sector being transport, storage and communications.

## Employment in agriculture

At the time of the last Census, March 2001, there were 114,000 people employed in the agriculture industry in New Zealand<sup>4</sup>. Of this, 26,900 worked in horticulture and fruit growing, 36,600 were in grain, sheep and beef cattle farming, 35,000 were in dairy cattle farming, and 15,500 worked in poultry and other livestock farming (*Figure 1*). The sector made up 7% of total employment in New Zealand at March 2001.

*Fig 1: Agriculture employment at 2001*



Source: Census 2001, Statistics New Zealand

<sup>1</sup> 'primary sector' excludes added value from primary processing further up the supply chain.

<sup>2</sup> Primary processing sector takes the raw materials from the primary sector as an input to production, and the value that they add to these material is counted as primary processing GDP. In the year to March 2002, primary processing (including food, beverage and tobacco manufacturing, and wood and paper products manufacturing) GDP was \$7.2 billion, up 20% from \$6.0 billion in 1988. Therefore, there is the direct output produced by the primary sector, around 7% of GDP, but there is also the indirect contribution that the sector makes, including through manufacturing, which adds a further 7% of GDP.

<sup>3</sup> Black, Melleny, Melody Guy and Nathan McLellan (2003) "Productivity in New Zealand 1988-2002", Wellington, New Zealand, Treasury Working Paper.

<sup>4</sup> Includes the horticulture industry. 'Agriculture' refers to all farming sectors, that is, those that cultivate soil, produce crops, and raise livestock. Data refer to people aged 15 years and over and are not seasonally adjusted.

## Recent employment trends in agriculture

Export conditions are the main influence on employment trends in the primary sector. Growth in employment tends to correspond to strong export conditions, and the shedding of employees in weak export conditions.

Coming out of the recession of 1998, employment in the primary sector grew very strongly with annual job growth peaking at over 15% (*Figure 2*). Employment growth turned negative in 2000, but lifted once more in 2001 as the primary sector enjoyed strong growth in output and prices. But with weakness in the export sector and drought conditions in some parts of the country, the year to June 2003 has seen primary sector employment fall slightly by 0.1%.

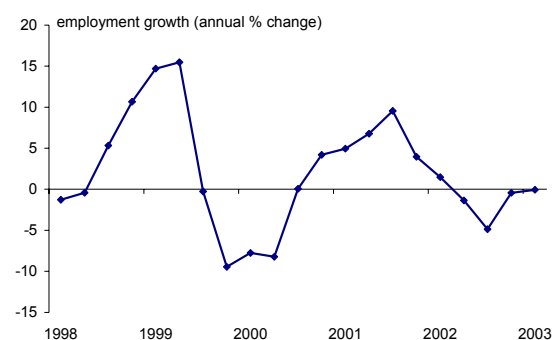
The agriculture sector has seen fairly steady employment over the year to June 2003. The number of employed people in agriculture in the June 2003 quarter was up only 0.1% from what it was in the June 2002 quarter.

*Figure 2* illustrates that while employment fluctuates in the sector, the trend between 1998 and 2003 has been towards positive employment growth.

## Seasonal pattern of agriculture employment

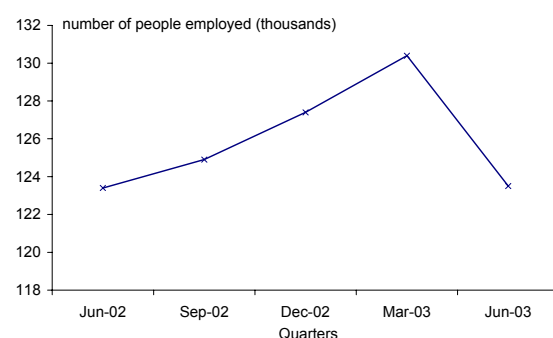
*Figure 3* shows the seasonal nature of agriculture employment. The number of people working in the agriculture industry was fairly steady over the year to June 2003 as a whole, but rose strongly to 127,400 in the December 2002 quarter and again to peak at 130,400 in the March 2003 quarter. From that peak, employment declined to 123,500 people in the June 2003 quarter, much of the fall being for seasonal reasons<sup>5</sup>.

*Fig 2: Primary sector employment 1998-2003*



Source: HLFS, Statistics New Zealand

*Fig 3: Agriculture employment 2002-2003*



Source: HLFS, Statistics New Zealand

<sup>5</sup> The data used in this paragraph are subject to large sample errors because of the small number of people sampled at this industry level. Nevertheless, the quarterly data do show the seasonal pattern of agriculture employment.

## Skills development in the agriculture and horticulture industries

TEC funds a wide range of agriculture and horticulture training programmes and qualifications through various education and training interventions, including: Industry Training, Modern Apprenticeships, Youth Training, Training Opportunities and the Student Component (EFTS) system. These programmes are delivered by a wide range of providers, using both on-job and off-job training methods.

### *Industry training*

Industry training is a partnership between industry, government and employees to provide and enhance skills for New Zealand's sustainable development. As at 30 September 2003, there were 5,803 industry trainees in the agricultural industries (a 14% increase from 30 September 2002) and 1,278 trainees in the horticulture industries (a 26% increase from 30 September 2002).

**Table 2: Industry Trainees as at 30 September 2003**

Region	Agriculture trainees	Horticulture trainees
Southern	1,266	69
Canterbury	681	146
Nelson/Marlborough/West Coast	385	86
Wellington	209	249
Central	946	121
Eastern Coast	444	83
Waikato	892	137
Bay of Plenty	485	186
Manukau	73	14
Tamaki Makaurau	106	150
Northland	316	37
<b>Total</b>	<b>5,803</b>	<b>1,278</b>

### *Modern apprenticeships*

Modern Apprenticeships provide opportunities for young people to access high quality, supported, work-based education. As at 30 September 2003, there were 407 agricultural Modern Apprentices (a 73% increase from 30 September 2002) and 350 horticultural Modern Apprentices (a 122% increase from 30 September 2002) throughout New Zealand.

**Table 3: Modern Apprenticeships as at 30 September 2003**

Region	Agriculture apprentices	Horticulture apprentices
Southern	68	29
Canterbury	44	39
Nelson/Marlborough/West Coast	31	28
Wellington	12	34
Central	88	30
Eastern Coast	42	51
Waikato	48	32
Bay of Plenty	18	56
Manukau	7	8
Tamaki Makaurau	2	36
Northland	47	7
<b>Total</b>	<b>407</b>	<b>350</b>

### *Training opportunities and youth training*

Youth Training provides a bridge for school leavers who lack foundation skills towards further education or training, and employment. Training Opportunities provides education and training for adults who lack foundation skills towards employment, further education and training. TEC has contracted for 199 Training Opportunities places and 209 Youth Training places in agriculture and horticulture for the 2003 calendar year.

### *Equivalent Full Time Student (EFTS)*

As at April 30 2003, the TEC was funding 1,719 Equivalent Full Time Students (EFTS) in agriculture and horticulture programmes. Twenty-four Tertiary Education Organisations are delivering the 1,719 EFTS.

### **Regional shortages**

TEC's Quarterly Regional Skill Shortage Report (April-June 2003) noted ongoing shortages in the following regions: Northland, Bay of Plenty, East Coast, Wellington, Nelson/Marlborough/West Coast and Southern regions for both agriculture and horticulture jobs. In the East Coast, Nelson and Southern regions, particularly, the need is more for skilled staff with supervision/management expertise.

Traditional fruit and vine growing regions, such as Northland, Bay of Plenty, East Coast, Hawke's Bay, Nelson/Marlborough and Central Otago experience perennial difficulties in accessing seasonal labour.

The Southland region has undergone significant conversion to dairy farms in recent years. Dairying is a more labour intensive business system than the agriculture forms it has displaced in that region, so the conversions have led to greater demand for labour in Southland.

The NZIS's Occupational Shortages List provides some indication of the more critical labour market shortages within regions. The list is reviewed six monthly and presently includes:

- senior dairy farmer/manager positions in the Canterbury and Otago/Southland regions
- senior herd/farm managers in the Waikato and Wellington regions
- sheep scanners in the Waikato, Manawatu and Otago/Southland regions and
- viticulture specialist positions in the Wellington and Canterbury regions.

DoL regional labour market reports for the year ended March 2003 indicate the greatest improvements in employment were in the more rural-based regions of Taranaki, Waikato, Manawatu-Wanganui, Nelson-Marlborough-West Coast, Bay of Plenty Gisborne-Hawke's Bay.

These regions saw their unemployment rates fall, their labour participation rates rise and they generally experienced strong job growth.

## Canterbury dairy industry

In October 2003, Career Services prepared a report on the dairy industry in Canterbury. It is expected that the number of dairy farm workers employed in the Canterbury region will grow moderately over the next three to five years. Numerous farms have converted from sheep to dairy and these are now undergoing a consolidation period. More farms, mostly in Central Canterbury and the Waimate (due to Project Aqua's irrigation scheme) are likely to convert to dairy adding further prospects for employment.

The average size of dairy farms is increasing and Canterbury has an above average herd size of 600 compared to the national average of 300. Even larger farms with up to 3,000 cows are not uncommon, and these farms have staff of between 25-30 people. Longer term it is possible that changing technology, such as robotic milking, may be introduced here. At present Canterbury's dairy farms are performing well and there is a shortage of skilled labour. Some farms recruit staff from overseas to fill these gaps. The number of people employed as dairy farm workers will continue to grow moderately in the future.

Dairy farm workers are mainly employed full-time, although there are numerous openings for part-time and casual relief particularly during the busy seasons such as calving. Turnover among dairy farm workers varies according to their experience in the industry, although generally it is considered to be high. Conditions for dairy farm workers have improved vastly over the last ten years with shorter hours, better pay and more structured promotion prospects becoming the norm. Increasingly more women are entering the dairy farming industry. Perceptions of the industry do not necessarily match the reality.

## Northland fruitgrowers

Government is working closely with the Fruitgrowers industry in Northland to help manage demand for seasonal employment. On 11 of August the Associate Minister of Immigration Damien O'Connor, DoL (CEG, NZIS, ERS and OSH) and MSD (Work and Income) met with fruitgrowing interests from the Northland area in Kerikeri to discuss industry growth and employment needs, particularly labour market supply issues in the Northland region. Government agencies are currently working with industry to manage forward industry labour issues, which include ensuring that the industry is able to develop good employment practices. The key message highlighted at this meeting was that seasonal employment is about developing good employment opportunities rather than immigration solutions to meet regional labour market needs.

MSD is funding a seasonal co-ordinator in the Northland region to work with local growers to identify and provide solutions to meet the fluctuating demand for seasonal labour. The seasonal co-ordinator is also involved in promoting contractor/grower best practice. NZIS will only be issuing work permits for seasonal work as a last resort, where no other solution to seasonal employment difficulties can be found.

## Existing programmes

### Industry partnership (Pan-Industry Human Capability Strategy)

In terms of education and extension, the agriculture/horticulture sector is fortunate in that it has a number of 'industry good' organisations that are increasingly taking the lead around human capability within the sector. A number of these organisations are funded through commodity levies that fall under the Commodity Levies Act 1990, administered by MAF. These funds can be, and are used to address issues associated with the sector's labour and skill needs.

In February 2003, a number of the industry good organisations agreed to a pan-industry human capability strategy with a view to taking more responsibility for lifting productivity though developing the sector's human capability at the 'on-farm' and 'near-farm' level of the industry<sup>6</sup>. This process was facilitated through MAF with seeding resource from the MAF Sustainable Farming Fund.

The Ag/Hort Human Capability Strategy combines the collective resources of the various industry good organisations and focuses on:

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<sup>6</sup> Industry associations have established the Ag/Hort Human Capability Governance and Working Groups to drive the strategy. The Working Group comprises industry representatives, the Agriculture ITO chief executive, members from Massey and Lincoln University, AgResearch (a Crown Research Institution) and an official each from MAF and TEC. The Strategy Governance Group comprises industry associations chief executives and senior officials from MAF, TEC and DoL.

- supply – ensuring sufficient number of people are aware of opportunities, choose to and are available to work in the industry
- transformation – people within the sector are developed in a way that matches industry needs and peoples' aspirations
- return - Financial and human resources are managed for best sustainable return.

The strategy recognises that while there is much that the industry can do to improve the perception of the industry through improving employment practices and the availability of information about opportunities in the sector, the labour shortages the sector is experiencing can also be offset by efforts to lift the adoption rate of best farm practice and labour augmenting technologies. Hence, long-term commitment to the skill development of the existing agriculture/horticulture workforce is as critical as promotional activities and changing employer behaviour.

The seeding funds from the MAF Sustainable Farming Fund (a one-off grant of \$500k) assisted with the development of the strategy and will contribute to the early stages of its implementation. This investment is matched by funds from industry (estimated at \$2.5m per annum).

The effect of MAF Sustainable Farming Fund support is to accelerate progress with the Strategy through providing impetus for work not currently budgeted for by industry and ensuring that critical work required for the development of business cases for long-term industry investment can be completed. In this way the SFF role is catalytic and facilitative.

Initial projects, supported by the industry and the MAF Sustainable Farming Fund include:

- promotional activities to ensure people are aware of career opportunities; for example pan-industry participation at the various career expos and the extension of the recently launched horticulture industry career web portal to cover the broader agriculture sector
- development of options for a labour and skills forecasting model to support ITO and industry needs to engage with agencies such as TEC, DoL and MSD over labour and skill requirements
- a stocktake of research and activities conducted or underway in the area of labour and skills specifically for the agriculture/horticulture sector with a view of identifying gaps and informing future investment decisions by industry and government agencies
- clarifying career and training pathways across the sector
- engagement with TEC with that agency's industry case study programme and

- the extension of the recently released dairy industry HR Tools Kit to other industries within the sector and linking this resource to networks for disseminating employer training within the sector.

It is hoped that the establishment of the Human Capability AG/Hort Governance and Working Groups will lead to better co-ordination, collaboration and leadership across the various industries within the sector and more effective interaction between government agencies and industry concerning labour and skills issues.

## Literacy development

In addition to the training courses noted in the Overview section above, TEC is involved in a number of workplace literacy projects in conjunction with Industry Training Organisations (ITOs) and employers. The projects promote a range of models using a diversity of approaches to meet literacy needs in the workplace. The projects involve companies and industries undergoing significant technological and structural change requiring higher levels of literacy from their employees. The projects aim to strengthen the capacity of ITOs in workplace literacy as key project partners. A literacy project involving the Agriculture ITO was completed during the quarter.

## Matching people to employment opportunities

### *Immigration*

NZIS local Service Managers work very closely with representatives from the horticultural industry and the Work and Income Regional Commissioners to ensure that where the need exists, those persons visiting New Zealand are able to access work permits. If the Regional Commissioner confirms that no New Zealand citizens or permanent residents are available for work, the NZIS will facilitate the issue of work permits to visitors in New Zealand<sup>7</sup>. Work permits are issued for a period up to three months to cover the harvest season and are usually open to enable a person to work with any employer within a particular region.

### *Working holiday schemes*

New Zealand has Working Holiday Schemes with 16 countries and some 20 thousand young holiday makers visit the country each year. The New Zealand Fruitgrowers Federation produces a pamphlet on seasonal work in the New Zealand Fruit Industry that is given to each working holiday scheme applicant at the time their visa is issued. The pamphlet highlights the seasonal work regions and provides contact details for getting in touch with fruitgrowers.

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<sup>7</sup> When WINZ declares that there is a shortage of labour, the Immigration Service has the discretion to convert visitor permits to work permits to allow foreign nationals to pick fruit.

**Table 4: Working Holiday Schemes – points of origin**

Working Holiday Schemes (WHS)	1999/00	2000/01	2001/02	2002/03
Argentina WHS	0	0	0	78
Canada WHS	461	520	922	1,087
Chile WHS	0	0	63	232
Denmark WHS	0	0	55	159
French WHS	115	258	414	502
German WHS	0	200	798	1,406
Hong Kong WHS	0	64	15	13
Italian WHS	0	21	151	166
Singapore/NZ work exchange programme	3	3	1	6
Japan WHS	3,419	3,407	4,008	4,227
Korea WHS	220	404	402	559
Malaysia WHS	25	40	92	88
Netherlands WHS	255	218	482	546
Republic of Ireland WHS	418	855	1,053	1,826
Sweden WHS	0	0	213	306
United Kingdom WHS	4,093	7,053	8,398	9,116
<b>Total</b>	<b>9,009</b>	<b>13,043</b>	<b>17,067</b>	<b>20,317</b>

***Seasonal co-ordinators***

Work and Income have established a network of Seasonal Co-ordinators, with some regional offices using externally hired seasonal co-ordinators while others using staff members such as Work Brokers to fill these positions.

The role is to liaise between people interested in seasonal work and employers looking for seasonal staff and to promote the availability of seasonal work in regions to people outside the region.

**Table 5: Locations of Work and Income Seasonal Co-ordinators**

Region	Location of Co-ordinator(s)
Northland	One co-ordinator in the Kerikeri area, working with fruitgrowers
Auckland	Two staff members act as co-ordinators, one based at Westgate and one at Pukekohe
Bay of Plenty	One staff member based in Rotorua fulfils a co-ordination role for the kiwifruit season.
East Coast	One co-ordinator working out of the offices of the Pipfruit Growers Association in Hastings and one working in the field covering the wider Hawke's Bay.
Central	Two work brokers fulfil a co-ordination role for the Wairarapa and Tararua areas.
Nelson	One co-ordinator for the Nelson/Tasman pipfruit harvest based in Richmond or Motueka and one co-ordinator for the Marlborough vineyards located at Wine Marlborough.
Canterbury	No formal co-ordinators, work brokers fulfil the role as required.
Southern	Co-ordination occurs from the Alexandra office.

### ***Moving from seasonal to sustainable work***

Work and Income is working closely with local industry to help facilitate people moving from one seasonal job to the next in an effort to create sustainable work outcomes. This practice is prominent in the Hawke's Bay within the horticulture industry and in the Nelson/Tasman region where sustainable work is facilitated between the horticulture and seafood industries.

Last year Motueka's job seeker register rose from 85 registered job seekers at the peak of the season to 559 by the end of May, while in 2003 it increased to just 211 for the same period, indicating the strategies introduced to help keep people in employment are working.

Work and Income also run pre-employment training for the industry, in conjunction with the growers, to ensure that there is an adequate and prepared labour force ready and available for next season.

If any beneficiary put forward for seasonal work fails to attend or walks out on a grower, that person runs the risk of losing their entitlement to a benefit.

### ***Mobile employment services***

Employers and job seekers in isolated rural areas are beginning to receive extra help with the establishment of a new mobile employment service through the Jobs Jolt Package.

The initiative is designed to increase face-to-face employment services in areas where Work and Income has had a limited presence, while developing untapped job opportunities in rural areas. It builds on Work and Income initiatives already successfully trialled in the West Coast and Nelson regions.

By way of example, the Nelson Work and Income regional office sent a specialist employment team to Buller/West Coast to help reduce long-term unemployment. The Coast's large geographical area has made it difficult for Work and Income in the past to service some rural communities. Now the agency can reach these people and provide an effective, regular service to assist them into employment. The team acts on referrals from case managers and works with people who have been unemployed for more than two years. They support job seekers through a range of activities until they secure sustainable employment. By building networks within the community and meeting with employers the team will also match a client's employment goal with real jobs in this rural area. The team liaises closely with community organisations and other government agencies to provide wrap-around assistance to clients.

## Employment conditions

Industry good organisations in the agriculture/horticulture sector acknowledge that employer practices in the sector need to improve, and this is made explicit in their pan-industry human capability strategy.

As noted in the *Overview* section above, agriculture/horticulture businesses have historically been based around family owned and operated units that to a large extent utilised unpaid family labour. The trend in the sector is towards employing paid labour, generated through larger scale amalgamations and intensification in farming practice. Businesses that have traditionally not had to manage a paid workforce are having to acquire new people management skills.

The under developed people management skills in the sector is reflected in DoL statistics. The agriculture industry<sup>8</sup> is a frequent user group of the DoL's mediation services and Labour Inspectorate.

DoL has raised concerns about the wages paid and workplace conditions of some seasonal employees. Labour problems in some regions have been compounded by the way that payment rates are structured, with workers paid by the bin load rather than by the hour. As indicated in the Regional Shortages section of this report, these concerns have been raised with Northland growers by Ministers and there is now industry commitment to work with Work and Income to ensure local people are employed and treated fairly so that they will come back year after year and develop useful industry skills.

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<sup>8</sup> DoL groups the agriculture, hunting, forestry and fishing industries together. This industry grouping comprises approximately 10 percent of the work of the mediation services offered by the Department (health and community services is the biggest user at 12 percent followed by manufacturing at 11 percent). Approximately 18 percent of the Labour Inspectorate's activity is with the agriculture, hunting, forestry and fishing industry grouping (which is the highest proportion, equal with accommodation, cafes and restaurants). Not all users of the Department's services have an industry 'tag' associated with them, meaning that percentages are indicative.

### ***Employment Relations Education***

DoL targets a number of employment relations services (such as workplace visits, and organising talks and seminars) to respond to the needs of the agriculture industry, with a view to increasing their employment relations skills and capacity. Recently, DoL has been involved with Federated Farmers of New Zealand Inc to support the launch of a New Zealand-wide series of “good employer” seminars, which has focused on establishing and maintaining productive employment relationships, and updating farmers on current law.

The Employment Relations Education (ERE) Contestable Fund provides funding for the development and running of approved ERE courses. ERE courses, in the first instance, are approved by the Employment Relations Education Advisory Committee which is made up of union, employer and education sector representatives. The committee then makes funding recommendations to the Minister of Labour. Employees can use leave provided by the Employment Relations Act to attend the courses.

In terms of funding for organisations associated with the agriculture industry in the 2002/03 funding round:

- the New Zealand Dairy Workers Union was approved \$36,000 for integrated courses designed to address key employment relations issues facing the industry and unions and
- Agriculture New Zealand was approved \$100,000 to deliver courses to farmers and farm employees with staff responsibilities.

### ***Small business responsiveness***

DoL is piloting a service to enable small and medium sized businesses to better manage their health and safety and employment relations issues in accordance with best practice. Teams have been established in Invercargill, Hawke’s Bay and the North Shore of Auckland, with the Invercargill team focussing on the needs of dairy farmers.

Through the work of the Invercargill pilot team, the Department is identifying service delivery initiatives tailored to the needs of dairy farmers, with the potential for generalising and adapting initiatives for the agriculture industry as a whole. This will enable the Department to provide services that are responsive to the wide range of employment relationships in different regions.

Longer-term, the service will enable DoL to contribute to improving business practices, and it will help the Government to reduce or remove any unnecessary compliance costs, restrictions on employment and other barriers to growth.

### ***Health and safety (FarmSafe)***

The FarmSafe programme was developed in response to a need identified by ACC and Federated Farmers of New Zealand Inc to make workplace safety and injury prevention a higher priority for farmers (11 farmers injure themselves every day and one farmer is killed every two to three weeks. This results in ACC paying out over \$45m per annum).

ACC funded the development of a 5-6 hour workshop course to provide farmers with information on the issue, theory in injury prevention and provide farmers with an opportunity to discuss how they can develop a safer workplace and manage their farms to reduce risk of injury.

MoE funded the delivery of the workshop by a consortium of organisations with close affiliation to the agriculture sector (AgITO, Agriculture NZ, and Telford Polytechnic). Over 7,200 farmers and their employees have now participated in 440 FarmSafe workshops. FarmSafe is the biggest farmer education/extension programme ever seen in New Zealand.

Due to the success delivery of the workshops, development is underway for further modules on safety systems and skills training.

## **Moving forward**

As highlighted above, a significant amount of work is being done to alleviate skill shortages in the agriculture/horticulture sector. Government agencies and industry organisations are working together at the national and grass roots level around issues concerning matching labour supply with demand, skill development of employees and growers, and improving employment practices and conditions.

Looking forward, MAF, TEC, MSD and DoL will be working closely with industry to identify areas where government can best support the sector's Ag/Hort Human Capability Strategy and where industry can contribute to the implementation of the government's Tertiary Education, Industry Training and Employment Strategies.

Agencies will continue to proactively work with local fruitgrowers and other employers working in seasonal industries to manage forward industry labour shortage issues, through appointment of seasonal work co-ordinators and promotion to the industry of good employment practices. This work should manage down the need for work permits for seasonal work. NZIS will only be issuing work permits for seasonal work as a last resort, where no other solution to seasonal employment difficulties can be found.