



JOB SUMMIT BACKGROUNDER: seasonal employment and primary industry dynamics

Which Industries are covered?

The primary sector industries covered are: agriculture, horticulture and viticulture, seafood and forestry.

1. Patterns and dynamics

- There are skill and labour shortages which are likely to continue in some regions and with industries, notwithstanding expected rising unemployment nationally.
- There is some seasonality in all the primary sector industries which have to be managed through short-term contracts or by other means. Processing or packing may occur in the regions where production occurs and have similar labour requirements to producers. Some other industries located in regions, for example Tourism, tend to draw on the same regional labour markets.
- Coordinated sharing of labour sometimes occurs within primary industries, in particular through use of contracting (eg Shearing or Horticulture labour contractors). However this coordination is less common between industries within a region.
- The seasonal labour shortages in the Horticulture and Viticulture have been met over the past two seasons through a combination of immigration policies (particularly the Recognised Seasonal Employer Scheme - RSE) and much closer working relationships between industry, Work and Income and the Department of Labour to ensure all suitable New Zealanders obtain employment. There is good anecdotal evidence that this combination of support for New Zealanders through close working relationships with government agencies, and the access to necessary but controlled immigration, is increasing productivity and certainty for the employers, allowing new investment to occur.
- Workplace management skills are often lacking in the primary sector, particularly amongst SMEs. This can seriously impact on productivity and profitability.
- Support services for industry and rural community frequently have significant labour supply shortages, for instance veterinary surgeons, rural nurses and doctors. The government has just announced funding to support some service functions.

2. Threats

- Labour and skills will be lost during any prolonged recession, meaning a loss of existing human capital investment in the primary sector. This applies to temporary migrants as well as to New Zealanders.
- Temporary migrant labour risks being a short-term solution that does not build human capital for New Zealand.



- There has been ongoing loss of rural youth to cities as the industry structures in the primary sector have changed. Succession issues are now very important in a number of primary industries (particularly Horticulture and Pastoral farming, both of which have significant numbers of orchardists and farmers approaching retirement age). Service providers to primary industries are also likely to experience succession problems, for instance farm advisors.

3. Opportunities

- There are still labour and skill shortages in some parts of the primary sector and in particular regions, both for seasonal work and longer-term work. New Zealand labour that could meet these needs may come from within regions where there are shortages, or from larger urban areas. Shortages of seasonal and longer-term labour provide opportunities, but maximising those opportunities requires more coordination between industries within regions and with government agencies (particularly MSD).
- While primary industry productivity has provided significant increases in recent years, well in advance of New Zealand's productivity gains as a whole (at 2.6-2.8% per annum amongst primary industries 1972-2003), there remain significant gains to be made through better labour use. Longer-term, research and development in primary sector labour productivity would yield good returns.

4. Solutions specific to identified threats and opportunities

Some potential solutions:

- Incentivise business managers, particularly SMEs, to increase their human resource management skills
- Ensure 'New Zealanders First' is maintained in RSE and for other areas (eg Dairying) where temporary migration is used
- Better coordinate the sharing of labour within regions between industries and also industries through the use of government and employer networks
- Workers could be assisted by employers and government to have sustainable work with a number of employers/industries across the year
- Set up a 'Career Attractiveness' project to prepare a plan for comprehensive cross-government and whole of sector action to build worthwhile and sustainable careers in primary industries
- Pay seasonal workers for remaining through a season with one or more employer from an industry, either as a government or employer/industry subsidy or both
- Subsidise training that would enable seasonal workers to take up permanent roles.



5. Employment and economic data on primary industries

	2001	2003		2006	2008	
Seasonally adjusted	Employed	GDP (\$m)	% of total	Employed	GDP (\$m)	% of total
Agriculture		4,031	3.4		6,377	4.7
Forestry & Logging		1,547	1.3		1,392	1.0
Fishing		217	0.2		192	0.1
All Industries		118,101	100.0		135,800	100.0
Agriculture, Forestry and Fishing*	142,758		8.3	137,808		6.9
All Industries	1,727,271		100.0	1,985,778		100.0
* includes paid employees, employers, self-employed and without employees, unpaid family workers, and not elsewhere included.						
* Source: Statistics New Zealand						