

A man wearing a white cap and a blue shirt is holding a kiwifruit in his hand. He is looking directly at the camera. The background is a vineyard with many kiwifruit hanging from the branches.

NEW ZEALAND *Kiwifruit* SEASONAL LABOUR REPORT 2022



Presented by

NZKGI

NEW ZEALAND KIWIFRUIT GROWERS

INTRODUCTION

Kiwifruit is New Zealand's largest horticultural export, with 174 million trays of kiwifruit being picked for overseas markets in 2022, the equivalent of \$2.2 billion in revenue.

This is predicted to increase by 33 percent by 2026 with 238 million trays of kiwifruit set to be exported that season. As the industry continues to grow at this rate, the number of workers required to work on both orchards and in packhouses also increases.

The industry is working hard to ensure a stable and efficient workforce, alongside innovating in the automation space, to support the continued growth so that the supply chain is future-fit to meet demand.



NZKGI is the representative body which advocates for New Zealand's 2,800 kiwifruit Growers. There are over 3,000 registered orchards in New Zealand and more than 12,000 hectares of kiwifruit in production. 81 percent of New Zealand-grown kiwifruit comes from the Bay of Plenty.

PPE protocols vary from year to year and images in this document may not be representative of the current season.

2022 CHALLENGES WHICH CREATE A SHORTAGE OF LABOUR



Prior to 2020, the kiwifruit industry sourced 20-30 percent of the seasonal workforce from international workers, the majority of those workers being on Working Holiday Visas.

However, due to the New Zealand borders being shut for two years during the COVID-19 pandemic, there has been a large deficit in the seasonal workforce. Additionally, even with a focus on employing New Zealanders first, many challenges arise. These include the inconsistency and seasonality of the work, inaccurate perceptions of working in the industry, and the low unemployment rates in the Bay of Plenty (the main kiwifruit growing region). Each of these current challenges further widens the gap in the seasonal worker shortage.

CURRENT STRATEGIES TO MITIGATE THE SEASONAL WORKER SHORTAGE

NZKGI is strongly supporting the industry to succeed through the ever changing landscape in the labour space. The industry has several work streams in place as well as the ongoing NZKGI Labour Attraction Strategy campaign to entice interest.

These efforts include:

- **Improving payrates and working conditions**
Most employers are offering at least the living wage and some roles are being paid significantly more.
- **Collaboration with schools**
Heightened awareness of careers and pathways within the kiwifruit industry via school job fairs and presentations.
Advertisements for school holiday and weekend jobs.
- **NZKGI-led training programmes and career development**
Working with providers to ensure training is fit for purpose.
Giving a wider understanding of the career pathways available.
- **Collaboration with the Ministry of Social Development**
Support for seasonal workers and employers.
Training programmes.
- **Investment in technology/automation**
Looking for ways to promote efficiencies and reduce reliance on low-skilled positions.

THE 2022 SEASON

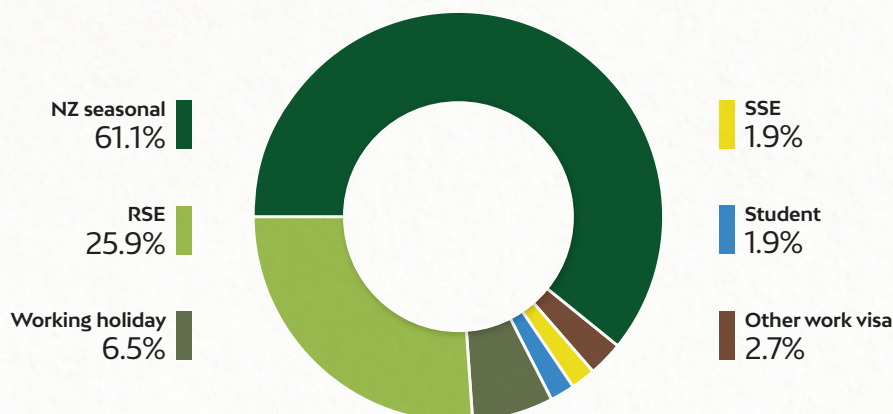
The 2022 season spanned from July 2021 when orchards were pruned for the next year's crop until June 2022, when the last of the crop was picked and processed in the packhouses.

Below is a closer look at the seasonal workforce for the 2022 season:

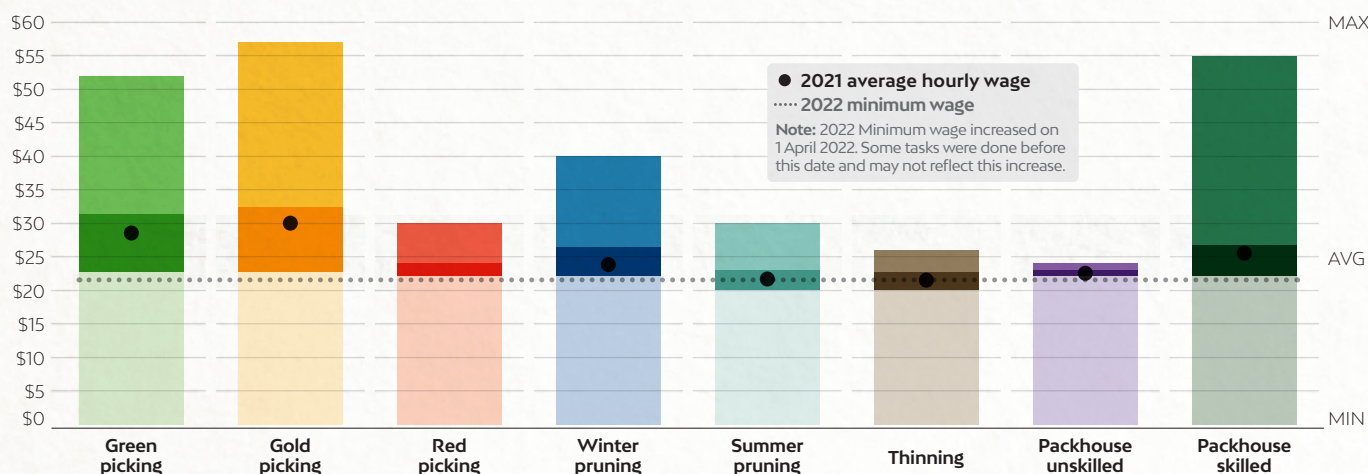
2022 season payrates

The average payrate in the kiwifruit industry has been steadily increasing for several years, being well above the minimum wage of that year. The seasonal pay rates have increased by 9 percent between the 2021 and 2022 harvest seasons. One reason for this continued increase is the shortage of seasonal workers, with most employers paying living wage or more to incentivise new and returning workers. Experienced workers can also be paid significantly more than the average, especially during harvest.

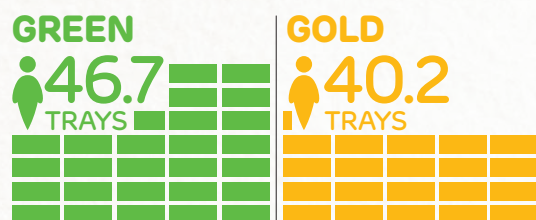
Seasonal worker percentage during harvest



Hourly payrates



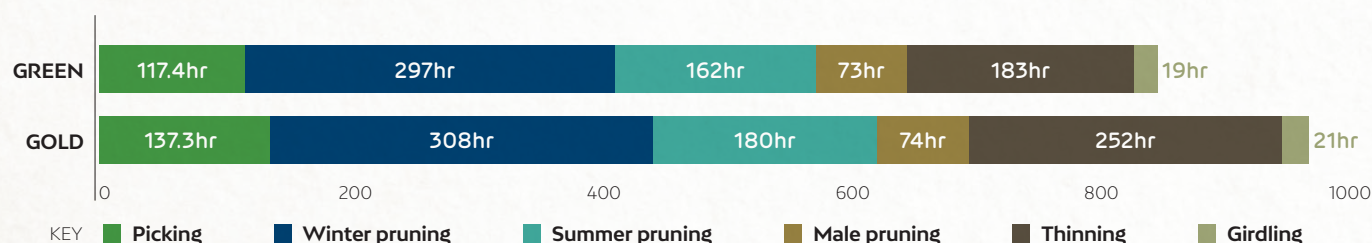
Trays per person / per hour



Length of employment during harvest by seasonal worker type

	NZ seasonal	RSE	Working holiday	Student	SSE	Other
1-3 weeks	4%	0%	4%	0%	0%	0%
3-12 weeks	39%	8%	79%	88%	88%	52%
3-6 months	53%	32%	10%	13%	13%	23%
6 months +	4%	60%	7%	0%	0%	25%

Orchard operations / per hectare

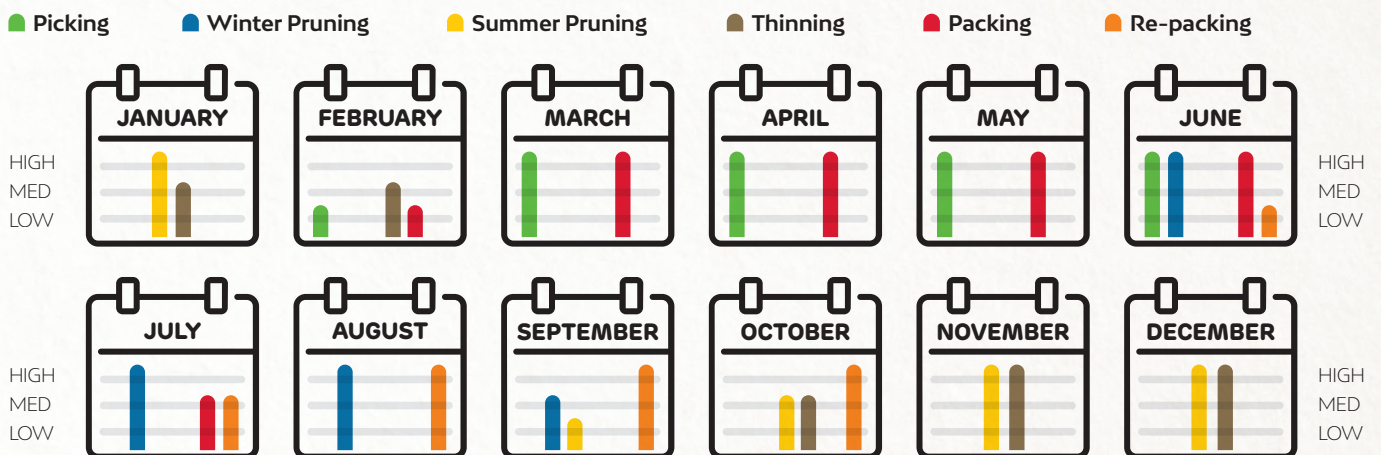


THE KIWIFRUIT INDUSTRY'S SEASONALITY

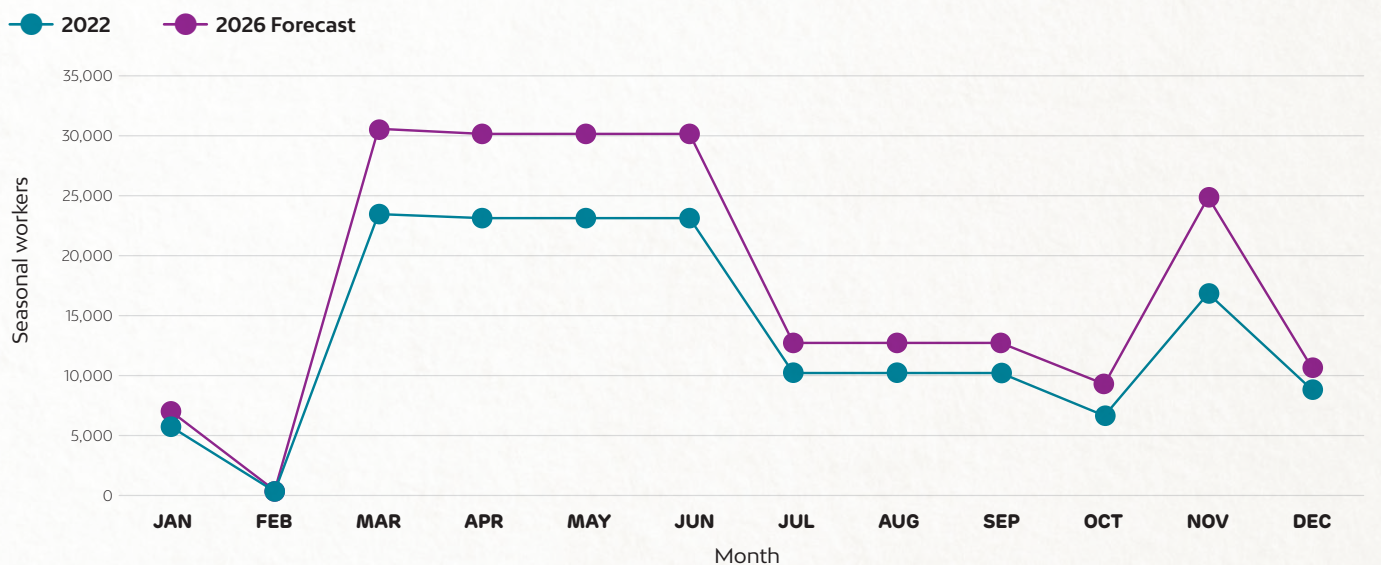
The kiwifruit year is dictated by the short periods of time when tasks must be carried out. This creates varying demand for labour throughout the season, which in turn leads to the seasonality of many jobs within the industry.



Industry pressures by month



Monthly demand for seasonal workers



THE SEASONAL WORKFORCE

Recognised Seasonal Employer scheme (RSE)

The Recognised Seasonal Employer (RSE) scheme is critical to the kiwifruit industry. While providing up to 26 percent of the seasonal workforce in 2022, these workers provide stability and reliability to the industry, especially when there are gaps in the workforce. The RSE scheme has been in place for 15 years and has grown from 5,000 workers in 2007 to 16,000 in 2022. The workers bring much needed labour and efficiency to the horticulture and viticulture sectors and the scheme has very positive impacts on the Pacific Island countries.



Accommodation

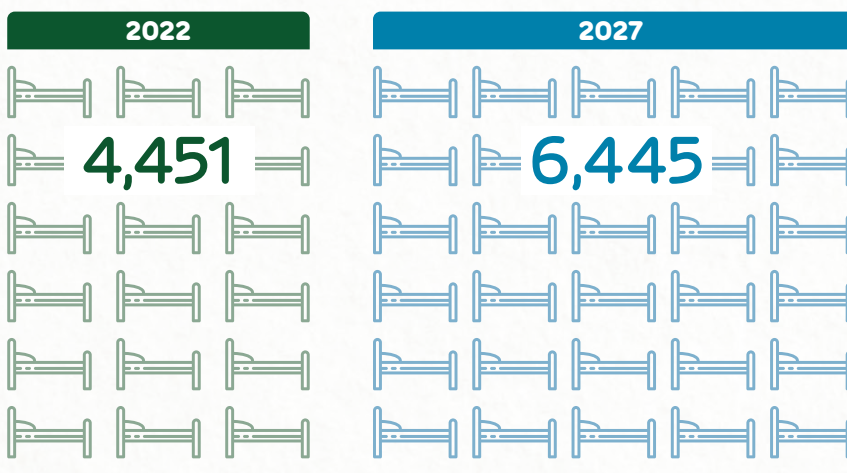
In the Bay of Plenty region, there has been a shortage of accommodation for seasonal workers which causes challenges when trying to grow the workforce, in particular, the smaller Western Bay of Plenty towns where most orchards and some packhouses are located. This means that some employers have resorted to building or converting existing accommodation to facilitate employees near the workplace. In 2022, surveyed employers indicated that they had 4,451 beds available for seasonal workers, with plans for 6,445 additional beds by 2027.

Worker welfare

Worker welfare is always a focus for the kiwifruit industry and becomes more apparent when there are worker shortages within the industry. NZKGI continues to assist in this space by providing resources to support the welfare of staff. Since 2018, all employers must be registered and audited through the internationally recognised GLOBALG.A.P (Good Agricultural Practice) and GRASP (GLOBALG.A.P Risk Assessment on Social Practice) programmes. This sets a high bar for new employers to meet before they can become part of the industry.

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Five year planned accommodation



Additionally, there are several methods where employees' concerns and complaints can be voiced and addressed. This focus on worker welfare goes a long way towards dismissing the lingering misconceptions that deter potential employees from the industry.

Transport

An incentive used by some employers is subsidised transport to and from the workplace. In 2022, the average subsidised travel cost for employees was \$5.35 per day and 72 percent of surveyed employers indicated they have provided some form of transport.

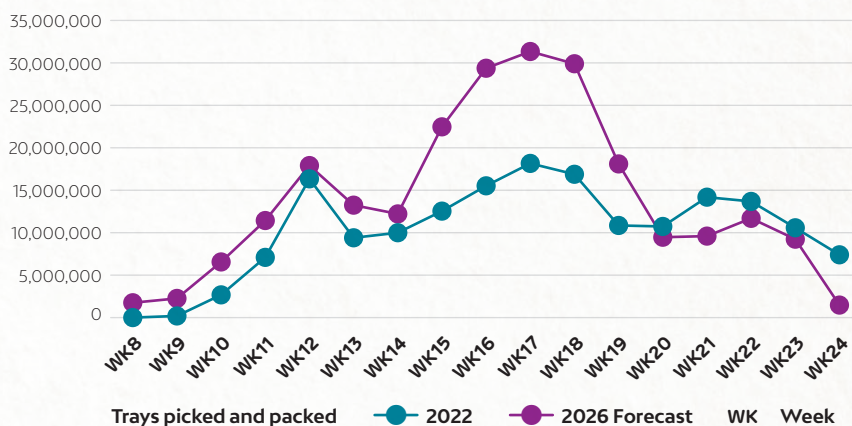
FUTURE OF THE KIWIFRUIT INDUSTRY

Possible future challenges

As the industry continues to grow, there will be additional challenges the industry must face. These include:

- Increase in Gold kiwifruit production and the introduction of Red kiwifruit**
 By 2026, Zespri has forecast a 60 million tray increase of Gold kiwifruit and the new variety, Red, is forecast up to 13 million trays. While this means greater returns to Growers, both varieties are more labour intensive and therefore could offer limited opportunity for automation.
- Disproportionate growth in labour demand**
 While efforts are being made to increase the efficacy of harvest via technology and automation, labour demands will continue to increase during the summer months. This will be notable for pruning and thinning, which are difficult to automate.
- International workforce not returning**
 Though the New Zealand border reopened in July 2022, there is still concern from employers that the expected numbers of international workers will not return. This could mean that a 20-30 percent gap in the required workforce may continue.
- New Zealand is facing a national labour shortage as the NZ workforce leaves the country for options overseas**
 This means the kiwifruit industry will be competing with other industries for labour, where the chance for full-time work exists.
- Motivation and quality of the workforce attracted to the industry varies considerably**
 This can be damaging to the reputation of the industry and may lead to a possible loss of the workforce in the future.
- Accommodation constraints for RSE's**
 To be part of the RSE scheme, employers need to provide accommodation to their RSE employees. Due to the limited sources of accommodation available, many employers have to turn to purpose-built facilities which can be very costly.

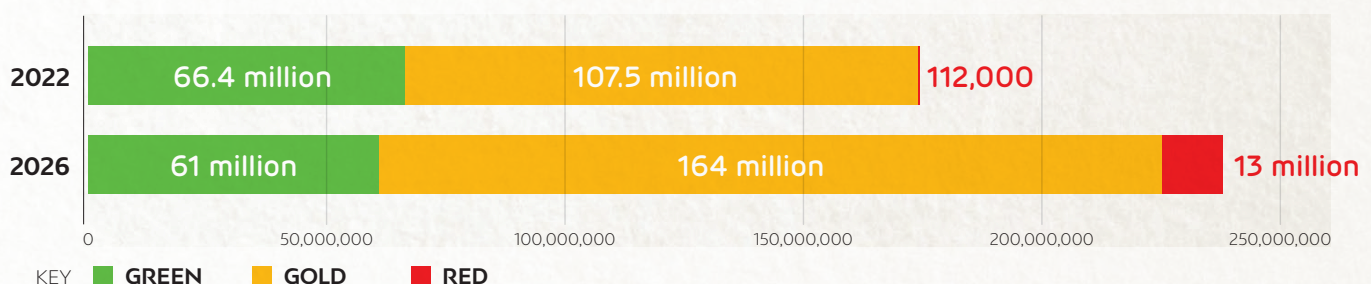
Weekly picking and packing trays — 2021 vs 2026



Research and development

With the growth of the industry leading to more seasonal labour demands, the need to invest in technology that automates and makes roles more efficient has increased. Automation has started to be adopted mainly within the post-harvest space, where bin tippers, NIR grading, automated pack-lines and lights-out coolstores have reduced the amount of people required each shift and increased the trays produced per hour. There have also been advancements made on orchard, such as assistive e-bins which can also make picking kiwifruit faster and less physical.

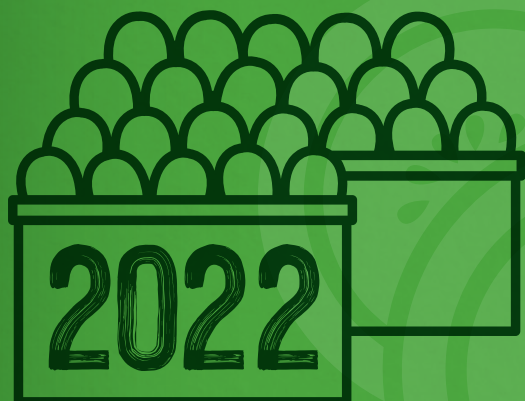
Total trays — 2022 vs 2026



FUTURE OUTLOOK

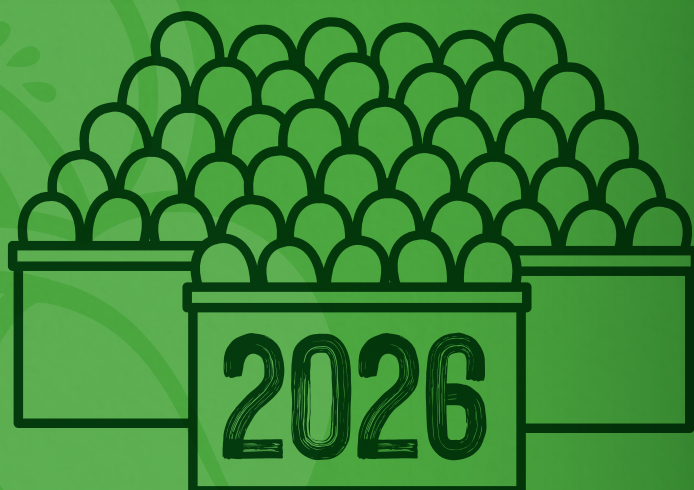
2022 season versus 2026 season

New Zealand Kiwifruit Production



174 million trays

VS



238 million trays



\$2.2 billion
Export earnings

New Zealand Kiwifruit Industry

IN 2022



\$3 billion
Export earnings

New Zealand Kiwifruit Industry

BY 2026