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**PUBLIC CONSULTATION ON 2010/2011 LEVY RATES AND CHANGES PROPOSED.**

**INTRODUCTION**

Horticulture New Zealand (HortNZ) represents New Zealand's 7000 commercial fruit, vegetable, berryfruit and olive growers. Horticulture occupies 90,000 ha of productive land and our products are exported throughout the world earning \$2.4 billion. The industry has grown from exports of \$200 million to \$2.4 billion in 25 years. We have a strategy and action plan to increase the size to \$10 billion (domestic and exports) by 2020 by taking advantage of the natural environmental advantages of New Zealand and the skilled management and labour force on horticultural properties. Horticulture is dependent on the availability of a skilled fulltime and seasonal work force.

We welcome the opportunity to make a submission and make the following points:

**Minister Smiths Announcement**

We were encouraged by recent comments from Minister Nick Smith that overall ACC rates are unlikely to significantly rise or maybe rise at all for most sectors, recognising that it has not been an easy trading environment for businesses and that the rate increases on April 1 2010 were high. They were between 44 and 53 % for our sector.

**We are therefore disappointed that the proposed 2011/2012 levy rates for our sector have on balance increased again.**

These proposed % increases effective April 1 2011 are:

	2010-2011 Actual	2011-2012 Proposed	% increase
For employees engaged directly	\$2.39	\$2.47	<b>3.3%</b>
For contracted work cu 2190	\$3.13	\$3.47	<b>11%</b>
Contractor supplying labour	\$3.99	\$3.60	<b>-10%</b>

It would seem from this that our sector continues to get hammered with increases for which we never see the actuary data to justify. Fortunately working with other groups we have got some data relating to the work account.

As you will see from data gathered by Seasonal Solutions and Master Contractors and presented in their submissions the ACC levy collected over, at least, the past two years greatly exceeds the value of the claims made.

Having been told by Nick Smith that increases will be minimal we protest at the size of the proposed increase in the contracted work CU no 2190 and cannot see any justification for it applying in the horticulture and viticulture sectors.

### **Labour Contractors providing labour**

We don't believe there is justification, or at best there is very inadequate justification, to charge employees accessed through a labour contractor a higher ACC rate.

Within horticulture we have specialised labour contractors who only supply labour to horticultural and viticultural properties and it is not possible to argue that employees from this source are less skilled, experienced or knowledgeable and thus a greater accident risk than employees that employers find themselves. And yet the Labour Contractor currently pays either \$3.13 or \$3.99 per \$100 of earnings. Both of these rates are appreciably and unjustifiably higher than the \$2.39 for an employee who comes directly to the employer.

Labour contractors working in Horticulture see themselves are very much an integral part of Horticulture and not as "Labour providers". They do not operate like Allied Workforce or Excel, who provide labour for many sectors. Labour contractors in the horticulture and viticulture sectors are specialised in providing labour for these sectors only.

Labour contractors operate in one of two ways

- a About 80% of the time they quote on a job, say to prune an orchard block. The Labour Contractor will provide the labour and the supervision to get the job done. The grower is not involved other than in negotiating the contract. In this situation employers have to pay \$3.13 per \$100 of earnings to ACC.
- b In about 20% of situations a Labour Contractor will provide staff to the grower and it is up to the grower to supervise the employees and generally the cost of the contract is variable depending on how long the task takes. The grower pays the contractor who looks after PAYE and ACC payments. In this example employers have to pay \$3.99 per \$100 of earnings to ACC.

In both situations the labour is usually trained, skilled, experienced and in today's economic climate motivated.

We believe that in both of the above situations ACC has grouped the employees into a Labour Supplier Code which includes workers with higher risk and hence cost to ACC.

This is unfair and unjustified. We don't have the actuarial data to prove this point, **but we urgently want to explore with ACC the development of single labour**

**contracting code for those providing for contract work and for those supplying labour into the horticulture and viticulture industries.**

### **ACC for Recognised Seasonal Employer Scheme**

We request a dedicated Code for Recognised Seasonal Employers (RSE) workers.

These workers are only permitted to stay in New Zealand for up to 7 months (9 months for workers from Kiribus and Tauvalu.

These workers now have compulsory medical insurance and whilst in NZ are eligible for ACC assistance with accidents. But when an injured RSE worker returns to his or her homeland in the Pacific on the due date and ACC assistance ceases. This must be saving ACC significantly, but arguably this is unfair on the employer paying the ACC and the employee. We contend that RSE workers should have their own code and the ACC rate be less than the New Zealander rate. We add that IRD have a special tax code for RSE employees, acknowledging the unique status of these people and the fact they cannot work more than 7 months before returning home.

We point out that RSE has now been going a number of years, involves about 8,000 employees and the return rate to New Zealand for the usual 3 to 4 month work period is increasing. The majority of RSE workers are now experienced and less accident prone.

Moreover Islanders are stoic and tend to continue working whereas a New Zealander is more likely to be anxious to get to a physiotherapist, paid for by ACC.

A 10% discount might be a good trial rate to begin with for RSE workers.

### **Experience Rating**

In principle we feel this is a positive development. We understand this applies to businesses which are paying \$10,000 or more annually to ACC. We have some larger employers who do, and many labour contractors will have payrolls in excess of \$400,000 and therefore be paying more than \$10,000 annually to ACC.

We look forward to ACC having the capacity to record claims of more than \$500 and the number of days off on ACC by each business.

We understand that past history of claims will also be taken into account.

Our growers welcome the opportunity to be rewarded for good accident histories.