

Minimum wage: managing labour and controlling costs

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Good payroll records are key to both compliance and keeping a lid on production costs – how best to keep them?

The requirement to pay seasonal workers on piece rates a minimum hourly wage from 28 April put a whole new emphasis on productivity and made good records essential.

As well as being required under the award, identifying quickly where it's taking longer than average – and so costing more than average – to fill a bin is critical to containing cost/kg rises at a time when margins are already under immense pressure.

But tracking hours – including time taken for unpaid breaks, which if not recorded must be paid for, adding to the cost of the fruit picked for the day – is a seismic shift from tallying up four to five bins a day.

We spoke to growers around the regions about how they have adapted their record keeping to meet the new requirements and how the new rules have changed the way they manage and incentivise their workforce.

All reported an increase in the time and cost of administration and supervision as a result of the award changes.

There was widespread concern at the financial pressure to turn off less productive workers to contain costs when labour was short and acknowledgement of the increasing need for orchards to be set up for labour efficiency.

Many growers are looking to technology for new ways to track productivity, record data and manage a more complicated payroll.

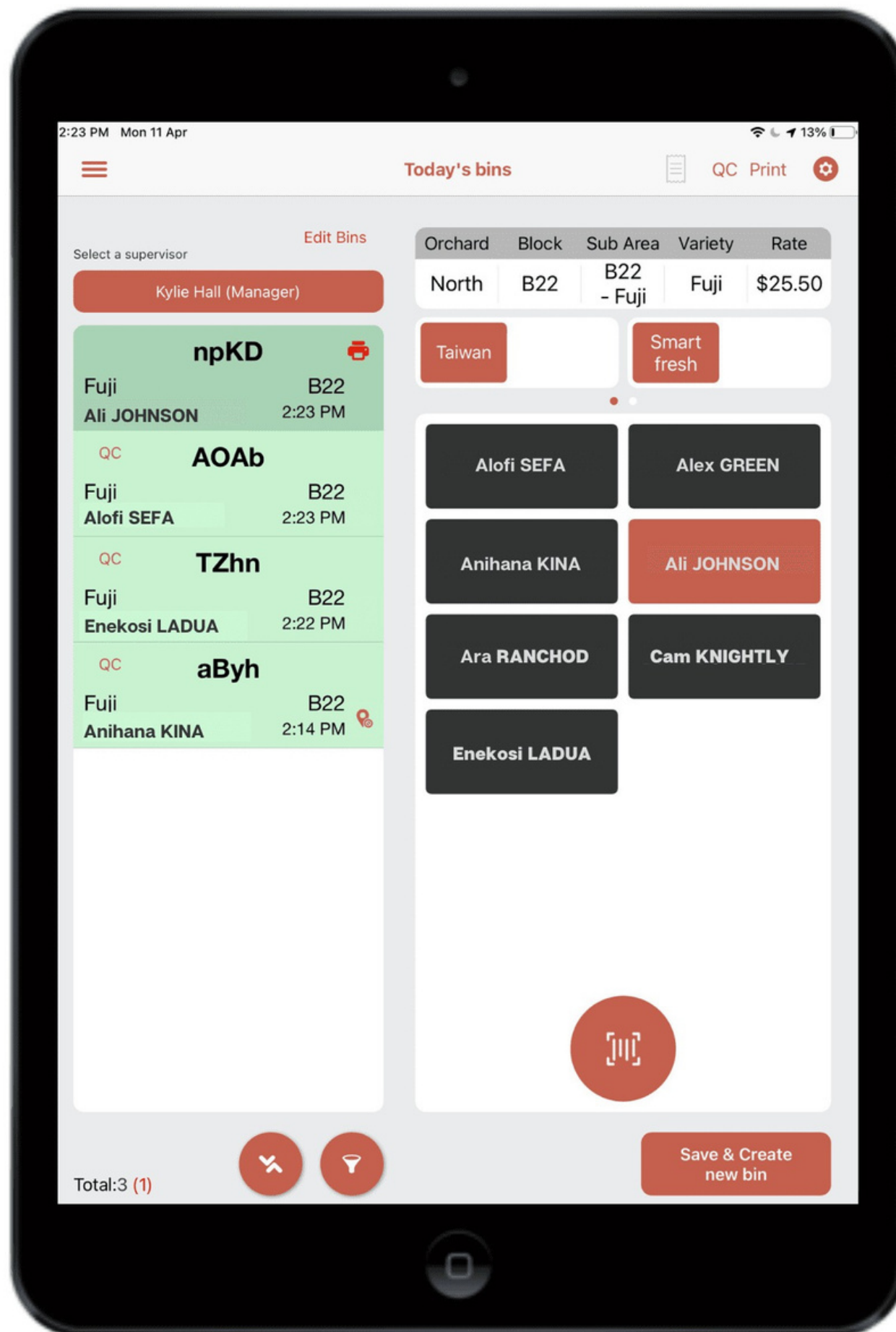
Software systems vary in how customisable they are and few, as yet can track quality as well as quantity. High costs make some hard to justify for the relatively short apple or pear harvest, but this presents an opportunity for software developers to come up with innovative pricing models.

Benefits reported from automating data collection include the ability to see not only productivity but, depending on the system, calculate yield and cost per block to provide a picture of block profitability or allow traceability.

Brad Fankhauser, Fankhauser Apples, Victoria – Hectre Orchard Management app

Gippsland-based Fankhauser Apples has long paid hourly wages to new staff for a short period while they built up skills and familiarity with the work.

What has changed, with the introduction of minimum wages, according to General Manager Brad Fankhauser, is that they will need to set firm targets for productivity once workers have completed that introductory period.



Crediting bins to workers is easy with all picker performance and tallies captured.

“With the requirement to now pay a minimum wage, we can’t afford to carry any workers that are not hitting targets,” Brad said.

Fankhauser Apples produces around 2000 tonnes of apples a year. Brad leads the business owned by his parents and fourth-generation orchardists Liz and Glynn. Brad’s wife Darlene runs the admin, and sister Lauren works in the orchard and packing shed.

The business has been an approved employer under the Seasonal Worker Programme (SWP) for four years and all SWP workers work on platforms and so were already receiving an hourly rate.

Brad said the returning SWP workers were skilled pickers who worked hard and generally averaged six plus bins per day working together on Zucal harvesting machines, depending on the type of pick and the block. Productivity bonuses are paid as a further incentive.

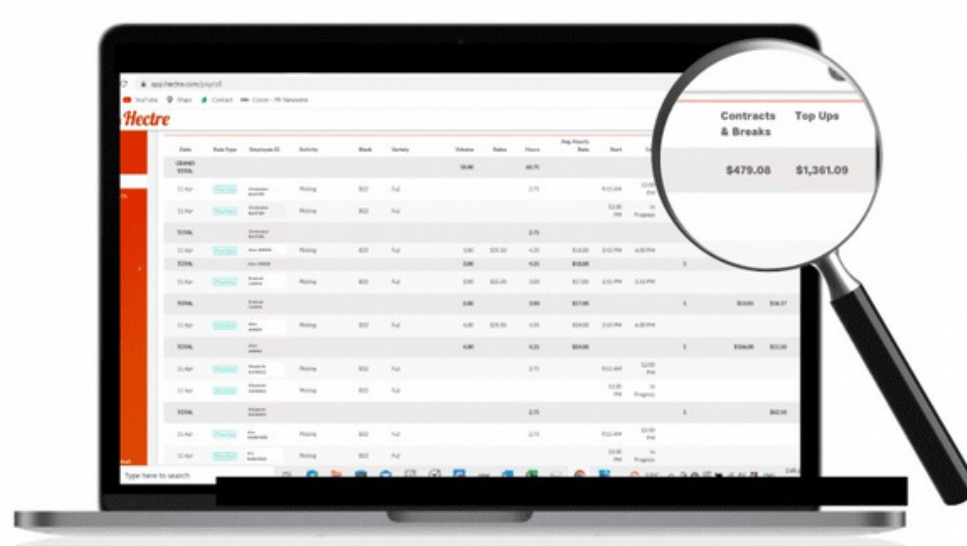
“We generally don’t have any issues with performance targets with our SWP workers,” he said.

Technology

Brad said the need to assess performance against targets on a daily basis for any workers on piece rate, meant good record keeping was even more essential.

Fankhauser Apples has been using the New Zealand-developed Hectre Orchard Management app since 2016.

Employees are clocked in via the Hectre app from which they can be allocated to a job. Bins picked can be assigned to an individual or, if picking on a platform, to a group of individuals, and breaks added to ensure hours are accurately captured.



All hours and piece work captured in the field flow directly through to payroll reports with minimum wage top-ups automatically.

“The app calculates whether minimum wage requirements have been met and, if not, will automatically calculate the top-up amount required,” Brad said.

“So, if we ever had someone not meeting minimum wage through their performance, we are able to identify this easily and address it.

“Compliance is so much easier. We have saved time and reduced our labour costs.”

Traceability to both pick and picker

As well as helping with payroll compliance, Brad said the Hectre app had made traceability significantly easier and provided valuable insights into block profitability.

“Traceability is one of the most challenging aspects for our QA,” he said.

“Before we had Hectre, we were spending heaps of time manually writing out bin tickets. It was time wasting and frustrating.

“Being able to push a button while we’re out in the orchard and have bin tickets printed straight from a portable printer, complete with all of the traceability data we need, makes a huge difference to our operation. No more handwriting bin tickets!

“With Hectre, we have bin codes that are automatically GPS tagged to the picking location in the orchard. We can include all of the detail that is required for QA and being able to separate out and review individual pickers is always impressive in an audit.”

Brad said the ability to compare labour inputs with picking tallies for each individual block made it very easy to see where profits and losses were, and how best to make decisions on improvements for the future.

Wish list

Hectre is currently developing a spray module and Brad said he would like to see a spray diary that could also feed back into the bin ticket for spray/block history.

“If it could connect into smart controllers found in new tractors and sprayers, it could become a very simple and accurate way to record relevant information,” he said.

“It would be great to also have a storage warning extension in the app. As a smaller grower, we are often putting mixed quality fruit into the same room. Almost every year, we discover bins that probably should’ve been sold a month or so earlier, that had been forgotten about.”