



A Migration System for Australia's Future

December 2022



About AUSVEG

AUSVEG is the prescribed Peak Industry Body representing the interests of the Australian vegetable and potato industry. AUSVEG is a not-for-profit, member-based organisation that is run by growers, for growers.

AUSVEG represents over 3,600 vegetable producers that account for 3.83 million tonnes of vegetable production worth \$4.91 billion in farmgate value and over \$5.2 billion in retail value annually.

AUSVEG is a nationally federated body with the following members: AUSVEG VIC, AUSVEG SA, Growcom, vegetablesWA, NSW Farmers, NT Farmers, WA Potatoes, and the Tasmanian Farmers and Graziers Association (TFGA).

AUSVEG advocates on behalf of industry at local, state, and federal levels with the core purpose to enhance the economic, social, and commercial environment for growers so that the industry can continue to produce outstanding vegetables and potatoes for local and international consumers.

AUSVEG delivers projects for growers around Australia in the areas of extension, communication, environmental sustainability, biosecurity, export development and market access. We work closely with Australia's growers to ensure their needs are reflected in this work.

AUSVEG also hosts Hort Connections with the International Fresh Produce Association. This annual event is the largest conference in Australian horticulture and brings growers, supply chain and industry members together to increase awareness and uptake of the latest industry innovations and research, facilitate industry networking and recognises the industry's leading contributors through the National Awards for Excellence.

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Industry Insights

3,600+
Vegetable
Businesses
in Australia

Gross value of Australian vegetable and potato industry is **\$4.8 billion**

=\$2.2b

Horticulture employs more than **60,000** people

3.72 million tonnes fresh vegetables and potatoes grown in Australia

In 2019-20, Australian growers exported over **210k tonnes** of fresh vegetables valued over **\$275 million.**

Top export markets in 2021 include:

SINGAPORE

UAE

MALAYSIA

SOUTH KOREA

HONG KONG

THAILAND

Average consumption of vegetables and legumes is **2.4 serves a day.**

Australian Dietary Guidelines recommend 5 serves a day.

Vegetable Production in Australia

Annual vegetable production: **3,723,506 tonnes** (\$4.85b)

Introduction

Like most industries through the food supply chain, the Australian fruit and vegetable industry faces significant challenges in securing a sufficient, reliable, competent workforce. The COVID-19 pandemic and the cessation of seasonal workers and backpackers arriving in Australia during the pandemic resulted in a devastating labour shortage for Australian horticulture growers.

It was estimated that the casual labour gap in Australian horticulture to reach a peak at up to 26,000 workers required in different regions across Australia at the height of the pandemic in early 2021.

ABARES estimates the total number of workers used by Australian horticulture farms decreased by around 20 per cent (29,300 workers) over the last three years, mainly due to a decrease in overseas working holiday makers (WHMs).

While some of these shortages have been mitigated with seasonal workers, the return of some backpackers and some domestic workers, the labour shortage is still one of the most critical issues facing Australian vegetable growers.

At the time of writing, Australia's \$15 billion horticulture industry is experiencing a labour shortage of approximately 10,000 individual workers, which equates to significantly more roles as workers follow the harvest trail for seasonal work.

The demand for workers increases substantially from winter to summer as production ramps up leading into the peak summer harvest period, which will put further strain on growers in the coming months.

The economic cost for fruit and vegetable growers of the ongoing labour shortage is not just the opportunity cost for the lost production that could be planted and harvested, but also the longer-term impact for fruit and vegetable growers who must reduce investment in areas that would increase their production efficiency and profitability for future seasons.

The workforces shortages are also impacting Australia's food security with growers either not planting crops due to foreseeable harvest labour shortages or crops going to waste on farm due to labour not being available in a timely manner to harvest the crop.

Without immediate intervention, there is a risk that the current shortages will continue to grow as increased demand for fruits and vegetables in the busy summer period places more strain on the food supply chain. This could lead to short-term reductions in crop plantings and shortages throughout the supply chain, which would lead to higher prices given the laws of supply and demand.

The longer-term impact of constant labour shortages will be borne by growers who are already working longer hours to get product off-farm and to market and will result in reduced investment in farm maintenance or investment in new technologies and improvements to increase their production efficiency and profitability for future seasons, which could lead to an increasing threat from cheaper imported produce in the years to come.

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Recommendations

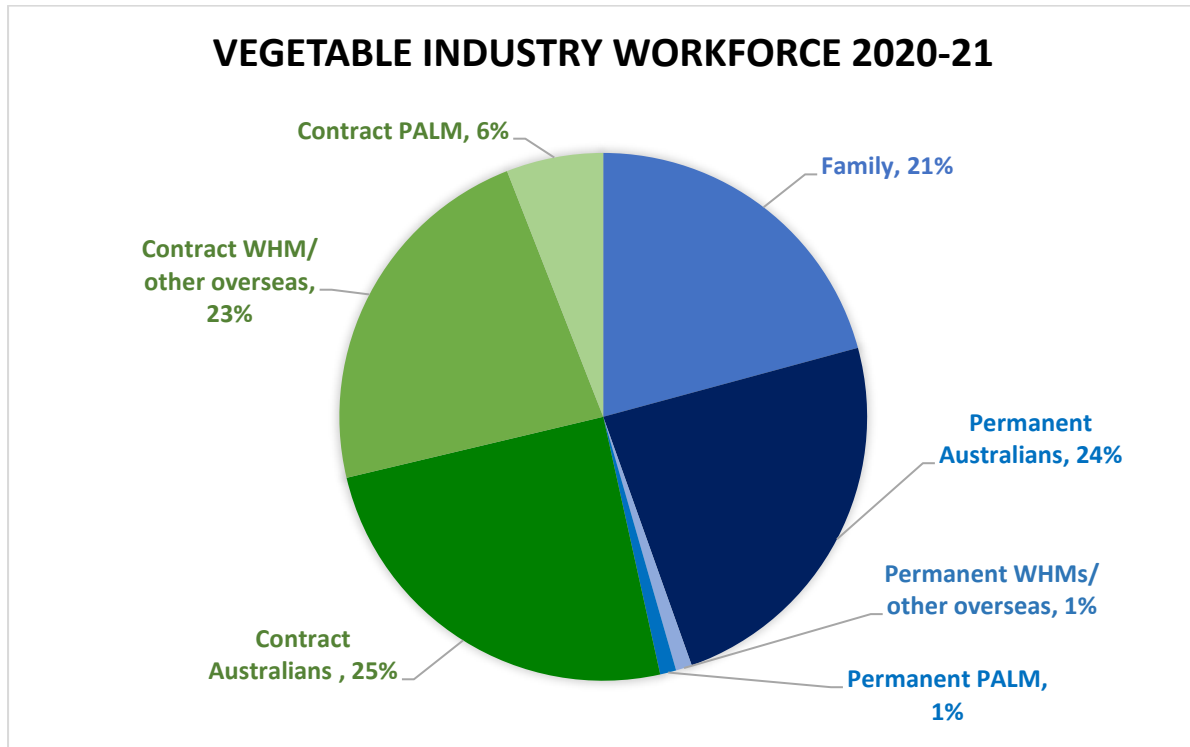
1. Develop a National Labour Hire Licensing Scheme.
2. Improve resourcing for the FWO to continue to audit farms.
3. Recognise Fair Farms and similar on-farm systems appropriate to support the wellbeing of migrant workers.
4. Accelerate tax write off from the current 3 per cent to 33 per cent per year over three years to assist growers to improve their accommodation offers to attract staff.
5. Provide grant programs to growers to build accommodation in areas that lack appropriate accommodation facilities.
6. Recognise prior on-farm learning and skills rather than solely formal training and course recognition.
7. Horticulture Industry Labour Agreement recommendations:
 - a. Better promote the HILA to horticulture businesses and international workers.
 - b. Update the current labour market testing requirement/ process which is not fit for purpose.
 - c. In the absence of a Harvest Visa (or a similar visa) incorporate critical unskilled roles such as harvest workers and processors/ packers.
 - d. Create simple resources to help guide businesses through the process and paperwork.
 - e. Assist in 'match making' migrants to Australian businesses.
 - f. Work with industry to ease the strict and inflexible requirements around the skills assessment and qualifications needed for roles.
8. Reengage under participating pacific countries in the PALM scheme.
9. Engage with WHMs who have existing qualifications and skills to find rewarding careers in the Australian horticulture industry.
10. Develop an Agriculture specific or Harvest work visa to fill the seasonal worker gap in horticulture.

Migrants in the Vegetable Industry

Migrants make up a significant part of the vegetable industry workforce.

At the peak season, PALM, WHMs, and other migrants make up 29 per cent of our contract workforce, helping to harvest, process and transport our produce around Australia and for export.

However only 2 per cent of our permanent workforce is made up of PALM, WHM, and other overseas migrants (see below).



The workforce needs of our industry fluctuate greatly throughout the year. During harvest periods, a workforce can swell from 20 to 200-300 workers on a large property.

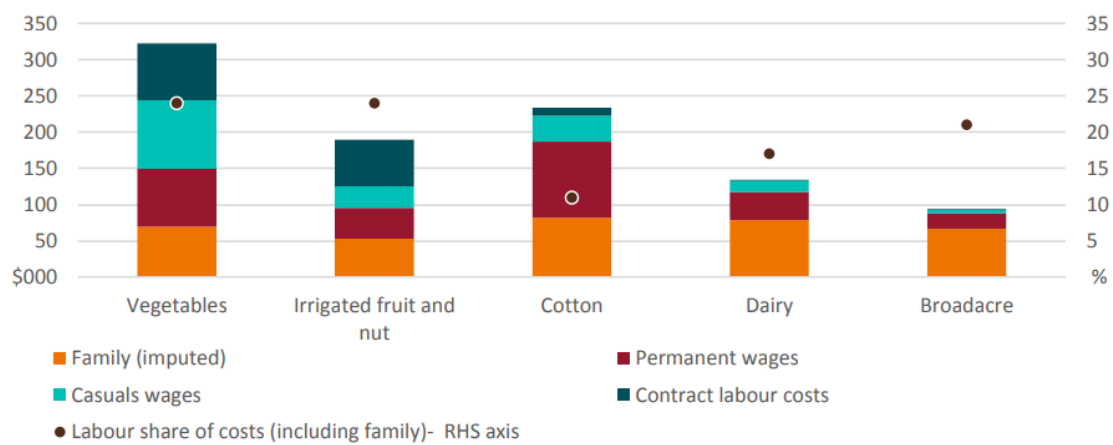
During December 2020-21, the vegetable industry required approximately 42,000 workers, with over half (22,500) of those workers contract/casual coming on to a farm for a very short period, sometimes from as little as six to twelve weeks.

A significant portion of the contract/casual labour were WHMs, Australians, and families of the business.

Growers are desperate for workers at all skill levels and stages of production, from irrigators to picker/packers and mechanics. Labour costs make up a significant proportion of the overall cost of production on horticulture farms. Getting a reliable, efficient, and competent workforce is critical for our grower businesses, as labour accounts for over a third of all business costs for small, medium, and large farms.

The vegetable industry is labour-intensive and requires a large number of workers along the supply chain. In comparison to other agricultural industries, the vegetable industry spends the most on labour, has the highest number of employees and employs the most contract/casual labour (see Figure 1). The high number of workers are needed because many vegetables are delicate and need to be harvested by hand to meet retailers' quality specifications.

Figure 1. Average annual labour expenditure and as a proportion of total costs, by industry, 2017-18



Note: Vegetable farm results reported for 2016–17. Irrigated fruit and nut farm results are based on farms surveyed in the southern Murray–Darling Basin for 2016–17. Labour costs include hired labour and the cost of family labour, but exclude contract service workers who provide machinery and equipment as part of the contract.

There is a plethora of careers available at all different skill levels to migrants in the horticulture industry. Currently the industry is 10,000 workers short, providing a range of opportunities across Australia. Migrants currently make up only two per cent of our permanent workforce. Through creating more permanent residency pathways and building up the regions, we can support more people in remote and regional areas.

Migrants play a critical role in providing a skilled, semi-skill, and unskilled workforce to Australian vegetable businesses. Each of these workers are essential in allowing businesses to produce to their full potential and further expand.

The benefits of growth and productivity flows into Australian communities by creating additional roles and new training resources from the new skills a migrant brings with them.

The Ageing Agriculture Workforce

The average age of a farmer is 56. In 2016 only 24 per cent of agriculture workers were under 35 years old. This shows we have an aging workforce and fewer people going into agriculture or entering post-secondary studies in agriculture. For the long-term sustainability of our industry, we need to ensure we are forward thinking and actively engaging with schools, international communities, and Australians to secure our future workforce.

The changing needs of our industry require more innovative, technical, and creative solutions to solve impacts of climate change and input shortages. With the help of industry stakeholders and government, we need to ensure the required skill sets are nurtured to produce workers that are job ready and able to meet the food production requirements of a growing population both in Australia and overseas.

Many migrant workers are enthusiastic and already have core skill sets that would help stimulate the horticulture industry and greatly assist it in reaching its \$8 billion goal by 2030. We need to attract talented migrants who are innovative and have technical knowledge to elevate our industry and develop solutions to our next biggest issues in climate change and global supply chain interruptions.

Like most industries through the food supply chain, the Australian vegetable industry faces significant challenges in securing a sufficient, competent, reliable workforce. ABARES estimates the total number of workers used by Australian horticulture farms decreased by around 20 per cent (29,300 workers) over the last three years, mainly due to a decrease in overseas WHMs.

The economic cost for vegetable growers of the ongoing labour shortage is not just the lost profits for the lost production that couldn't be planted and harvested, but also the longer-term impact for vegetable growers who must reduce investment in areas that would increase their production efficiency and profitability for future seasons.

Barriers to Migration

Attracting migrants to rural and regional Australia is an ongoing problem with only 1 in 5 migrants choosing to live outside the large population bases. A 2019 Australian National University study also found that 60% of newly arrived migrants living in regional Australia moved into more populated cities and regions after five years.

The reasons for lack of migrants moving to, and staying in, regional Australia include:

- Exploitation: wage theft, poor working conditions
- Housing: lack of affordable and suitable accommodation
- Education: quality of education and choice i.e., religious schools
- Services: healthcare, religion, food i.e., halal
- Support: community and specific migrant support, family support
- Transport: poor public transport

Tackling Exploitation

Attracting workers, whether they be migrants or Australians, to the horticultural sector is a significant issue. Ongoing negative media around wage theft, poor living conditions and mistreatment has had a detrimental impact. AUSVEG condemns the exploitation of workers within in its industry and has been advocating for schemes, such as a National Labour Hire Licensing Scheme, to clean up illegal operators and improve the perception of horticulture as a rewarding career option.

National Labour Hire Licensing

Labour hire firms and workforce contracting firms play a pivotal role in the horticulture sector in supplying growers with an available workforce to harvest and pack crops. Around 52 per cent of the horticultural workforce is employed through labour hire firms. In 2019-20 this accounted for 52,000 workers during the peak harvest period.

It is critical that growers can use labour hire services with confidence knowing that their workers are treated fairly and are paid their award wages

A National Labour Hire Licensing Scheme for the horticulture sector will assist growers to check if a labour hire company is meeting government requirements around regulatory compliance. It will also allow workers to have confidence that they will be treated fairly and paid appropriately without the fear of mistreatment.

The horticulture sector needs a scheme, such as a National Labour Hire Licencing Scheme, that is built with integrity and well-resourced to ensure that action is taken against unlicensed operators.

The National Labour Hire Licencing Scheme must be well-resourced and funded to ensure enforcement activities are undertaken against rogue operators.

Many horticulture businesses in Australia rely on labour hire operators to access a flexible workforce that can meet the seasonal demands for increased labour. Confusion in the community about the operation of labour hire may allow operators to avoid legal obligations and take advantage of vulnerable workers in the process more easily. Evidence suggests that the horticulture, cleaning, meat processing and security industries are particularly high risk for unscrupulous labour hire practice.

Recommendations:

- Develop a National Labour Hire Licensing Scheme.
- Improve resourcing for the FWO to continue to audit farms.

Fair Farms

The Fair Farms program strives to foster fair employment practices in the Australian horticulture industry. Fair Farms provides a pathway to third-party audit and certification, allowing participating businesses to demonstrate their commitment to fair and responsible employment practices to their customers, workers, and the community.

The program helps horticulture growers to navigate the complex employment and WHS laws and regulations. The program has been developed by industry and growers to create an easy to navigate and streamline system.

Programs like fair farms help to ensure Australia is seen as a welcoming destination for migrants. It shows the industry is dedicated to improving employment practices and ridding the shadow of exploitation which is cast by a few rogue employers.

Horticulture businesses are currently struggling with the lack of consistency between auditors and the associate costs to bringing them on farm. This is partially because there is no official training or skills assessment for auditor and the multiple programs growers are involved in each have a different auditor process.

Recommendations:

- Recognise Fair Farms and similar on-farm systems appropriate to support the wellbeing of migrant workers.

Accommodation

To attract and retain talent the Government needs to address the regional and remote accommodation issue. The accommodation shortage and the rising cost of accommodation is being felt across the agricultural supply chain and is greatly hampering the potential growth of rural and regional businesses and communities.

The COVID-19 pandemic exasperated the housing shortage in rural and regional Australia as people living in metropolitan cities migrated to the country. The influx of population into regional Australia also resulted in rising house prices and a reduction in rental property availability.

While attracting workers has been difficult this is compounded by the significant lack of accommodation in rural and regional Australia. In more remote areas or properties there is also a problem accessing accommodation close to the workplace where public transport is either not

available or does not meet the requirements of the workers i.e some picking starts at 5am in the cooler early morning hours and before public transport starts.

Growers who are utilising overseas workforces are burdened with additional costs and administrative expenses to bring in workers from overseas. The housing shortage has added another barrier, cost, and layer of complexity. In many areas of Australia peak harvest or labour requirements also align with peak tourist season and school holidays, meaning that accommodation is in strong demand.

Growers have struggled to build accommodation on their own properties because of local council planning regulations, and options in town can be too few, too far, or too expensive. This has forced growers to buy houses, hotels, and caravan parks to secure housing for workers. This can also cause angst for regional communities as harvest workers are not seen as profitable as tourists.

Purchasing accommodation is a big upfront cost that only some growers can afford. It is a cost that some small to medium growers cannot afford, which is their greatest barrier to accessing labour.

It is unsustainable and unreasonable to expect growers to purchase accommodation for their workers when they are already under pressure to operate on fine margins.

Current flooding in Eastern states of Australia is causing further housing shortages as severe water damages to properties are making them unlivable. This is greatly affecting regional and rural housing availability and creating more challenges for horticultural business to find appropriate housing to attract and retain workers.

Recommendations:

- Accelerate tax write off from the current 3 per cent to 33 per cent per year over three years to assist growers to improve their accommodation offers to attract staff.
- Provide grant programs to growers to build accommodation in areas that lack appropriate accommodation facilities.

Visas programs available to the horticulture industry

Scheme Name	Visa Name	Reference	Permanent Residency
Horticulture Industry Labour Agreement (HILA)	Temporary Skill Shortage (TSS)	Subclass 482	No
	Skilled Employer Sponsored Regional (SESR)	Subclass 494	Yes (via pathway)
	Employer Nomination Scheme (ENS)	Subclass 186	Yes
Pacific Australia Labour Mobility (PALM)	Temporary Work (International Relations)	Subclass 403	No
Working Holiday Maker (WHM)	Working Holiday	Subclass 417	No
	Work and Holiday	Subclass 462	No

Unrecognised Skills

Employees who do acquire relevant skills under non-permanent visas may be able to apply for other permanent visa categories if they meet the eligibility criteria. AUSVEG would like to see the pathways from temporary skilled workers to permanent residency skilled workers better promoted and more easily accessed.

There should be greater recognition of on-farm learning and skill acquisition rather than formal training and course recognition. For example, WHM applicants who have spent two years on a property and have reached Supervisor or Manger roles in a packhouse and are a valued and essential employee, should have their skills recognised even though they have not undertaken formal course qualifications.

Upskilling temporary and permanent migrants within a business builds capability, increases productivity and creates a positive work culture which assists employers in retaining and attracting staff. Incentivising training and increasing access to training and training providers in rural and regional Australia will have long-term benefits for retaining migrant workers in agriculture.

Recommendations:

- Recognise prior on-farm learning and skills rather than solely formal training and course recognition.

Horticultural Industry Labour Agreement (HILA)

The HILA is the largest and most comprehensive labour agreement in Australia with 31 occupations listed for eligibility. The HILA enables approved businesses to sponsor skilled and semi-skilled overseas workers to fill jobs where growers can demonstrate there are no local workers able or willing to fill them.

The number of places available under HILA is uncapped and therefore the scheme offers businesses flexibility to recruit skilled employees in the areas they most require. There are three visa categories available under HILA, two of which offer permanent migration.

HILA was launched in January 2020, just months before the COVID-19 pandemic started and therefore the full benefits of the program are yet to be realised. Government and AUSVEG are reengaging with industry to further educate and promote the scheme to growers.

The HILA currently makes up less than one percent of our permanent horticulture workforce. The HILA could provide a key stream of workers but there are a number of improvements that need to be made to the scheme first,

Recommendations:

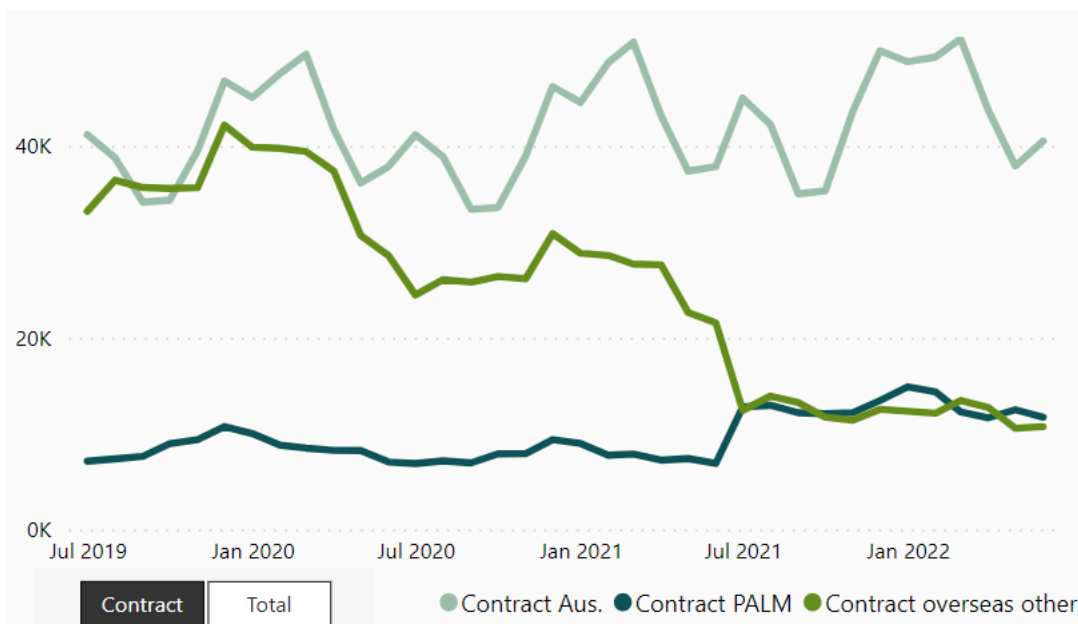
- Better promote the HILA to growers and international workers.
- Update the current labour market testing requirement/ process which is not fit for purpose.
- In the absence of a Harvest Visa (or a similar visa) incorporate critical unskilled roles such as harvest workers and processors/ packers.
- Create simple resources to help guide businesses through the process and paperwork.
- Assist in 'match making' migrants to Australian businesses.
- Work with industry to ease the strict and inflexible requirements around the skills assessment and qualifications needed for roles.

Pacific Australia Labour Mobility (PALM) Scheme

Short Term PALM Stream

PALM workers make up 6 per cent of our temporary horticulture workforce on farms helping to fill critical seasonal roles. During the pandemic there were an increased number of PALM workers coming into Australia because they were of the few internationals Australia allowed in (see figure 2).

Figure 2. Workers used on Horticultural farms overtime.



PALM workers could make a significant number of critical workers, but due to the requirement that employers must provide them with at least nine months of work, it means that employers cannot directly employ PALM workers for critical seasonal roles. Harvest roles only last 6-12 weeks, and require a significant influx of workers, so employers can only use PALM workers through a labour hire provider.

Long Term PALM Stream

Through the longer 4-year PALM stream employers train and upskill PALM workers to fill skilled roles in their company. These PALM workers often become valuable staff members but due to the lack of permanent pathways, they are unable to stay and further their career opportunities.

While we need to be cognisant that offering permanent residency pathways may also create a ‘brain drain’ from the Pacific Islands, a permanent residency pathway should still be an option.

The engagement from the eleven countries in the PALM scheme is currently unbalanced. Some countries are over utilised, for example Tonga has 11% of their working aged population in Australia or New Zealand which is causing brain drain. For these Pacific countries whose tourism industries have greatly suffered from COVID, it is important that the PALM scheme, as a foreign aid program, doesn’t start causing problems.

In order to prevent brain drain we need to reengage underutilised countries in the scheme which as Timor Lests which has 0.2% of its working population engaged in the Australia and New Zealand. The Solomon Islands, Fiji, Timor Leste, and Papua New Guinea all have larger populations but are underutilised in the PALM program.

Recommendations:

- Reengage under participating pacific countries in the PALM scheme.

Working Holiday Maker (WHM) Program

As of November 11, 2022, over 106,000 working holiday makers have arrived in Australia since the borders opened to fully vaccinated WHMs on 15 December 2021. The Department has granted nearly 161,200 WHMS visas to both on and offshore applicants.

Prior to the borders closing in March 2020 there was approximately 137,000 WHMs in Australia.

WHMs make up 20-25 per cent of the vegetable industry workforce. Historically these WHMs have been young backpackers who are completing their 88 days' work in a regional area to gain their second-year visa. Whilst these workers are often not the most productive and driven, they form a significant part of our workforce pool.

In 2021, the legislation requiring WHMs to do their 88 days on farms changed to also allow WHMs to also work in hospitality. Due to the labour-intensive nature of farm work and the negative publicity through some media outlets, we will see many backpackers choosing hospitality over horticulture.

There are currently two streams of workers coming in from the Working Holiday Maker program, first is the stream of workers who are between 20-24 years old and are involved in the gap year/ party culture. The other stream is 24-28 years old and have a range of skills looking for experiences to help build their careers. The horticulture industry needs to capitalise on these workers and assist them in finding roles that are challenging and allow them to upskill and grow.

There are numerous examples of individuals that started out in low level roles and after showing dedication and enthusiasm to develop are in upper management roles on farms. This benefits both the WHM and the business helping grow the business and develop the individual.

Recommendations:

- Engaged with WHMs who have existing qualifications and skills to find rewarding careers in horticulture.

Agriculture Harvest Work Visa

AUSVEG is still supportive of the Agriculture Visa that fills the gap in the visa system for the unique needs of the agriculture industry.

Alternatively, a Harvest Work Visa (HWV) that can help fill the harvest worker shortages. Similar to the Agriculture Visa and the PALM scheme, the HWV will have high worker protections, enable workers to move between work assignments with different employers and return year on year.

Enabling a flexible and reliable workforce will create a productivity boost for Australian producers and allow the Australian vegetable industry to fill its labour needs during peak harvest periods, enabling businesses to continue to expand and supply high quality fresh produce to Australian and international communities.

The industry specific visa will prevent employers from needing to compete with other industries for workers as they do for the PALM scheme and WHM visa.

The HWV will expand beyond our Pacific neighbours to make connections with other countries such as Vietnam. This will build both domestic and foreign economies and communities.

Recommendations:

- Develop an Agriculture specific or Harvest work visa to fill the seasonal worker gap in horticulture.