



**Jobs and Skills Summit
White Paper Submission
November 2022**





AUSVEG welcomes the opportunity to submit to the Jobs and Skills Summit White Paper to highlight the needs of the vegetable and potato industry. Our submission focuses on:

1. Productivity
2. Skills, education, and training, upskilling, and reskilling
3. Migration
4. Fair conditions
5. Building resilient supply chains
6. Labour force participation
7. Future of work



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 that includes the following members, AUSVEG VIC, AUSVEG SA, Growcom, Vegetables WA, NSW Farmers, NT Farmers, WA Potatoes, and 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 services for growers around Australia in the areas of extension, communications, 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.

For more information about the details in this document, please contact the following:

Michael Coote
AUSVEG CEO
03 9882 0277
michael.coote@ausveg.com.au

Lucy Gregg
National Public Affairs Manager
03 9882 0277
lucy.gregg@ausveg.com.au

Chloe Betts
AUSVEG Policy Officer
03 9882 0277
chloe.betts@ausveg.com.au

Introduction

Like most industries through the food supply chain, the Australian vegetable industry faces significant challenges in securing a sufficient, competent, and reliable 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 peaked at up to 26,000 workers required in different regions across Australia at the height of the pandemic in early 2021.

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 growers. Horticultural growers cite workforce issues as a major barrier to expansion and many are forced to leave fresh produce in the field as they lack workers to harvest crops.

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 many more roles as workers follow the harvest trail for seasonal work.

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

The economic cost for vegetable growers of the ongoing labour shortage is not just the opportunity cost for the lost production of planted and harvested vegetables, 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.

AUSVEG's submission to the Jobs and Skills summit white paper is supported by our state members including, AUSVEG VIC, AUSVEG SA, Growcom, Vegetables WA, NSW Farmers, NT Farmers, WA Potatoes, and TFGA.

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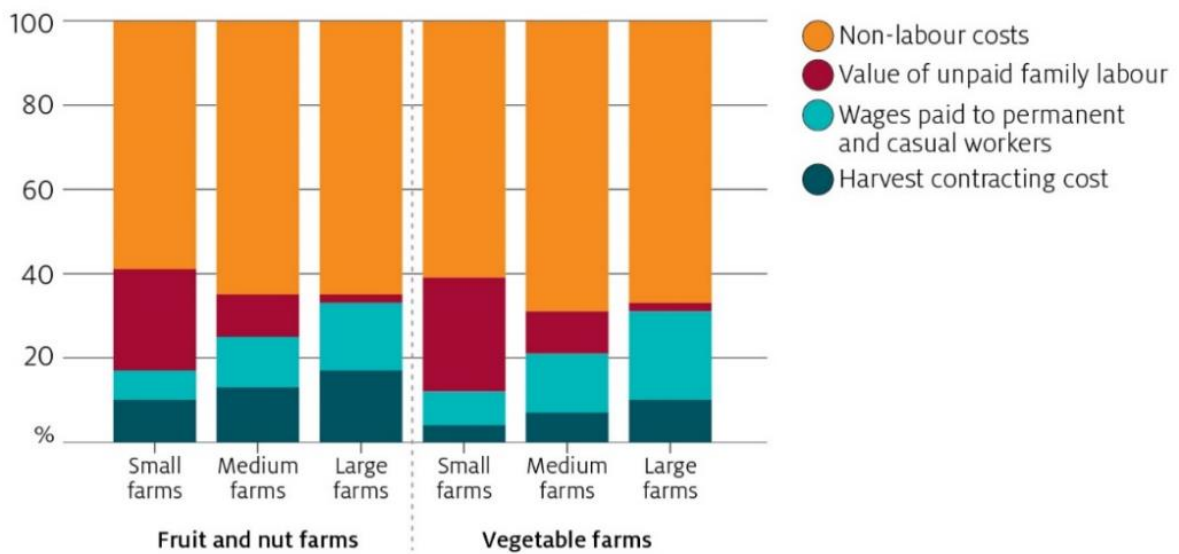
Our Horticultural Workforce

There is a direct link between labour shortages for growers and the increased prices for fresh food.

With produce going unpicked, there is less supply going to market, which increases demand for fresh produce in the market, making it more expensive given the economic principles of supply and demand.

Growers are desperate for workers at all skill levels and stages of production, from irrigators to picker/packers, to mechanics. Labour costs make up a significant proportion of the overall cost of production on horticulture farms. For small, medium, and large farms it is over a third of all costs (see Figure 1).

Figure 1: Labour cost share by farm size, horticulture farms by industry, Australia, 5-year average to 2018-19

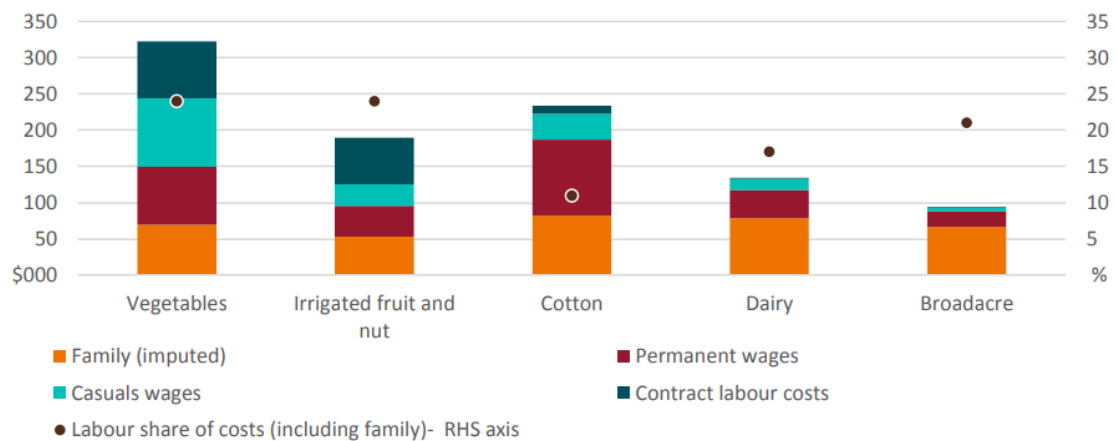


Note: Farm size determined by business turnover – small farms (less than \$500,000), medium farms (\$500,000 to \$2 million) and large farms (more than \$2 million). Data for fruit and nut farms only include farms in the southern Murray–Darling Basin with area planted to fruit or nut crops.

Source: ABARES

The vegetable industry specifically 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 2). The high number of workers are needed because many vegetables are delicate and need to be harvested by hand in order to meet retailers' quality specifications.

Figure 2. 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.

Seasonality and fluctuation in the vegetable industry workforce

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 are contract/casual coming into a farm for a very short period, sometimes from as little as six to twelve weeks.

This on-farm workforce was made up of the following:

- Family: 21%
- Permanent Australians: 24%
- Permanent Working Holiday Makers (WHM)/other overseas: 1%
- Permanent PALM: <1%
- Contract Australians: 25%
- Contract WHM/ other overseas: 23%
- Contract PALM: 6%

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

PALM workers have been important in filling the harvest workforce gaps. However, because of the six-month minimum employment period required for PALM workers, they are difficult to place; hence they only make up 6 per cent of harvest workers. A harvest period for a vegetable business often only extends for a few intense months. They therefore cannot provide work for all PALM workers outside of the harvest period.

Many growers will use labour hire to recruit a workforce for the needed period, some of these workers are from the PALM scheme.

Accommodation – Enabling a workforce

The accommodation shortage is being felt across the supply chain and is greatly hampering the potential growth of rural and regional businesses and communities.

Most vegetable farms are located in regional and rural areas, which have limited accommodation options. Accommodation in regional and remote towns is sparse, distant, and expensive. The lack of accommodation is making it more difficult for employers to attract good workers.

In some regions harvests occur during peak holiday seasons, leaving workers to compete with tourists for already scarce accommodation. In addition, accommodation prices are also elevated for the holiday period, making it more inaccessible.

For growers recruiting workers from overseas through the Horticulture Industry Labour Agreement (HILA), PALM and WHM programs, they are already burdened with additional costs and administrative time to bring in workers from overseas. The housing shortage has added another cost, and layer of complexity.

Growers have struggled to build accommodation on their own properties due to a range of issues including local council planning regulations, costs, and feasibility. This has forced growers to buy houses, hotels, and caravan parks to secure housing for workers.

Purchasing accommodation has a significant 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 tight margins.

Current flooding in Eastern states of Australia is causing further housing shortages as severe water damage is making a large number of properties 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.

Complementary to the accommodation shortage in regional and remote areas is the shortage of services, including schools and medical services, making regional areas unable to support their local population let alone additional workers.

Current priorities

Australians first

The unemployment rate in Australia is at a 48 year low, meaning that most people who want a job, have a job. This creates a challenging and competitive labour environment.

Harvest work is physical, short-term, regionally based, and outdoors, creating a range of barriers for Australians to take up this work. Whilst 80 per cent of the vegetable industry workforce are harvest roles, the other 20 per cent are technical, management and administrative roles. These semi-skilled and skilled roles are in high demand.

AUSVEG recommends supporting unemployed Australians to reintegrate back into the workforce. Unskilled workers could be trained to fill harvest roles whilst workers with pre-existing skills could be retrained to take on semi-skilled and skilled roles.

Programs to reintegrate long term unemployed have been utilised in some regional areas with training providers organising transport and not only training them on work skills but also life skills.

Migration

Working Holiday Makers (WHMs)

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 them to 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.

A targeted Harvest Work Visa or Agriculture Visa would assist in filling the gap in workers and ensure the visa parameters are more flexible to better meet the unique needs of our industry. Please see the *agriculture specific visa* section below.

Pacific Australia Labour Mobility (PALM) scheme

The PALM scheme is a foreign aid program that allows workers to come to Australia and send remittances back to their families in the Pacific. This is a mutually beneficial arrangement for growers and workers.

There are three main improvements that can be made to the PALM scheme to allow it to better suit that needs of our industry.

1. Improving seasonal worker movement flexibility

Unlike other sectors using the PALM Scheme, agriculture (and more specifically horticulture) is highly seasonal and dependent on seasonal conditions.

During the harvest peak period, employment levels could swell from 20 workers to 200-300 workers. The harvest season then might only last a few weeks to a few months depending on the crop and the farm size.

The PALM scheme requires growers to provide at least six months of full-time work to PALM workers. Growers cannot always offer six months of work to their entire harvest workforce and hence will use labour hire firms to recruit workers.

Labour hire firms move the workforce from one crop or region to the next, providing full time harvest work for the duration of the workers stay.

Government must consider alternative models for the PALM scheme which will allow workers to follow the harvest trail. One option is to implement a marketplace model, noting that this model comes with additional complexities, risk, and major changes to the structure of the PALM visa. It also presents challenges around worker welfare and employer financial obligations. A marketplace model would allow workers to move between employers by themselves.

For the marketplace model to work effectively, workers would have a higher standard of English than what is currently required by the PALM. Additionally, workers should have done one year, or one rotation, in Australia under the current model before they are able to do self-initiated movement.

At this point in time, the most effective model would be employer-initiated portability model, with a long-term goal of transitioning to a marketplace model.

Worker movement reforms need to be paired with the introduction of a National Labour Hire Licensing Scheme to help mitigate the risk of unethical employment practices and poor worker treatment. This scheme will assist in excluding wilfully non-compliant companies from the PALM scheme.

Noting that the horticulture sector worker shortage in excess of 10,000 workers, consideration needs to be given as to whether the Pacific alone can provide these workers. Workers from Asian countries have proved invaluable on horticulture farms and could provide critical short-term relief to businesses.

AUSVEG further recommends the government investigate an alternative Harvest Visa that partners with countries beyond the Pacific to fill these shortages.

2. Expand the PALM Scheme

The participation of the 11 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 resulting in a brain drain from their local economy. For these countries, which tourism industries have greatly suffered from COVID, it is important that the PALM scheme, which is a foreign aid program, doesn't start causing issues domestically for partner countries.

In order to prevent brain drain, we need to tap into other under-utilised countries in the scheme such as Timor Leste 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 under-utilised in the PALM program.

3. Enforcement

To ensure that PALM scheme continues to be inviting for Pacific Islanders, the Federal Government needs to ensure that the Department of Foreign Affairs and Trade, and the Department of Education, Skills, and Employment are well resourced. Both departments need more capacity to investigate mistreatment and undertake compliance activities.

This priority links to the unwriting model which needs more resourcing to ensure absconded workers and their workplace are investigated.

AUSVEG is supportive of the Migrant Workers Taskforces recommendations. In particular:

- The Government consider whether the Fair Work Ombudsman requires further resourcing, tools and powers to undertake its functions under the Fair Work Act 2009.
- A whole of government approach to the information and education needs of migrant workers be developed.
- In relation to labour hire, the Government establish a National Labour Hire Registration Scheme.

An Agriculture specific 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.

National Labour Hire Licensing

Labour hire firms and workforce contracting firms play a pivotal role in the horticulture sector in supplying growers with workers. 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 these services with confidence knowing that their workers are treated fairly and paid properly.

A National Labour Hire Licensing Scheme for the horticulture sector will help growers to check if a labour hire company is meeting government expectations around 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 that is built with integrity and well-resourced to ensure that action is taken against unlicensed operators.

The National Labour Hire Licensing 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.

AUSVEG supports better resourcing for the FWO to continue to audit farms so that we can remove/ fine these employers or labour hire companies.

Long-term

Education

Australians lack awareness of the agriculture industry and have become increasingly removed from the food system. The future agriculture workforce is currently at school. We need to do more to educate and entice students about opportunities to work in horticulture. This will achieve multiple outcomes:

1. Educate students about where food comes from and the food system.
2. Increase consumption of vegetables.
3. Improve connection between the regional and urban communities.
4. Show students the career opportunities available in horticulture.
5. Improve the perception of the Australian horticulture industry.

To achieve the above, we need to:

- Develop agricultural education modules for primary, secondary, vocational, and tertiary education (as part of specific agriculture study, electives, or short courses).
- Require a national curriculum unit of Australian Agriculture.
- Engage heavily with industry to ensure curriculum is co-designed and relevant.

- Improve the perception of the horticulture sector.
- Through focused educational units, build students awareness of the career pathways in horticulture.
- Improve exposure to agriculture through programs like 'city experience', which takes students from urban and rural schools into cities. For students who live in cities or urban regions it would be more beneficial for them to do the opposite and do country experience'. Helping to build their knowledge and understanding of agriculture.
- Continue to support programs such as 'Kids to Farms'.

The average age of a farmer is 56. In 2016 only 24 per cent of workers were under 35 years old. This shows we have an aging workforce and fewer people are entering into 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 to secure our future workforce.

The changing needs of our industry will begin to require more innovative, technical, and creative solutions to solve impacts of climate change and input shortages. With the help of industry stakeholders, we need to ensure the required skill sets are built during schooling to produce workers that are job ready.

National Food Supply Chain Strategy

Australia currently does not have a national food supply chain strategy to futureproof the country's food security. The last two years have demonstrated that the impacts of both natural disasters and global challenges can have flow-on effects to our food, distribution, and retail industries.

The government must prioritise developing a national food supply chain strategy to ensure that Australia's food supply chain is ready and able to combat the future challenges that may impede food production and distribution.