



**Food Supply Chain
Capacity Study**
Submission to the Discussion Paper

May 2024

About the Australian Fresh Produce Alliance

The Australian Fresh Produce Alliance (AFPA) is made up of Australia's key fresh produce growers and suppliers. The members include:

- Costa Group
- Perfection Fresh
- Montague
- Pinata Farms
- Fresh Select
- Mackay's Marketing
- Driscoll's
- Australian Produce Partners
- Premier Fresh Australia
- Rugby Farming
- Fresh Produce Group.

These businesses represent:

- half the industry turnover of the Australian fresh produce (fruit and vegetables) sector - \$10 billion total
- a quarter of the volume of fresh produce grown in Australia - 1 million of the 3.9 million tonne total
- more than a third of fresh produce exports - \$410 million of the \$1.2 billion export total
- more than 1,000 growers through commercial arrangements, and
- more than 15,000 direct employees through peak harvest, and up to 25,000 employees in the grower network.

The key issues the AFPA is focusing on include:

- packaging and the role it plays in product shelf life and reducing food waste landfill,
- labour and the need for both a permanent and temporary supply of workers,
- market access to key export markets for Australian produce,
- product integrity both within and outside of the supply chain and,
- pollination and research into alternative sources.

The AFPA's aim therefore is to become the first-choice fresh produce group that retailers and government go to for discussion and outcomes on issues involving the growing and supply of fresh produce.

Products grown by AFPA Members include:

Apples	Blueberries	Cherries	Nectarines	Raspberries
Apricots	Broccoli	Fioretto	Onions	Salad leaf
Asparagus	Broccolini	Green Beans	Oranges	Spinach
Avocado	Brussel Sprouts	Herbs	Peaches	Strawberries
Baby Broccoli	Butternut	Lemons	Pears	Sweet Corn
Baby Corn	Pumpkin	Lettuce	Pineapples	Table grapes
Bananas	Cabbage	Mandarins	Plums	Tomatoes
Beetroot	Cauliflower	Mango	Potatoes	Water Cress
Blackberries	Celery	Mushrooms	Cucumber	Wombok

Summary

The AFPA supports the Jobs and Skills Australia undertaking of an independent capacity study on the workforce needs of Australia's food supply chain. This submission seeks to provide an informative insight and background to the fresh produce industry, its workforce, and related opportunities and challenges.

Horticulture is Australia's third-largest agricultural sector by value, encompassing fruits, vegetables, nuts, flowers, turf, and nursery products. This submission focuses on the fruit and vegetable (fresh produce) industry within horticulture, which plays a pivotal role in ensuring national food security, economic prosperity, and public health. The supply of fresh fruit and vegetable is essential to the welfare and wellbeing of Australians, and the fresh produce industry plays a pivotal role in the nation's economy, contributing significantly to regional employment and development. The sector's a production value was \$12.15 billion in 2022-23 and it supports between 65,000-80,000 full-time-equivalent positions.

The industry comprises a diverse mix of small and large businesses, with ABS data indicating there are over 18,000 fruit, vegetable, and nut-producing entities in Australia. Around two-thirds, 12,371, are non-employing entities and 5,217 employ between 1 to 19 people, which means 96% of the industry are 'small businesses' by ABS definition. Around 60% of the businesses, 11,082, turnover less than \$200,000 per annum. This data demonstrates that the fresh produce industry is made up of a large number of small businesses and a small number of large businesses, which would employ most of the industry's workers.

Labour remains a critical component of fresh produce production, unlike broadacre farming and other agriculture sectors, which have become highly mechanised. Employment in horticulture can be separated into three distinct functional areas:

- Harvest Labour – 80% of workforce: harvesting, picking, packing, planting and maintenance (e.g. pruning) of horticultural crops
- Technical Expertise – 15% of workforce: skilled and semi-skilled roles including supervisors, agronomists, food technologists and food safety specialists
- Management & Administration - 5% of workforce: farm managers, sales and marketing, category management, human resources and finance and accounting.

The supply of fresh produce is entirely dependent on the industry's ability to engage a harvest workforce. The harvest workforce is also crucial to the production of fruit and vegetables and supporting permanent jobs in the industry. Based on AFPA data, every permanent job performed by an Australian citizen or permanent resident in the industry is dependent on at least three harvest roles.

While Australian residents typically fill the skilled (technical, managerial, and administrative) positions, workers from overseas are the main source of harvest workers. The industry's reliance on overseas workers for harvest labour is unlikely to change because the characteristics of harvest work, particularly in today's labour tight market, are unattractive to most Australians. Harvest work is seasonal (temporary), regional, variable (influenced by weather and other factors) and physical. Developing a productive and returning harvest workforce is key to the industry's long-term viability.

Labour is also, on average, 52 per cent of the total cost of producing fruit and vegetables, and therefore any changes to the industry's workforce, whether by design or unintended consequences of broader policy, have a profound impact on both the cost of production of fresh produce, the viability of fresh product businesses and ultimately the consumer price of fresh produce.

Sustaining Australia's fresh produce supply and the sector's growth requires a more concentrated effort on the development of the sector's workforce. In response to the consultation questions, and to support the long-term viability of the industry, the AFPA are focused on five key areas and outlined the associated opportunities and challenges to developing our workforce in this submission:

1. Employing Australians:

- The fresh produce industry seeks to employ more Australians, but faces challenges due to the seasonal, physical, regional, and variable nature of the work in the majority of roles in the sector.
- Unemployment rates are low, making it difficult to attract local workers, and the industry is in tough competition with the broader economy for skilled workers.

- Accommodation shortages in regional areas hinder workforce attraction, necessitating nuanced solutions.

2. Education and Training:

- There's a growing demand for skilled workers in technical, managerial, and administrative roles.
- Challenges include a lack of clear career pathways and relevant education programs.
- The sector seeks industry-driven, skills-focused, and knowledge-based training programs.

3. Supporting Employers and SMEs:

- Most producers are small and medium enterprises (SMEs) and as a result, utilise labour hire services.
- SMEs face additional challenges, specifically due to their capacity, to effectively engage and maintain a workforce.
- As a result, in many horticulture businesses the HR function is underdeveloped, or outsourced. There is a need to improve access to industry specific HR support for SMEs and increase coverage of ethical auditing schemes to improve industry standards and worker welfare.
- The introduction of a National Labour Hire Licensing Scheme would further support workers and employers in the fresh produce industry.

4. Migration Settings:

- The horticulture industry heavily relies on migrant workers including skilled, semi-skilled, and unskilled workers, to fill workforce roles. Both permanent and temporary migration pathways are utilised by industry.
- While challenges exist in securing skilled migrants to meet technical expertise and managerial shortfalls, increasingly the greatest challenge is the employment of harvest workers through limited and ever more costly and precarious visa pathways.
- Developing a productive and returning harvest workforce is key to the industry's long-term viability.
- Currently there are two main cohorts of temporary workers that make-up industry's harvest workforce, Pacific Australia Labour Mobility Scheme (PALM) workers and Working Holiday Makers (WHM/'Backpackers').
- While multiple visa schemes are available to the industry, they do not fully meet industry needs.
- A gap exists for a regulated visa program to support peak-harvest workforce requirements, leading to advocacy for the introduction of a Harvest Work Visa (HWV).
- The HWV should be a regulated visa pathway, enabling flexibility for workers and employers while offering improved levels of worker protection compared to unregulated pathways.

5. Solving Information/Data Gaps:

- Detailed and collated data on the horticulture industry's workforce is lacking, with existing information being piecemeal and regionally focused.
- The information that is gathered is further hampered by the absence of 'ground truthing' of data, and incorporation of information from employers to give a more holistic view of industry's workforce.
- Data gaps include number of workers in the sector (people vs. roles or FTE), demographic information, skills and training needs and a range of other fundamental measures.
- Collaboration among government, industry, academia, and other stakeholders is essential to improve data collection, dissemination, and analysis.

The fresh produce industry is a large user of labour, and will remain so into the future with limited opportunities to improve mechanisation in the sector in the short to medium term horizon. Therefore, policy settings that enable industry to develop a productive and returning workforce, with the right skills and training is critically important to the ongoing domestic production and manufacturing of food in Australia.

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Introduction

The Australian Fresh Produce Industry (AFPA) welcomes the opportunity to provide feedback to Jobs and Skills Australia to inform its independent capacity study on the workforce needs of Australia's food supply chain.

Australia's fresh produce industry supplies Australian households with high-quality, fresh, nutritious fruit and vegetables year-round. Recently Australia's fresh produce growers have experienced, and continue to experience, significant challenges – supply chain disruptions, labour shortages, rising input costs, and extreme weather events. The industry has also been subject to some significant changes and increased burdens due to government regulation and policy decisions making. These challenges have tested supply and driven up production costs, which in turn has led to consumer price increases.

The cost of producing fruit and vegetable has increased by 18.9% over the past four years, largely driven by increases in labour (20.7%), energy (20.0%), capital (22.3%) and other production input costs (19.3%), such as fertiliser. Labour accounts for around 52% of the total cost of production on average of all fruit and vegetables. While the consequences of the COVID-19 pandemic initiated many workforce challenges, the largest increase in the cost of labour, 12.1%, has occurred in the last two years due to a range of reasons, including both economy-wide changes, such as increases to the national minimum wage, as well as more specific changes to the industry, such as amendments to the Horticulture Award and Pacific Australia Labour Mobility Scheme.

Australia's economy is in the midst of a challenging period. As widely publicised, many Australian families are experiencing cost of living issues, having to make difficult decisions around how to allocate their household budgets, which is resulting in a softening demand for fresh produce. This softening demand, coupled with the increasing production costs and other challenges experienced by growers, has created an incredibly difficult operating environment for many fresh produce businesses, testing the industry's viability and resilience.

A productive and stable workforce is critical to ensuring the continued success and sustainability of Australia's fresh produce industry. It is imperative that Jobs and Skills Australia's capacity study comprehensively examines the current and future workforce needs of the industry and recognise the critical and ongoing importance of a temporary migrant workforce.

The AFPA is of the strong opinion that the current government has made several ill-informed or misguided decisions around workforce settings and policies that are exacerbating historic challenges and leading to a range of unintended consequences that limit industry's productivity and ability to attract and retain workers in horticulture.

Looking ahead, the AFPA hopes this study will be able to provide Government with a more informed view of the industry's current workforce needs and means to deliver on this. The industry aims to better futureproof and build more certainty into the business of feeding Australia. A stable workforce is a key part of securing Australia's fresh produce supply. Establishing a productive and returning harvest workforce and enabling more Australians to take-up technical and professional roles in the sector are two key challenges to overcome.

Background and Context

Horticulture is Australia's third largest agricultural sector by value and includes fruit, vegetables, nuts, flowers, turf, and nursery products. The focus of this submission will be on the fruit and vegetable (fresh produce) industry within horticulture.

The fresh produce industry and its ongoing supply of nutritious and safe fruit and vegetables plays a crucial role in the health and well-being of Australia's population, underpins national food security and is a major contributor to the economy, particularly in regional communities. A profitable and sustainable fresh produce industry is in Australia's national interest.

Fresh Produce Industry Snapshot

The following key facts and information, sourced largely from Hort Innovation's *Australian Horticulture Statistics Handbook 2022/23*¹, provide valuable context and a snapshot of the fresh produce industry:

- In 2022-23, the total production value of the fresh produce industry was \$12.15 billion,
- It is estimated to directly support between 65,000-80,000 roles².
 - It is important to note that this is a significant increase to the 45,000+ provided in the discussion paper.
- Australia produced 6,237,739 tonnes of fresh produce, the majority for fresh supply to the domestic market (61.6%) or for processing (28.9%).
- Unlike Australia's broader agriculture industry that exports around 72% of its production³, the fresh produce sector only exports 9.7% of its volume to overseas markets (due to several reasons, including limited technical market access).
- Australia only imports 2.9% of produce for fresh supply, meaning 97.1% of fresh fruits and vegetables consumed in Australia are grown in Australia.
 - The lack of overseas growth opportunities and near 100% saturation of the local market mean that the industry's growth is confined to Australia's population growth. This is a key challenge to the long-term viability of the sector and aggravates domestic competition issues.
- Of the total local fresh supply (3,938,334 tonnes), 83.5% goes to retail for household purchase, this encompasses supermarkets, green grocers, farmers markets, etc., and 16.5% goes to food service, such as cafes, restaurants, hotels, etc., typically via the wholesale markets in each state and territory.

Fresh Produce Growers

A large number of small businesses and a small number of large businesses

Australia's diverse climate and geography enables more than 100 varieties of fruit and vegetable to be grown productively in regions around the country. This advantageous environment has enabled a large-number and wide-variety of fruit and vegetable producing businesses to be established. When considering policy for the fresh produce industry, it is important to consider the diversity and profile of the sector.

As of 30 June 2023, ABS data⁴ indicates there were 18,325 fruit, vegetable and nut producing businesses in Australia. Around two-thirds, 12,371, are non-employing entities and 5,217 employ between 1 to 19 people, which means 96% of the industry are 'small businesses' by ABS definition. Of the remaining 4% of businesses, 709 employ between 20 and 199 people and only 29 businesses employ over 200 people. **This data demonstrates that the fresh produce industry is made up of a large number of small businesses and a small number of large businesses**, which is further validated by additional ABS data provided in *Table 2: Fruit, vegetable & nut businesses categorised by total turnover* (overpage).

¹ [Australian Horticulture Statistics Handbook 2022/23](#) - Hort Innovation

² [Contribution of Australian horticulture industry](#) – Hort Innovation

³ [Snapshot of Australian Agriculture 2023](#) - DAFF

⁴ [8165.0 Counts of Australian Businesses, including Entries and Exits](#) - ABS

Table 1: Fruit, Vegetable & Nut Businesses by employment size

Non-Employing	1 to 19 Employees	20-199 Employees	200+ Employees	Total Businesses
12371	5217	709	29	18325

Table 2: 2023 Fruit, Vegetable & Nut Businesses by total turnover

Zero to \$49k	\$50k to \$199k	\$200k to \$1.99m	\$2m to \$4.99m	\$5m to \$9.99m	\$10m or more	Total Businesses
5,913	5,169	5,782	870	319	270	18,325

A country-wide network of growers support Australia’s year-round supply of local fresh produce.

Delivering year-round supply of local fruits and vegetables to Australian households and businesses takes a national effort. All fruits and vegetables require the right combination of climate, soil, and growing conditions to thrive. Australian producers over many decades have been working to identify the optimal region, time of year, and cultivation practices to produce different fruits and vegetables successfully.

Some produce can be grown productively year-round in a single region, like bananas in North Queensland, while some produce must be grown in multiple regions across the country at different times of the year to provide continuous supply. For example, Australian supermarkets are stocked with local blueberries year-round. To support this year-round supply, blueberries are grown as far south as Tasmania to as far north as central Queensland depending on the time of year, with the main production hub being around Coffs Harbour, NSW.

As the production window for many staple fruits and vegetables moves around the country throughout the year, larger growers tend to operate in multiple regions to provide year-round supply of a product. While smaller growers may only operate in one concentrated area, specialise in one to two types of produce, focus on making the most of a seasonal period, and work with other growers or wholesalers to supply produce to consumers during the peak-season. The seasonality and natural peaks and troughs of fresh produce production is one of the most defining characteristics of its workforce requirement and will be explored further in this submission. The industry’s national network of production ensures year-round supply of fresh produce and greater food security. Supporting a diverse industry, with small and large businesses, utilising different growing techniques and so on, is also in the national interest, supporting food security and promoting economic resilience.

Industry’s Workforce

Australia’s fresh produce sector is estimated to directly support between 65,500-80,000 full-time-equivalent positions². In 2021–22, ABARES survey data indicates⁵ the monthly average number of workers engaged on horticulture farms was 116,900; most employees are engaged on a temporary basis to support seasonal harvests, and therefore there are typically a higher number of individuals required in the sector when compared the FTE or role. As an example of this, a Working Holiday Maker (WHM) visa holder, or ‘backpacker’ may only work in the sector for 88 days, however, over a three month harvest period, a farmer may engage three WHM visa holders, despite only having one ‘role’ across this harvest duration.

Unlike broadacre farming and other agriculture sectors, which have become highly mechanised, horticulture remains labour intensive, particularly when harvesting produce. Despite technological advancements in many

⁵ [Labour use in Australian agriculture: Analysis of survey results, 2021–22](#) - ABARES

areas of farming, most fruits and vegetables still need to be hand harvested due to the delicacy of the produce and need to quality control in the field.

The harvest workforce makes up the largest proportion of workers (80 per cent) and supports the entire fresh produce industry. The remaining roles in horticulture can be categorised as either technical (e.g. food safety, irrigation and agronomy) or managerial and administrative workforce (e.g. sales, marketing, farm management).

The harvest workforce is crucial to the production of fruit and vegetables and supporting permanent jobs in the industry. Based on AFPA data, every permanent job performed by an Australian citizen or permanent resident in the industry is dependent on three harvest roles.

While Australian residents typically fill the skilled (technical, managerial, and administrative) positions, workers from overseas have become a significant source of labour employed on farms to meet the seasonal (short term) harvest demand.

A survey undertaken for Ernst and Young in 2020 found that on average, temporary visa holders (Working Holiday Makers, Seasonal Worker Program and Pacific Labour Scheme workers) made up 70% of the harvest (casual) workforce. Prior to the COVID-19 Pandemic, Working Holiday Makers (WHMs) were heavily relied upon for casual harvest labour because of their mobility and short-term employment expectations. This workforce composition has changed over time within a significant increase in engagement of workers through the Pacific Labour Mobility (PALM) scheme (formerly the Seasonal Worker Program and Pacific Labour Scheme) due to the exodus of Working Holiday Makers during the COVID pandemic. However, the return of Working Holiday Makers and new challenges to operating the PALM scheme are reversing this trend, as there is now a decline in the number of PALM workers being engaged on horticulture farms – this will be covered in greater detail in Section 4 – Migration Settings within this submission.

Labour Shortage

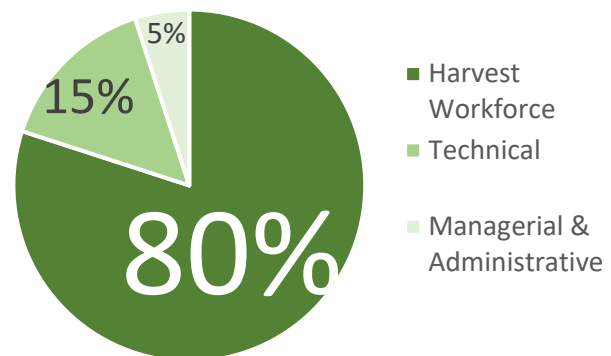
One of Australia’s most challenging economic problems is the shortage of labour being experienced in many industries. A lack of appropriate labour stifles business output and economic growth. For the horticulture industry, labour shortages can disrupt fresh produce supply, prevent the uptake of new technology and other advancements, and delay growth opportunities.

The latest ABARES survey data indicated around 57% of Australian horticulture farms had difficulty recruiting workers in 2021–22. The same survey results showed the total number of workers used by Australian horticulture farms decreased by 20% between 2019-20 and 2021-22, this includes a decrease of permanent labour use (excluding family workers) by 31% (10,000 workers).

While the initial cause of the labour shortage is widely attributed to the COVID-19 pandemic and its many repercussions domestically and internationally, there are persistent and new issues exacerbating the challenge, including changes to the PALM Scheme Deed and Guidelines, which add significant administration and cost burden, as well as reduce the workforce’s flexibility.

While access to overseas workers remains challenging, so too is the engagement of Australian citizens and permanent residents in harvest work. In 2020, AFPA collated data from Australia’s major produces and labour hire companies and found that of 23,000 enquiries for horticulture work received between March – June 2020,

Figure 1: Horticulture Workforce Categories and Breakdown



only 8% were from Australians. This is not unsurprising given a recent Productivity Commission report (Things You Can't Drop on Your Feet: An overview of Australia's services sector productivity) indicates that 90% of Australians now work in service industries. Strong engagement of Australians in the services sector makes it increasingly challenging to engage Australian workers in manufacturing or production industries like horticulture.

The fresh produce sector is also experiencing difficulties in attracting Australian workers to its technical, managerial and administrative (skilled) roles. Evolving farming and business practices, shifting consumer demands and increasingly challenging growing conditions, as well as environmental ambitions, are all putting a strain on producers, who are increasingly turning to experts for support (either through direct employment or consultancy). A wide and growing range of technical and professional workers are needed in the sector.

Into the future, the need for skilled workers in fresh produce is anticipated to increase. A report by Food Innovation Australia, an industry-led Commonwealth funded entity, found that by 2025, across Australia's food and agri-businesses, there will be a requirement for substantially stronger technical skills (+21 per cent) and managerial skills (+ 11 per cent) to facilitate growth and competitiveness, among other professionals and experts.

The horticulture industry will be in increasing competition with the broader economy for more skilled and semi-skilled workers - education and training, changes to migration and visa settings, investments in regional infrastructure and services, and other actions are all required in combination to help set the sector back on its strong growth trajectory and secure Australia's fresh produce supply.

Labour Cost and Productivity

While AFPA members are some of the largest producers in Australia, they also work collectively with around 1,000 other third-party growers to supply retailers directly, as well as supply the wholesale and export markets. To support the AFPAs engagement in the recent and ongoing supermarket and grocery price inquiries, AFPA members collated data on production input cost changes over the last four years, between 2018/19 and 2022/23, and have determined that, on average, the cost of producing fruit and vegetables in Australia has increased by 18.9%.

Major cost increases have occurred in labour, energy, capital, and other production inputs, which have largely contributed to a steep increase in the total production cost, as outlined in Table 3 below.

While this steep increase in costs was initially a result of the COVID-19 pandemic and international events, the drivers behind these cost increases are now increasingly domestic, for example the greatest proportion of the increase in the cost of labour has occurred in the last two years, by 12.1% since 1 January 2022.

On average, labour is the largest input costs, accounting for 52.1% of total production. Changes of specific relevance to the industry's workforce, such as alterations to Piece Rate provisions within the Horticulture Award and changes to the Pacific Australia Labour Mobility (PALM) scheme, as well as economy wide changes, such as the increase of the National Minimum Wage have made a significant contribution to the overall increase in the cost of production.

Economy-wide, Australia has also seen a fall in labour productivity of 5.7% (GDP per hour worked) between 1 January 2022 and 30 September 2023⁶, suggesting more people in general have been required over the past two years to produce the same amount of goods, again adding to labour costs.

⁶ [Australian National Accounts: National Income, Expenditure and Product](#) - ABS

Table 3: Cost increase over the last four years (2018/19 to 2022/23)

	% Cost Increase
Total Production Costs	+18.9%
Labour e.g. wages, super, allowances, administration, etc	+20.7%
Energy e.g. Electricity, gas, fuel, etc.	+20.0%
Capital costs e.g. Irrigation, machinery, infrastructure, etc.	+22.3%
Other production inputs e.g. Fertilizers, chemicals, packaging, water, etc.	+19.3%

Rapid and Successive Changes in Policy, Regulation and Legislation.

Over the past two years, the new Federal Government and institutions have sought to make or initiate numerous changes in key policy areas, including industrial relations and labour. The rapid pace and continuous nature of change has challenged the industry and created a growing uncertainty about the future of operating environment.

The following is a sample of changes that have occurred or are underway of relevance to industry's workforce:

- The Horticulture and Nursery Award is currently under review by the Fair Work Commission as part of a broader review of C14 rates in Modern Awards. It is anticipated that the Level 1 wage in the Horticulture Award will be made transitional, effectively moving all workers up to a Level 2 wage after a period (equivalent to a 2.74% pay increase). This will be further to other recent changes to industry base pay including:
 - Changes to the National Minimum Wage at the Annual Wage Review in 2023 (an increase of 5.75%)
 - Increase to the Superannuation Guarantee (an increase of 0.5% every year from 2021 to 2025)
 - Industry Award changes, including the alteration of Piece Rate provisions and a new minimum wage guarantee and new record-keeping obligations.
- New Pacific Australia Labour Mobility (PALM) Scheme Deed and Guidelines, which are the documents that set the standards and requirements for employers to engage pacific workers to fill workforce shortages in agriculture. Introduced in June 2022, the new Deed and Guidelines substantially increased the cost of operating and administering the program, with little benefit to the workers, and reduced the flexibility of the workforce, making the employment of PALM workers for harvest work less viable.
 - The Government conducted no regulatory impact analysis of the changes. Since the changes were introduced, the number over PALM workers engaged in the horticulture industry have reduced by 11.5% (over 3,200 workers). The decline in PALM workers is accelerating. PALM workers are more productive than other cohorts, because of their longer duration in the industry and ability to return year-on-year to an employer, building experience. This is contributing to decreasing productivity and escalating labour costs in the fresh produce industry.
- The Government is currently reviewing its Migration System and arrangements, with, as industry understands, plans to significantly change the Working Holiday Maker (WHM) visa conditions – signalling changes to work rights and requirements for visa holders. In addition to PALM workers, WHMs are a key source of harvest workers. Industry fear drastic changes to the WHM visa in combination with changes to the PALM Scheme will lead to workforce shortages and productivity losses.

- Other changes to acts, regulations and instruments of relevance to the industry that are also yet to be fully understood or experienced, for example;
 - Amendments to the Fair Work Act (Closing the Loopholes Bill), changing how labour hire providers are engaged and employee rights (e.g. right to disconnect).
 - Amendments to the Modern Slavery Act, expanding mandatory reporting criteria and lowering the threshold to companies with a turnover of \$50 million or more, capturing many major fruit and vegetable producers for the first time.

Challenges and Opportunities - Developing the fresh produce industry's workforce

Australia's agriculture industry forms the foundation of our national food security. Developing an agriculture workforce to ensure the sustainability of the domestic industry is of national interest.

Within the agriculture industry, the horticulture sector, along with meat processing are the most significant employers. Compared with other types of agriculture, such as livestock, horticulture remains labour intensive, particularly for harvest. Horticulture is also Australia's fastest growing agriculture sector by value, with significant opportunity for export growth. The horticulture industry is more closely aligned with manufacturing compared to other agriculture industries, with a fast feedback loop between consumers and suppliers, and production arrangements that see the growing, packing and distribution of fresh produce at scale. As a result of the industry's growing operational alignment to more "traditional food manufacturing" as opposed to "traditional farming", the sector has an increasing demand for skilled professionals and technical experts.

Sustaining Australia's fresh produce supply and the sector's growth requires a more concentrated effort on the development of the sectors workforce. To support the long-term viability of the industry, the AFPA are focused on five key area, and the associated opportunities and challenges to developing our workforce:

1. Employing Australians
2. Education and Training
3. Supporting horticulture employers and SMEs
4. Migration settings
5. Solving information/data gaps

1. Employing Australians

As the industry continues to grow, both in terms of increased production and value, so too does the workforce demand across all skill levels. All AFPA members seek to employ and skill more Australians in the industry as it is essential to sustaining the future of food production in Australia.

Despite labour needs, to date, AFPA members, and industry more broadly, have had limited success in attracting large numbers of Australians into their harvest workforce, due to the key characteristics of the work, that is it is:

- seasonal, and often short term in line with harvest periods;
- physical, typically requiring outdoor work;
- regional, with most production in remote and regional parts of Australia and
- variable, for example dependent on weather and other growing conditions.

Unemployment in Australia remains near record lows, creating a competitive and challenging labour environment. This makes engaging with local workers challenging and requires targeted efforts. Concentrated employment campaigns by members of the AFPA have had some success at a localised/regional level. Where these campaigns have been successful, employers have also needed to address barriers to work, for example by providing transport services from town centres to farms as many potential employees did not have access to their own or public transport.

It is often suggested that the horticulture industry should employ a large number of Australians that are currently unemployed or underemployed; this is an important objective, but the measures of success associated with this should be reframed, and targeted support for industry and unemployed individuals should be offered to achieve this objective.

Large scale engagement of (the currently limited number) unemployed Australians is unlikely to be successful in the horticulture sector. This is due predominantly to the short term nature of many roles, regional location of work and need to relocate to undertake this work. Reframing, what success looks like in this context is important. For example, instead of encouraging the industry to employ thousands of unemployed Australians, the Government should instead work with the sector to engage this cohort on a smaller scale, considering meaningful opportunities like a pilot program that supports reintroduction to the workforce for the long term, creating benefits for both the individual and the economy more broadly.

Support for this type of program could look like Government and relevant providers working with a selection of regional employers to offer staged back to work programs, supporting long term unemployed Australians to reintegrate back into the workforce. This could be piloted in a region with high unemployment, across a range of employers (not just within the horticulture sector) and would reframe success in this space to a small number of people, meaningfully re-integrated into the workforce.

Separately, Government could consider how it works with regional employers, including the fresh produce industry to overcome key barriers to taking up work including lack of regional accommodation and regional transport.

The accommodation shortage and other regional barriers

Accommodation shortages and the rising cost of accommodation in regional and rural Australia is a major inhibitor to attracting workers to the horticulture industry. While accommodation challenges are being experienced across Australia, the shortages in regional areas were exacerbated by the increased movement of people during the COVID-19 pandemic from metropolitan cities to regional locations, who (in the majority) maintained their metropolitan (remote) work. While this migration is easing, net migration to regions remains 11.7 per cent higher than prior to COVID-19. This has resulted in increasing house values and pressure on the rental market.

Record rental growth has been recorded in a wide range of regional markets including key growing areas such as the Murray and Coffs Harbour region of NSW.

At the same time, rental vacancy rates have also decreased significantly. In February 2024, Australia's net regional vacancy rate reached a new record low of 0.8%. Any further increases in interest rates, which

commentators are now predicting, will continue to driving accommodation shortages and make existing accommodation options more expensive as costs are passed on.

Accommodation is a key inhibitor of growth of the horticulture industry – without accommodation, it is challenging to attract workers to the sector. Housing temporary harvest workers is a particular challenge in many growing regions. Solutions to the accommodation challenges in the horticulture sector must be nuanced and focus on delivering scaled, affordable and fit for purpose accommodation.

Key challenges in increasing the stock of accommodation available to the horticulture sector are:

- local council and state government planning regulations,
- infrastructure to support increased accommodation in regional areas, and
- services in regional communities to support increased populations.

2. Education and Training

In relation to employing more Australians, the AFPA is focused on building the sector's skilled workforce. There is a growing demand for more skilled workers in fresh produce businesses, including technical, managerial, and administrative roles. These are typically long-term, full-time roles held by Australians and permanent residents in regional communities.

Examples of technical roles in the fresh produce sector are agronomists, entomologists, horticulture growers, engineers, quality assurance professionals, food technologists, technicians, electricians, irrigation specialists and machine operators.

Examples of these managerial and administrative roles in the fresh produce industry are businesses management, operations management, sales and category managers, marketing and communications, accounting, human resources, and more.

The fresh produce sector is finding it increasingly challenging to meet its skilled workforce requirements. A report by Food Innovation Australia finds the agriculture workforce needs 'substantially stronger technical skills (+21 per cent) and managerial skills (+ 11 per cent) by 2025 to facilitate the sector's continued growth and competitiveness'.

The AFPA seeks to work with government to employ and skill more Australians through the development of long-term strategies that focus on sustained growth of the workforce. There is no single solution to support more Australians to undertake roles in horticulture, a broad approach will be required to better:

- Create employment and career pathways in agriculture and fresh produce
- deliver industry/employer aligned and led training and education

Create employment and career pathways in agriculture and fresh produce

As ever-increasing numbers of Australians chose to live in metropolitan cities, Australian's are becoming more removed than ever from primary production. The lack of awareness of Australians about the agricultural supply chain, compounded by workforce competition from similar industries like mining are making it increasingly difficult for the agriculture sector to attract, retain and develop a workforce. The need for more skilled workers is driven by three major factors:

- Supporting the industry's continue growth – horticulture is the fastest growing agriculture sector, driving demand for a greater workforce
- An increasingly complex and sophisticated business and growing environment – evolving farming and business practices, shifting consumer demands and increasingly challenging growing conditions, as well as national environmental ambitions, are all putting a strain on producers, who are increasingly turning to experts for support (either through direct employment or consultancy). A wide and growing range of technical workers are needed to meet the sector's current and future requirements.
- The sector is transitioning from a large number of smaller producers to fewer, more vertically integrated businesses and supply chains. While there is a need for a greater number of workers with specialised expertise, such as agronomists and irrigation technicians, the consolidation and expansion of businesses means there is an imperative to fill a growing middle-management, business, and administration roles.

The sector's long-term viability is dependent on growing its skilled workforce, but there are several challenges, including a lack of clear pathways to careers in the fresh produce industry, and then career pathways and progression with the fresh produce industry and agriculture sector more broadly.

Members of the AFPA are committed to the continued development of the next generation of food producers through the creation of opportunities for young people wishing to establish a career in agriculture. Many AFPA members have established graduate programs aimed at attracting young Australians to the horticulture sector which are proving successful and should be supported and replicated across the industry.

Delivering better, industry aligned and led training and education

To support industry, skills and training programs must be focused on ensuring people are equipped to be job ready, meaning training and education must be knowledge based, skills focussed, and industry driven.

With regard to the horticulture sector, there are a range of skills that are required to advance the industry. Commonly requested skill sets among large horticulture businesses include:

- Irrigation Specialist
- Machine Operator (forklift driver, tractor driver etc.)
- Supervisors/Crew Supervisor/Harvest Supervisor
- Farm Manager
- Middle Management/Farm Overseer/2IC
- Robotics/IT/Process Engineer
- Quality Assurance/Control

Many of these skills and roles are not specific to horticulture (e.g. forklift driver), rather are more generalist skills, where the challenge is to attract these skills and provide industry specific training and information.

Furthermore, there is an absence of well-defined education and training pathways for many roles in horticulture. In the absence of proper education pathways, individual employers have become solely responsible for skill development, particularly for technical roles with unique skill set requirements. Any new education and training programs should be developed in consultation with employers to remove the disconnect between agricultural education and business needs.

Education and training pathways must also be relevant to the future needs of industry and technology driven. Examining future skilled requirements in the agricultural supply chain will be critical in determining the vocational and higher education pathways necessary to appropriately prepare the future workforce.

The AFPA would encourage and support investment in:

- a Horticulture Careers for Young Australians program – a program that supports employers to develop trainee roles in the sector across technical skills sets (quality assurance, machinery operators and irrigation technologists)
- a Graduates course for Fresh Produce Managers that continues the expansion of graduate roles in the sector, responding to industry's increasing need for middle management roles.

The introduction of any agricultural education or training, at any level, be:

- Industry Driven
 - Agriculture education has previously been disconnected from the needs of employers
 - Education, skills and training must be developed in consultation with employers
- Skills Focussed
 - Agriculture is becoming more data and technology driven. Training and education must build relevant skills for business and industry.
 - The latest production technology and science will interest students from all disciplines
 - Many of the roles in the agriculture sector are in the broader supply chain (input suppliers and manufacturers, transport and logistics providers, retails, and other service industries)
- Knowledge Based
 - Develop agricultural education modules for primary, secondary, vocational and tertiary education (as part of specific agricultural study, 'electives or short courses).

- Require nationally recognised modules on agriculture
- Content to facilitate a greater understanding of agricultural production and science
- Modules must be practical, relevant and up to date

3. Supporting horticulture employers and SMEs

As of June 2023, the Australian Bureau of Statistics estimate there are around 18,300 fruit, vegetable and nut growing businesses, with over half turning-over less than \$200k (11,00) per annum and over two-thirds being non-employing (12,400). The figures indicate that while there are a large number of horticulture businesses in Australia, most of these businesses would be considered SMEs.

The horticulture industry has a strong reliance on the provision of labour hire services. In order to support workers, SMEs and the fresh produce industry more broadly, the AFPA strongly support a National Labour Hire Licensing Scheme and would strongly encourage the Federal Government to deliver on its pre-election commitment to establish a scheme to regulate the labour hire industry (across the economy) and ensure that minimum legal standards are met.

Labour hire companies offer growers a range of benefits that make engaging their services a very pragmatic decision, particularly for small and medium businesses with limited capacity. Labour hire companies can take responsibility for recruiting workers, training and managing pay, insurances and any other entitlements. By taking over these duties, producers are able to spend more time on other aspects of their business.

Two other reasons producers engage labour hire companies are to overcome labour shortages and recruit workers for seasonal peaks, or short harvest windows. For example, some growers may be unable to support the minimum six-month employment period of a PALM worker (because they only have 12-week harvest window), and therefore can only engage a PALM worker via a labour hire provider. For the benefits and reasons listed above and other factors, labour hire companies will continue to play an important role in supporting producers employ a harvest workforce.

Introducing a labour hire licence has long been seen as an optimal way to better protect workers from exploitation and reduce the exposure to businesses of engaging an unethical labour hire company. In the absence of a federal scheme, since mid-2019, four state and territory governments have introduced labour hire licenses and laws (Queensland, Victoria, ACT and South Australia). The schemes provide licenses to organisations that can prove compliance with legal obligations, such as paying correct wages and superannuation and providing a safe place to work.

While the introduction of labour hire licences in each state is welcomed and has made positive impacts, variations in licence application, regulation, enforcement, and penalties mean the need for a national scheme, with federal oversight, is still required. For context, many medium to large enterprise have multiple production sites in varied locations, including in different states. AFPA members collectively operate over 100 production sites across Australia. Numerous labour hire companies also operate at a national level, therefore a national system is needed to ensure an even playing field nationally, and to streamline compliance requirements.

In support of addressing unscrupulous labour hire providers, contractors and employers within the economy, increased funding to the Fair Work Ombudsman (FWO) to undertake further investigations in the horticulture industry with a view to provide better education, information and advice to employers to improve compliance and standards within the sector is critical.

While addressing unregulated labour hire providers is important, supporting growers to upskill and lift industry standards will be key in improving worker welfare in the sector. Many producers demonstrate their compliance with standards through third-party ethical auditing schemes. Examples of these ethical auditing schemes, include the Supplier Ethical Data Exchange (SEDEX)/SMETA, Fair Farms and GLOBAL G.A.P - GRASP.

These ethical auditing schemes have the benefit of avoiding and resolving issues, promoting and entrenching positive employer behaviours and standards, establishing a pattern of continual improvement, and enabling businesses to assess their own suppliers, among other benefits. The schemes are supported by a network of auditors and in some cases practitioners who can actively engage with businesses to assist them gain their credentials.

One of the biggest hurdles to more producers opting into these ethical auditing schemes is a lack of capacity to do so, particularly small to medium businesses. Support for industry to assist SMEs to adopt and maintain these ethical auditing systems will improve outcomes within these businesses and for their employees.

Improving both National Labour Hire Licensing and assisting more growers to adopt a certification scheme are complementary in improving employment within the horticulture sector.

The AFPA has previously advocated Government to

- develop options in consultation with industry and SME employers to drive greater adoption and maintenance of ethical sourcing auditing systems including Fair Farms, SEDEX SMETA and GLOBAL GAP GRASP
- increase funding to the Fair Work Ombudsman to undertake further investigations in the horticulture industry with a view to provide better education, information and advice to employers to improve compliance and standards within the sector
- deliver on its commitment to introduce a National Labour Hire Licence across all sectors of the economy

4. Migration settings

Migrants make a significant contribution to the Australian economy and supplement the supply of workers available to businesses and industries. In May 2022, the Grattan institute reported that one in five workers in Australia hold either a temporary or permanent visa, underlying the importance of migration to sustaining Australia's economy. Like many industries, the fresh produce sector has a high reliance on migrant workers to maintain its operations and service to the Australian community. Skilled, semi-skilled and unskilled migrant workers fill a vital gap in the industry's workforce, and both permanent and temporary (circular) migration play an important role.

While Australian residents fill many of the skilled (technical, managerial, and administrative) positions, there is a historic and growing shortfall that is met by skilled and semi-skilled migrants. Skilled migrants bring technical expertise to Australia and managerial and administration experience to Australia's regions, where it's difficult to attract Australian talent. Existing migration pathways need to remain open and be improved, the visa application and approval process needs to be streamlined and other opportunities for leveraging international expertise need to be considered, such as better enabling horticulture experts to come to Australia to educate and up-skill Australians in specialty fields, as well as advance our research and development capabilities.

A productive and returning harvest

Establishing a productive and returning harvest workforce is one of the biggest challenges facing the industry today. The harvest workforce underpins the entire industry and is essential to the supply of fresh produce to Australian households. All of the skilled and permanent jobs depend on the cultivation, picking, processing, and packing of produce, which is undertaken by the harvest workforce.

As covered previously in this submission, the industry is also a significant employer of unskilled migrants as part of the harvest workforce. It is difficult to attract and retain a local harvest workforce due to the nature of the work; it is seasonal (a seasonal harvest may only last a matter of weeks), it typically occurs in remote and rural areas, it is physically demanding and it is variable, highly dependent on weather and other factors. Due to the difficulties attracting and retaining local worker, the industry has come to rely on temporary migrant workers.

Typically, temporary visa holders have a greater level of flexibility to work within the horticulture sector, this is due to their accommodation requirements (workers typically do not hold long term lease or mortgage arrangements), consistent relocation (temporary visa holders, particularly WHM are often transient), and need for short term work (typically the primary purpose of these visa holders visit to Australia is not to perform work).

It is important to acknowledge, that structural visa settings, specifically those within the WHM visas have perpetuated the ongoing use of temporary migrants within the horticulture sector. Structurally, the 88 day requirement imposed on second year WHM visa holders drives their engagement in the horticulture sector, and as a result has stifled other alternatives to date, including broader improvements to the migration program.

Work undertaken by Ernst & Young in 2020 found that on average, temporary visa holders, (WHMs, international students and Pacific Australia Labour Mobility [PALM] scheme workers) made up 70% of the harvest workforce. WHMs were historically relied upon for most harvest labour, however between January 2020 and October 2021, during the COVID-19 pandemic, the number of WHMs in Australia declined by 80% from 141,000 people to around 29,000. The industry now heavily relies upon workers through the PALM scheme.

The PALM Scheme

The PALM scheme was originally piloted in 2009 with foreign aid objectives; the PALM scheme “allows Pacific and Timor-Leste workers to take up jobs in Australia, develop their skills and send income home to support their families and communities” while at the same time filling “labour gaps in rural and regional Australia”. During the COVID-19 Pandemic, the intake of workers through the PALM scheme was increased to support Australia’s neighbouring Pacific countries, whose economies had been devastated, and ensured Australian farmers could continue to supply the nation with fresh produce. When the Albanese Federal Government came to office it continued to expand the PALM scheme and declared it “Australia’s primary temporary migration program for low, semi and unskilled positions”, and revoked the planned Agriculture Visa that had been announced by the previous government.

The value of the PALM scheme to horticulture sector cannot be understated, it enables workers to return to Australia year on year, offers opportunities for skills and training development, and delivers increased productivity to employers. Results from the ABARES horticulture survey in 2020–21 showed that around half of all PALM workers on horticulture farms were returning workers, demonstrating the mutual benefit and success of the program during COVID-19. During this period, producers also preferred engaging PALM workers, as they were more productive, generally because of their duration on farm, between 6-9 months, in comparison to WHMs, who in the majority completed their 88 days of work to qualify for a visa extension and then departed.

As of February 2024, there were over 25,000 PALM workers engaged in horticulture work. Unlike the WHMs, the PALM Scheme is a sponsored/regulated visa, that has safeguards for workers and standards for employers. Given the importance of temporary migrants to the horticulture workforce, the AFPA have been strong supporters of the regulated visa, increased enforcement of standards and other improvements that assist in deterring unscrupulous employers and protect migrant workers.

However, changes introduced to the PALM Scheme Deed and Guidelines, the document which governs the employers operational and care requirements, have made the scheme unviable. For many producers, particularly small growers, the Scheme is now too difficult to operate, and they cannot justify the increased administration costs to meet program requirements. Other issues also exist, such as a lack of resources within the Department of Employer and Workplace Relations (DEWR) to resolve operational issues promptly, and the new IT system is ineffective, adding to administrative cost and burden.

Industry has regularly engaged with DEWR and the Department of Foreign Affairs and Trade (which has some policy oversight) on several issues, however little improvements or necessary amendments have been made. Due to the ongoing issues and further planned changes on 1 July 2024, the program is now in decline, employers are engaging less PALM workers and for shorter periods. Since the new Deed & Guidelines were introduced in July 2023, PALM worker in the agriculture and horticulture sector have fallen by over 10%, and will continue to

decline, a bad outcome for industry and for the Pacific countries, who rely on remittances from workers in Australia.

Beyond disengagement from employers in participating in the Scheme, another key risk to the PALM scheme's viability is not maintaining its circular nature, as the sending nations would lose many of the benefits of the scheme. Commentary from several participating nations is already expressing negative opinions about the PALM scheme contributing to a "brain-drain", generally linked to worker's time in Australia being extended. More than 10 percent of the male working-age populations of Tonga, Samoa and Vanuatu are now believed to be employed as temporary workers in Australia and New Zealand. Should more workers be engaged through the program, for longer period of time, it will worsen the issue for Pacific nations and challenge relationships between Australia and Pacific partners.

Working Holiday Makers

Across the WHM program (the 417 and 462 visas subclasses) there were 181,216 working holiday visas in Australia as at 29 February 2024. This is well above the previous peak of 141,000 in December 2019, and significantly higher than during the COVID pandemic (i.e. there was 19,324 WHMs in Australia in December 2021).

WHMs contribute around \$3 billion a year to the Australian economy and play a critical role in the Australian workforce, particularly in regional Australia. The WHM visa is unregulated, any business in the economy can employ a WHM visa holder for a certain period. However, WHMs are required to undertake specified full-time equivalent work over a minimum period of 88 calendar days (three months) for a second year visa and 176 calendar days (six months in total) for a third year visa in regional Australia with certain industries. Of note, WHMs of certain nationalities were more likely than others to take up a second-year visa, such as Vietnamese (70%), Indonesian (65%), Taiwanese (45%), and China (35%).

In part due to this requirement, the Department of Agriculture, Forestry and Fisheries (DAFF) estimate around 25–30% of all WHMs were employed in horticulture before COVID-19, and due to the decline in PALM workers and return of WHMs, this estimate is likely to be true again. Incentivising WHMs to regional Australia is highly valuable to the industry, as well as remote and regional communities.

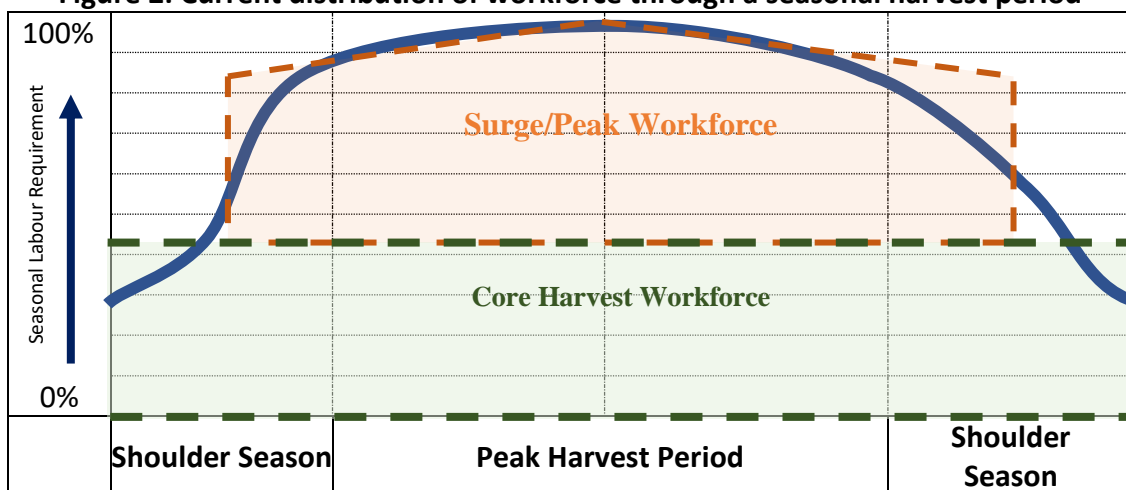
Also of benefit to the horticulture industry is that WHM visa holders are able to move between employers and follow the harvest trail (seasonal peak-harvest periods of produce across Australia). This is enabled because WHMs are typically highly mobile (i.e., don't have a fixed address in Australia) and are able to relocate regularly for work opportunities.

Within the WHM cohort employed in the agriculture industry, there are two types of WHMs:

- WHMs that have short-term employment expectations, who seek only to work in the industry for 88 days to meet the requirement to extend their visa for an additional 1 or 2 years
- WHMs that have long-term employment expectations, who are engaged in the industry for their entire visa length, up to 3 years, however limited to 6 months with any one employer (a visa condition).

Depending on whether a WHM has short or long term employment expectations, WHMs typically make up either a producer's 'core harvest workforce' or 'peak/surge harvest workforce'. The core workforce is engaged through both the shoulders and peak period of the harvest, while the peak workforce is brought on only for the period of highest labour demand (see Figure 2). A portion of WHMs are also provided longer-term employment, including as harvest crew managers and/or in more skilled positions.

Figure 2: Current distribution of workforce through a seasonal harvest period



While the industry is heavily dependent on WHMs, it has long recognised that this is not a long-term solution to workforce requirements. The industry’s dependence on WHMs creates a precarious situation for both producers and the supply of Australian fresh produce, as demonstrated by WHMs mass exodus from Australia during the COVID-19 pandemic. During the COVID-19 pandemic, the rapid, severe shortage of harvest labour led to many adverse outcomes, impacting the supply and cost of fruits and vegetables. Australian’s will recall periods during 2020 and 2021 where there was no fresh produce on supermarket shelves due to severe workforce shortages created by the exodus of the WHMs.

The industry’s return to a heavy reliance on WHMs is also undesirable because:

- the unregulated visa lacks safeguards for workers, and demands no standards for employers
- harvest workers whose primary purpose in Australia is to work have been found to be up to three-times more productive than WHMs
- WHMs typically only work in the industry for an 88 day period, before continuing on their holiday in Australia, reducing productivity at a farm level and requiring significant ongoing investments in recruitment, onboarding and training at a business level.

The industry has long sort to work with Government on the development of an alternative visa pathway, to develop a productive and returning harvest workforce (and the PALM program had been partially filling this requirement until recently), however, in the absence of any alternative, the WHM visa remains vital to the industry’s ability to produce and supply fruits and vegetables.

Risk of changes to the Working Holiday Maker Program

In February 2024, the Government released its new Migration Strategy that included as an area for future remove “Evaluate regional migration settings and the Working Holiday Maker program to ensure migration supports development objectives in regional Australia and does not contribute to the exploitation of workers”. The Government’s strategy is in response to an independent review it commissioned of Australia’s migration system in 2023. The findings of the review was highly critical of the migration system, and included 38 "possible reform directions", including the following on WHM:

“... limiting the WHM program to one year. The primary focus of the program should be cultural exchange and it should not operate to tie migration outcomes to the performance of work. If WHM participants wish to work longer term in Australia, they should apply for explicit employment-related pathways. ...”

A reduction in the WHM visa length to only 12 months, removal of the 88 days, and possibly limiting a WHM's work hours (or even completely removing their ability to work), would significantly restricts the pool of harvest workers available to industry. Taking away incentive for travel to regional and remote Australia would also be consequential. Furthermore, any changes of this nature to the WHM visa in combination with the changes underway to the PALM scheme, will have a significant impact on the industry's ongoing ability to meet its harvest workforce requirement, and therefore on the industry's ability to supply fresh produce.

The following issues should be considered as part of any amendments to the WHM:

Labour Shortages and Operational Challenges

The WHM visa program has been instrumental in mitigating persistent labour shortages faced by the horticulture industry. WHMs also provide horticultural businesses with much-needed flexibility to manage the seasonal nature of production. If the visa was abolished, industry would face a substantial workforce deficit, leading to severe operational challenges. Without a reliable source of seasonal workers, horticultural businesses would struggle to meet demand during critical periods such as planting and harvesting, resulting in crop losses and reduced production. This would have a detrimental effect on the industry's ability to supply fresh produce to Australian households and international markets.

Impacted Regional Development

The WHM Visa program contributes around \$3 billion a year to the Australian economy and played a crucial role in supporting regional development, particularly in rural and remote areas reliant on horticulture. Abolishing the visa would have far-reaching economic consequences for these regions. The loss of WHMs would lead to reduced economic activity, decreased employment opportunities, and weakened local businesses and services. This could exacerbate regional disparities, hampering the growth and viability of industries in these areas.

Knowledge and Skills Gap

The WHM visa has enabled the transfer of knowledge within the Australian and international horticulture industries. Abolishing the visa would sever this valuable source of international expertise and cultural exchange. WHMs bring diverse agricultural experiences and innovative approaches from their home countries, which have been instrumental in driving productivity and sustainability in the industry. The loss of this knowledge transfer would impede the industry's ability to adopt new practices, technologies, and farming techniques, potentially hindering its long-term growth and innovation.

Of note, the industry's return to a reliance on WHMs is also subject to international agreements. As part of the new trade agreement with Australia, the United Kingdom successfully negotiated for the 88 days of prescribed work to be removed as a WHM visa extension requirement, other countries are expected to consider this request, which would create similar challenges to above without an appropriate alternative.

Ongoing development and improvement of visa pathways for horticulture

There are multiple visa schemes available to the fresh produce industry, however most prominent are the WHM visa, the PALM Scheme (both previously discussed in this submission), and the Horticulture Industry Labour Agreement (HILA) / Temporary Skills visa. Each of these three visas are designed to serve a different purpose in the industry, and while each has their merits and value, collectively they do not meet the needs of the industry.

The HILA focusses on skilled roles (ANZSCO levels 1-3 predominantly) and does not include picking, packing or harvest roles. The main benefits of HILA is to allow growers to access skilled and semi-skilled migrant workers where appropriately qualified Australians are unavailable. The HILA visa also provides employers access to critical roles that fall outside the standard 482 TSS visa program, including occupations such as Irrigation Manager, Truck Driver, Production Supervisor and others.

A visa gap exists for a regulated program to support a farms' peak-production workforce requirement, the period at which a farm is operating at full capacity. The time (and duration) of a farm's peak harvest depends on the crop, location, seasonal weather, planting and many other factors.

Some regions can sustain a high number of harvest workers all year round because of the type or diversity of crops, while other regions require a short surge in workers to meet demand, like Darwin and Katherine in Northern Territory where the mango harvest lasts only two months, with a peak of two weeks.

Producers of commodities with the shortest and most intense harvest period, like mangos referenced above, or cherries (i.e. 4 week peak harvest in parts of NSW), have the most difficulty sourcing workers.

Historically, the highly mobile WHMs (backpackers), who had short-term employment expectations, were engaged by producers to meet the peak-harvest demands. However, the WHM visa is unregulated, and creates a high turnover of labour, leading to instability in the sector's workforce, detracting from industry's productivity.

As previously covered in this submission, the PALM scheme is no longer a viable option for use to fulfill peak labour requirements due to substantive shifts in the operations of the program that no longer meet the needs of the horticulture sector.

Figure 3 maps relevant visa types available to the horticulture industry with the workforce requirement or need of industry. This figure demonstrates how an appropriate framework for industry would offer three visa options, targeted at specific components of the workforce across all skill levels.

The obvious gap is for a regulated visa program, with built in worker protections, that enables workers to complete short term (i.e. 3 month) work assignments with flexibility to move between employers and return year on year. To fill this gap, the industry requires a new visa to secure a productive peak-harvest workforce and better guarantee Australia's ongoing supply of fresh produce. The AFPA has continues to advocate for the introduction of a Harvest Work Visa (HWV) to fill the gap in industry's migration framework and better support workforce development and productivity.

To address this gap in visas, the HWV is intended to be a highly mobile visa which allows workers to shift both between employers and geography, following seasonal needs and peak labour demand. In this respect the proposed HWV program complements, rather than replaces existing visa programs.

At a high level, the HWV proposes to allow visa holders to access roles within the harvest workforce for up to 9 months at a time, with the ability to return to Australia year on year, within the visa parameters. Importantly, this visa would offer its holders the flexibility to work for an employer of their choice during their time in Australia. This enables workers to relocate according to work locations and seasonal peaks.

Figure 3: Visa settings compatibility with workforce requirement

	Peak Harvest Workforce: this workforce is required at peak production times, and typically only for short periods (i.e. fewer than 3 months)	Core Harvest Workforce: this workforce typically works from shoulder season across peak season and engagement is typically more than 3 months but less than 1 year	Year-round Harvest Workforce: Defined as harvest work or other roles that are ongoing. Often this work is full-time and semi skilled.	Permanent technical & professional roles: These roles are typically full time and ongoing and require experience and qualifications to complete
Harvest Working Visa (Proposed)	The proposed visa is designed to fill the peak-harvest gap, by enabling workers to move at their own discretion between a network of trusted/approved employers that meet an appropriate level of worker-welfare standards.	While workers could be engaged in harvest roles for several months, businesses are likely to continue preferring locals or, if improvements are made to the current settings, PALM workers would be more suitable to longer-term employment and the development of a productive and returning workforce.	The proposed visa would be capped at 9 months, similar to the PALM scheme’s short-term stream.	The proposed visa would not support “skilled” employment
PALM Scheme – Short term (6-9 months) visa	PALM workers are unable to enter employment for less than 6 months due to visa settings.	The PALM scheme’s short-term visa settings enable its workers to operate as the core harvest workforce, however the new settings have made this more difficult.	PALM workers are unable to enter employment for more than 9 months under the short-term visa settings.	This visa does not support “skilled” employment
PALM Scheme – Long term (1-4 years) term visa	PALM workers are unable to enter employment for less than 1 year due to visa settings.	PALM workers are unable to enter employment for less than 1 year due to visa settings.	This visa settings are ideal for long-term PALM workers to operate as a year-round harvest workforce	This visa does not support “skilled” employment
Horticulture Industry Labour Agreement (HILA)/Temporary Skills Shortage (TSS) visa	Visa does not support “harvest” roles	Visa does not support “harvest” roles	Visa does not support “harvest” roles	Visa settings ideal to address shortage of skilled and middle management level roles.
Working Holiday Makers (WHMs)	WHMs have the option to complete “88 days of specified work to become eligible for a second Working Holiday visa”. This arrangement remains necessary to many in the industry in the absence of a viable alternative workforce, but is not ideal, and may not continue long-term.	While WHMs have the option to work for more than 3 months (88 days), most only complete the minimum required to extend their visa.	While WHMs have the option to work for more than 3 months (88 days), most only complete the minimum required to extend their visa.	Visa allows WHMs to “do short-term work in Australia to help pay for your holiday”, not ideal for businesses looking for long-term employees to develop

Provides appropriate solution to workforce need	Workable, but not preferable solution to workforce need	Does not address workforce need
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5. Solving information/data gaps

Detailed and collated data and information on the horticulture industry's workforce in general is lacking. Industry data is generally piecemeal, high-level, regionally focused, and/or only provide a snapshots in time. For example the ABARES survey and analysis of labour use in Australian Agriculture commenced in 2019-20, but was discontinued after 2021-22, despite being high-level this national data provided valuable insights on the number of workers engaged on farm and make-up of the workforce.

Existing data gaps include demographic information on the age, gender, ethnicity, and educational backgrounds of workers across various sectors and regions. Without this granular data, it becomes challenging to address issues related to diversity, equity, and inclusion within the workforce, hindering efforts to foster a more inclusive and representative industry.

Additionally, there is a lack of comprehensive data on workforce skills and training needs specific to the food supply chain. Understanding the evolving skill sets required within the industry is crucial for effective workforce development and planning. Without accurate information on skill gaps and emerging trends, both industry and government risk misallocating resources and failing to adequately prepare the workforce for future challenges and opportunities.

The collection, dissemination, and analysis of food supply chain workforce data require a collaborative approach involving government, industry, academia, and other relevant stakeholders. Government agencies, such as ABARES, can play a pivotal role in setting standards for data collection and ensuring compliance with reporting requirements. Industry associations, such as the peak industry bodies, can contribute by facilitating data sharing among members and identifying common challenges and priorities.

Academic institutions can support data analysis efforts through research and the development of analytical tools and methodologies. Moreover, community organisations and labour unions can provide valuable insights into the needs and concerns of workers, ensuring that workforce data collection efforts are inclusive and representative.

To support a strategic and systematic approach to food supply chain workforce data, new capabilities and increased resourcing are essential, including for ABARES. This includes investment in data collection infrastructure, such as digital platforms and software tools for data management and analysis. Furthermore, there is a need for enhanced training and capacity building among industry stakeholders, including peak industry bodies, to ensure proficiency in data collection methods and analytical techniques.

Collaborative initiatives between government, industry, and educational institutions could facilitate the development of specialised training programs in data science and workforce analytics tailored to the needs of the food supply chain. Additionally, ongoing funding and support for research and innovation in workforce data collection and analysis will be crucial for maintaining relevance and effectiveness in an evolving industry landscape, this includes restarting ABARE's Labour use surveys.

Several examples of good practice in the collection, dissemination, and analysis of industry workforce data exist. For instance, initiatives such as the US Department of Agriculture's National Agricultural Workers Survey demonstrate one successful approach to collecting labour market information that can help to identify and inform solutions to workforce challenges in the agricultural sector. A primary objective should be to create a consistent public record of collated information on the current workforce to better support informed decision and policy making.