

Summary

The shortage of housing in regional and rural Australia continues to negatively impact the horticulture industry. The shortage causes many issues, including increasing accommodation costs and further limiting the pool of available accommodation for harvest workers, as well as weakening the sector's ability to attract long-term local workers.

While accommodation challenges are being experienced across Australia, the shortages in many regional areas, including key growing regions, remain most acute. There are seven key growing regions where at peak periods of harvest labour demand more than 10,000 workers are required (often for a short period) to support production and therefore have a high need for worker accommodation. These regions (by S4 level) are Cairns, Wide Bay, Northwest Victoria, Shepparton, Coffs Harbour - Grafton, Murray, and South Australia Southeast. The National rental vacancy rate in February 2023 was 1.47%, the average vacancy rate across the seven key growing regions was 1.03%, and in most cases the market is tightening. In these key regions, this has led to rental price increases of up to and over 20% across the past 12 to 24 months.

Due to the seasonal nature of farming, and therefore fluctuating workforce demand, many growers continue to struggle with accommodation challenges in some regions – i.e., purchasing a property or maintaining a long-term lease on a property can be financially unviable when the grower only requires accommodation for several months in a year. In many key production regions, growers are also in direct competition for housing during peak-tourism periods (i.e. over summer), which coincides with peak-harvest periods.

More recently, supply chain disruptions of building materials and the population's mass migration from capitals to regional Australia during the COVID-19 pandemic has also played a significant role in tightening the housing market in these key regions. Capital to region migration is still a major factor, December 2022 quarter data shows that national net internal migration to the regions is still up 45 per cent on pre-pandemic levels. The professional workforce's shift to a wider acceptance of remote working arrangements and other factors mean this migration to regional Australia may slow, but is unlikely to reverse.

Horticulture growers use multiple types of accommodation to house workers including commercial accommodation, rentals, houses they purchase, and other on-farm accommodation. More recently, due to the scale of the issue, growers have begun looking to alternative solutions such as buying motels and other large property infrastructure (e.g., tourist cabins, aged care facilities, student housing, etc.). Some growers have even begun partnering with the private sector to develop large-scale accommodation, however planning regulations and approval process can be a major obstacle. Not all growers have the means to consider alternative solutions to address the shortage of traditional accommodation types, placing increasing pressure on their workforce and production challenges.

Overcoming the horticulture industry's accommodation challenges will require a concentrated and collaborative effort from several stakeholders including government, growers, peak industry bodies, and the private sector partners.

While there is no single solution to the housing shortage, a range of options are provided in this brief for consideration. The AFPA seeks Federal Government leadership and to work with all levels of government, in partnership with industry and the private sector, to refine and progress these options and others to assist industry in overcoming accommodation challenges.

The Australian Fresh Produce Alliance (AFPA)

AFPA is made up of Australia's key fresh produce (fruit and vegetables) growers and suppliers. AFPA members represent half of Australia's fresh produce turnover (\$10 billion); more than 15,000 direct employees through peak harvest, 1,000 plus growers through commercial arrangements, and up to 25,000 employees in the grower network. Collectively, the AFPA currently employ around 6,000 PALM workers, or approximately one third of PALM workers in horticulture.

Housing short-term PALM workers

The Pacific Australia Labour Mobility (PALM) scheme is the primary temporary migration program to address unskilled, low-skilled, and semi-skilled workforce shortages in rural and regional Australia. At the end of January 2023, there was over 35,000 PALM workers in Australia, which is expected to increase further across 2023.

The PALM program requires all employers to agree to program conditions in order to engage PALM workers. One of these conditions is the provision of appropriate accommodation, which must meet a range of standards and be approved for use. The transition of the industry's workforce from Working Holiday Makers or 'backpackers' to the PALM scheme over the past two years has had an impact on accommodation for the sector.

In particular, PALM workers often remain in one location longer than more itinerant harvest workers (e.g., backpackers). This means that some existing short term accommodation options in regional areas such as hostels may not be suitable for multi-month stays that are typically associated with PALM workers.

The complexity and difficulty of sourcing accommodation is one of the largest hurdles to more growers utilising the PALM scheme. As a result, many growers, particularly smaller growers with limited resources, use labour hire companies to both access PALM workers and manage compliance with its regulations. In addition to provision of labour and a range of services including payroll and administration, labour hire companies often have access to accommodation in regional areas that may not otherwise be commercially available to employers.

Solutions

There are several potential solutions to address the shortage of appropriate worker accommodation, however its fundamentally about increasing housing supply and access to housing. Refining and piloting one or more of these options in one or more of the seven key growing regions where seasonal worker demand is most significant.

- Supporting more private development of purpose-built accommodation by fresh produce businesses. This would be to the benefit of all parties by increasing worker accommodation, while reducing pressure on the private market.
- Consider targeted utilisation of mobile or transportable accommodations like demountables, to meet accommodation needs during peak seasons. These options could be leased, bought outright or second-hand, and would require collaboration among stakeholders. This would also need regulatory support from relevant planning, building and environmental health agencies.
- Developing a PALM accommodation portal to help current and prospective PALM Approved Employers source appropriate housing for PALM workers in their region. This online portal would list commercially available accommodation that has previously been approved for use in the PALM scheme. This portal would be available to Approved Employers and to PALM workers seeking to find their own accommodation.
- Attracting investment from large investment funds, like super funds, to build long-term accommodations for horticulture workers in key growing regions. This would require regulations to allow for a fixed rate return on investment. Some super funds are already investing in property, infrastructure, and other assets across the key growing regions.
- Growers and private sector partnering with state and local governments to use government-owned land for constructing horticulture worker accommodation.

It is also important for the government to invest in infrastructure and services in these areas to make them more attractive to both workers and businesses.

By supporting industry to overcome its accommodation shortages and address the rising costs of accommodation in regional and rural Australia, the horticulture industry will be better able to attract, house and retain the workforce it needs to continue supplying the nation with fresh, nutritious fruit and vegetables all year round.

