



AFPA Submission:

NSW Parliament Modern Slavery Committee

**Inquiry into modern slavery risks faced by
temporary migrant workers in rural and regional
New South Wales**

February 2025

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

Summary

The fresh produce (fruit and vegetable) industry is both the fastest growing and the most labour-intensive sector within Australian agriculture. Sourcing productive labour in the fresh produce industry is a significant challenge and directly influences the price and availability of fresh produce on supermarket shelves.

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 migration play an important role.

The majority of migrant workers in the horticulture industry are employed in harvest work roles. Harvest work availability varies across Australia by type of produce, location and time of year. The seasonality and natural peaks and troughs of fresh produce production is of the most defining characteristics of the industry's workforce requirement. A recent report by Jobs and Skills Australia (JSA) stated that the horticulture sector exhibits some of the strongest seasonal fluctuations in labour demand¹.

Due to the seasonal fluctuations and other characteristics of harvest work, temporary migrants have become crucial to meet harvest work demands. For decades, Australian workers have not, in large numbers, undertaken harvest work. The attraction of Australian workers to harvest work is particularly challenging due to the nature of harvest work; as it is:

- **Seasonal** – depending on the commodity and location, harvest employment opportunities can range from weeks to months to years.
- **Regional** – fruit and vegetable production typically occurs in rural and remote areas.
- **Variable** – production is highly influenced by weather and other external factors; output may vary between seasons and therefore labour requirements.
- **Physical** – picking, packing, and maintaining crops can be physically demanding, with most work occurring outdoors

As a result of needing to meet these types of work conditions, industry relies predominantly on temporary migration schemes to source a harvest workforce. The two most notable visa programs are the Pacific Australia Labour Mobility (PALM) Scheme and Working Holiday Maker Visa (417 and 462 visa).

The PALM Scheme is critical to the horticulture industry and to aid and development in the Pacific and Timor Leste. The PALM Scheme has a short and a long-term stream. The short-term PALM visa enables workers to work in horticulture for up to 9 months and return to the same employers year on year, supporting circular migration outcomes and improved productivity at a farm level. At December 2024, there were over 15,200 PALM workers engaged in the Agriculture sector, predominantly undertaking horticulture work². Unfortunately, due to increased operating costs, program complexity and uncertainty, the number of PALM workers in the horticulture industry has fallen by 32% over the past 18 months and this reduction in worker numbers will continue to have a significant impact on remittances sent to the Pacific and Timor Leste.

The PALM Scheme remains one of the most regulated migration programs in Australia, and in horticulture, typically provides PALM workers with employment conditions that are greater than Australians or other migrant workers employed at the same classification. While there has recently been negative attention on this program, this is not reflected in actual numbers of complaints (by workers, their advocates and the community) to the Department about the program and worker conditions, which averages around 20 per year since July 2022 (noting there was on average 32,424 workers in country each month).

With respect to the PALM program, all stakeholders, including Pacific Island Countries and Timor Leste, must work together to ensure that the settings within the program support ongoing labour mobility, remittance flows to sending

¹ [Food Supply Chain Capacity Study](#), Jobs & Skills Australia

² [PALM scheme monthly data report](#), Department of Employment and Workplace Relations

countries and of course worker protections. It is important that the correct balance of regulation and individual autonomy is struck within the program to achieve this outcome.

Within the PALM Scheme issues of accommodation are often raised, and it is important that these are viewed within the broader lens of the accommodation crisis occurring in Australia. New South Wales (NSW) is building fewer homes than ever before, coupled with onerous local and state level planning requirements, it is increasingly difficult for regional employers to build workforce accommodation – compounding already tight accommodation markets. The NSW Government should closely consider how, at a local council level, they can engage with employers to work through options to construct new accommodation to meet workforce needs.

Working Holiday Maker (WHM) visa holders are the other significant cohort of migrant workers employed in the horticulture sector. The horticulture industry employs WHMs in part due the specified work arrangement that sees WHMs able to extend their visa in exchange for working on farms, and other regional businesses but also due to the flexible nature of their visa.

While not ideal in terms of offering worker protections, or productivity to employers, when compared with other visas, the WHM visa does enable short term work – this aligns closely with the needs of the horticulture sector. WHMs are typically able to follow Australia's harvest trail, working for multiple employers, filling seasonal labour demands within the sector. This type of flexible employment, enabling movement of people between employers supports the needs of Australia's horticulture sector and fills workforce gaps left by the PALM Scheme due to its rigidity.

Much has been said about the WHM visa, with the current Government undertaking a review in 2024, and previous Government reviewing the program in 2020. The use of specified work within the program is often criticised, despite the significant contribution this setting makes to regional and rural economies and the benefit it creates for all Australian's through enabling the ongoing access to fresh fruit and vegetables. There is currently no simple replacement for WHMs in the horticulture industry; these roles cannot be filled by PALM workers, or Australian's and other migration pathways do not have the settings needed to enable seasonal work.

This policy problem continues to be challenging for all Governments. The AFPA have consistently advocated for the use of a bespoke visa that provides a regulated pathway for harvest workers in the agriculture sector, creating worker protections, enabling movement between employers and allowing workers to return year on year to support productivity gains. If Government's objectives are to support and protect temporary migrants and address modern slavery concerns, ensuring that the right visa pathways are available is absolutely critical.

The horticulture industry continues to be a large user of labour hire services. This is due to the highly seasonal nature of work in the industry as well as the large number of Small and Medium Enterprises (SMEs) in the sector, 98% of horticulture businesses in NSW are defined by ABS as SMEs. Unfortunately, the lack of labour hire licensing in NSW has meant that unscrupulous labour hire providers, driven from Queensland and Victoria are able to operate in NSW.

The AFPA have written on several occasions to the NSW Government, requesting strong support for a National Labour Hire Licensing Scheme and in the absence of a National Scheme, the establishment of a NSW Labour Hire License. This is one of the most critical things the Government of NSW could do to address concerns about modern slavery, and unlike a range of other issues raised in this inquiry, the option to introduce this license is firmly within the purview of the NSW government.

A well-functioning and ethical labour supply is essential for the fresh produce industry to meet demand while upholding fair treatment of workers. Temporary migrants play crucial roles in supporting seasonal labour needs, but ongoing challenges—including increasing costs, and regulatory burdens—pose risks to the industry's stability. To ensure a sustainable and fair workforce, policymakers must take a balanced approach that strengthens worker protections while maintaining viable and accessible visa pathways for employers who rely on temporary migrant labour.

The AFPA welcomes the opportunity to submit to the New South Wales Parliament's Modern Slavery Committee's inquiry into modern slavery risks faced by temporary migrant workers in rural and regional NSW and is open to participating and engaging further with the committee this inquiry.

Contents

Summary	3
Introduction	6
Overview of the Fresh Produce Industry's Workforce.....	6
Key focus - Harvest Labour.....	7
Composition of the Harvest Workforce	7
The role of migrant workers in the fresh produce industry	8
The PALM Scheme	9
PALM Scheme's Deed and Guidelines – prioritising worker welfare and wellbeing	9
PALM Worker Views on the Program	10
PALM Worker Disengagement.....	11
PALM Worker Mobility and Employer Sponsorship.....	12
PALM Worker Accommodation	13
PALM Employer Compliance with the Deed and Guidelines	14
Future of the PALM Scheme	15
Working Holiday Makers.....	16
Reforming the WHM	17
A fit-for-purpose migration solution – Harvest Work Visa	18
Labour Hire Services and Licencing Scheme	19
Industry Background	20
State of the Industry	21
Fresh Produce Growers.....	21
Labour Challenges in horticulture	22
Labour Challenges - Cost and Productivity	23
Changes in Workforce related Policy, Regulation and Legislation.....	23

Introduction

The Australian Fresh Produce Industry (AFPA) welcomes the opportunity to submit to the New South Wales (NSW) Parliament's Modern Slavery Committee's inquiry into modern slavery risks faced by temporary migrant workers in rural and regional NSW. This submission responds to terms of reference, while also providing important industry context and background.

The AFPA formed in 2019 to develop pragmatic solutions to the challenges facing industry, this includes the development of a productive and stable workforce. Temporary migrant workers are widely recognised as a critical part of the industry's workforce and therefore are critical to sustaining Australia's fresh produce industry. Their participation ensures the consistent supply of high-quality fruits and vegetables to Australian households, while also supporting regional economies and communities.

The AFPA aims to contribute to a fair, sustainable, and resilient workforce that benefits workers, employers, and the broader community.

Overview of the Fresh Produce Industry's Workforce

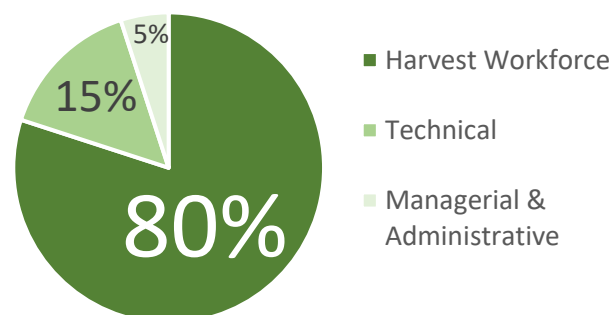
Australia's fresh produce sector is estimated to directly support between 65,500-80,000 full-time-equivalent positions. In 2021–22, ABARES survey data indicates³ the monthly average number of workers engaged on horticulture farms was 116,900; most employees are engaged on a temporary basis to support 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 industry for 88 days, however, over a six-month harvest period, a farmer may engage multiple WHM visa holders to fill 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 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.

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.

Figure 1: Horticulture Workforce Categories and Breakdown



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). 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 labour demand.

³ [Labour use in Australian agriculture: Analysis of survey results, 2021–22](#) - ABARES

Key focus - Harvest Labour

The supply of fresh produce is entirely dependent on the industry's ability to engage a harvest workforce, which pick, pack, process and maintain horticulture crops, among other tasks. The harvest workforce is also crucial to supporting permanent jobs in the industry. By its nature, harvest work is:

- **Seasonal** – depending on the commodity and location, harvest employment opportunities can range from weeks to months to years.
- **Regional** – fruit and vegetable production typically occurs in rural and remote areas.
- **Variable** – production is highly influenced by weather and other external factors; output may vary between seasons and therefore labour requirements.
- **Physical** – picking, packing, and maintaining crops can be physically demanding, with most work occurring outdoors

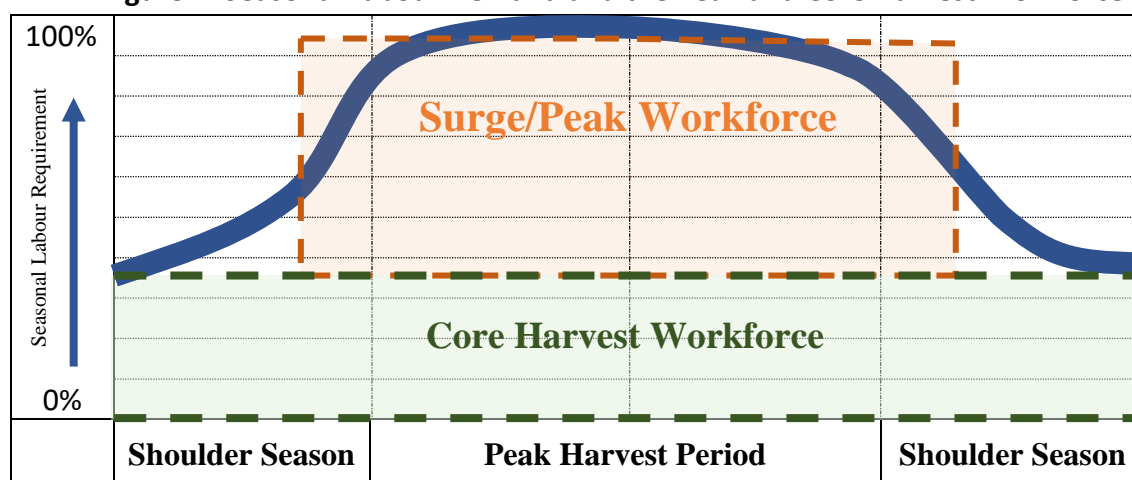
These characteristics make harvest work unattractive to many Australians. In 2020, AFPA collated data from Australia's major producers and labour hire companies and found that of 23,000 enquiries for horticulture work received between March – June 2020, only 8% were from Australians. AFPA members make concentrated efforts to engage more Australians in their harvest workforce, including running target job campaigns in local regions and providing incentives. Despite this, it remains a significant challenge to attract Australians, to undertake temporary work in remote locations, that is both physically challenging and variable. Therefore, the fresh produce industry has come to rely heavily on a large migrant workforce, most commonly made up of PALM Scheme and WHM visa holders.

Composition of the Harvest Workforce

The characteristics of harvest work, being remote, physical, variable and seasonal (i.e. short term), means that a considered workforce structure is required to meet business requirements. Typically, businesses consider their harvest workforce in two parts due to the seasonality of harvest and its peaks and troughs:

1. **Core Harvest Workforce** – engaged for a longer period, e.g. 3+ months, and undertakes a variety of roles in the lead up to, during and after the harvest, i.e. pruning, as well as picking, processing and packing early and late produce, as well as during peak season.
2. **Surge/Peak Workforce** – engaged for a short period, e.g. 1-3 months, purely to support picking, processing and packing during peak season, where there is a high-volume of produce ripening/ maturing and if left unharvested would be wasted.

Figure 2. Seasonal Labour Demand and the Peak and Core Harvest Workforce



As illustrated in Figure 2 (above), the core workforce is engaged for the duration of a 'season', being the lead-up to, during and after the peak harvest period. The core workforce is typically a smaller cohort than the peak-harvest workforce and provides a stable labour base during the season. The core workforce:

- can be trained in an array of different tasks and roles (e.g. machinery operation, sorting and packing, etc.),
- perform critical work in preparation of the harvest (e.g. maintenance and setup of equipment, field preparation), and work following the harvest (e.g. pruning and planting), and
- covers the 'shoulder' periods, when the first and last produce ripens /matures for harvest, which can vary from year to year making labour planning difficult.

The vast majority of the core workforce is Australians, permanent residents and (where there are proven labour gaps) PALM workers. The work expectations / visa requirements of these cohorts better align to this longer-term, more stable work. For example, the PALM scheme requires approved employers to offer PALM workers with a minimum of six months employment and 120 hours of work across every four weeks.

By contrast, the surge/peak workforce is composed of individuals that have shorter work expectations and are typically WHMs. The peak workforce is engaged to meet the high demand periods of the harvest, they are often trained in only one task, most commonly 'picking', and their employment is tied specifically to the availability of produce to harvest. As it's unviable to maintain a large workforce without produce to harvest and sell, as soon as the season begins to taper off, so too does the number of peak harvest workers employed. The ideal peak-harvest worker is highly mobile (able to relocate between regions as they come into season) and able to work flexibly. For these reasons, WHMs have become the primary labour source for peak-harvest workers.

The role of migrant workers in the fresh produce industry

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 reported⁴ 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.

For the horticulture sector, there are two distinct workforce needs. These two distinct needs create different interactions with existing migration pathways:

1. Ongoing, skilled roles (i.e. Technical Expertise, Management & Administration)

While Australian residents fill many of the skilled (technical, managerial, and administrative) positions in the fresh produce industry, 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.

These roles are typically full time and ongoing, and often require permanent relocation to a regional area.

The Horticulture Industry Labour Agreement (HILA) is an existing tailored visa pathway that is effectively meeting the skilled and semi-skilled labour requirements of the sector. Region-specific migration pathways, such as the Designated Area Migration Agreement (DAMA), are not heavily utilised within the horticulture industry due to the absence of specific (and often highly industry specific roles) being incorporated into these agreements.

By providing a structured pathway for skilled temporary migrants to contribute to the industry's productivity, the HILA also supports sustainable business growth while maintaining high standards of employment and workplace conditions.

2. Picking and Packing (i.e. Harvest Labour)

While attracting and engaging skilled workers in regional Australia and the industry is of importance to producers, more crucial is the ongoing ability to engage 'pickers and packers', a harvest workforce.

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

⁴ [Migrants in the Australian workforce: A guidebook for policy makers](#)

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.

The horticulture sector has an ongoing demand for workers to fill picking and packing roles within the industry. The ability to engage workers who can relocate as needed to meet shifting seasonal labour demands is crucial. This mobility ensures producers can manage the natural variability of growing fresh produce, harvest crops at optimal times, maintain the supply chain and support the overall productivity of the industry.

As a result of the work characteristics, industry currently relies upon WHM and PALM Scheme workers as the predominant source of labour for harvest work. The historic success of the PALM Scheme was driven predominantly by the circular migration principle, which matches with the seasonal nature of horticulture work.

The PALM Scheme

The PALM (Pacific Australia Labour Mobility) scheme is a highly regulated visa program that requires employer sponsorship. It was initially piloted in 2009 with foreign aid objectives to *"allow 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 simultaneously 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 were devastated and ensured that Australian farmers could continue to supply the nation with fresh produce. The Albanese Government, upon taking office, expanded the PALM scheme further, declaring it *"Australia's primary temporary migration program for low, semi, and unskilled positions"* and revoked the planned Agriculture Visa announced by the previous government.

The PALM Scheme enables workers from the Pacific to hold a 403 visa and operates two streams of the program which have different durations of work in Australia. The short-term stream enables workers to work in Australia for up to 9 months at a time, while the long term stream enables workers to work for up to 4 four years. The majority of PALM workers in horticulture are engaged on the short-term stream of the program; most short-term workers (by total number) are engaged in the horticulture industry.

To employ a PALM worker, and employer must meet a range of conditions including holding a Temporary Activity Sponsorship (TAS), being 'approved' by the Department of Employment and Workplace Relations (DEWR), demonstrating financial viability, conducting labour market testing and only offering work in specific locations and industries.

Despite high levels of regulation, complexity and cost, the value of the PALM scheme to the horticulture sector cannot be understated. It enables workers to return to Australia year after year and delivers increased productivity to employers. As of December 2024, there was 27,260 PALM workers engaged in Australia, with the majority, over 15,200 employed in the Agriculture sector, predominantly horticulture work⁵. 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.

PALM Scheme's Deed and Guidelines – prioritising worker welfare and wellbeing

The PALM scheme is highly regulated by government departments and agencies to support the fair treatment of migrant workers and maintain the integrity of Australia's labour market. The Scheme's Deed and Guidelines set out detailed obligations for Approved Employers (AEs), including recruitment, wages, accommodation, health and safety, and worker welfare. Compliance is closely monitored, and breaches result in penalties, including suspension or removal from the scheme. It is important to acknowledge that the PALM Scheme is so highly regulated, that PALM workers receive greater conditions than other Australians and migrant workers engaged casually in the horticulture industry.

⁵ [PALM scheme monthly data report](#)

For AEs, participating in the scheme comes with strict responsibilities. They must demonstrate they can provide a safe and supportive work environment, meet all financial and reporting obligations, and comply with other standards and requirements, as well as workplace laws. Employers must also ensure that workers have access to necessary support services and information, including arrival inductions hosted by Fair Work Ombudsman and Union officials. The Guidelines also require AEs to actively assist workers with integration, including cultural orientation and financial literacy programs, to help them navigate life in Australia.

A major focus of the PALM scheme is worker welfare and wellbeing. AEs must ensure workers have access to healthcare and a range of information, including sexual health advice, road safety information, basic fire safety and natural disaster information and more. AE staff must also demonstrate a high degree of cultural competency to participate in the Scheme, either based on past experience or by completing relevant training (specific to each sending country). The guidelines also emphasise worker protection against exploitation, requiring employers to engage dedicated welfare and wellbeing officers, provide transparent employment contracts and payslips, provide workers unfettered access to grievance mechanisms (noting there several avenues available, including providing workers with direct and general contact details for each Country's Liaison Officer, community connections programs, the Fair Work Ombudsman and others). In the past two years, the Australian government has strengthened oversight mechanisms to ensure compliance and has established partnerships with unions, community and other organisations to also support workers. In comparison to other Australian visas, including other employer sponsored visas, the PALM Scheme is one of the most highly regulated, with a strong emphasis on worker protection and employer accountability.

PALM Worker Views on the Program

In 2022, the World Bank and Australian National university partnered to survey⁶ more than 2,000 Pacific workers participating in the PALM and RSE Scheme (New Zealand based program). This is the largest survey conducted of PALM workers and its findings are widely known and referenced, although notably omitted from the report released by the Office of the NSW Anti-slavery Commissioner. The survey of workers found:

- 98 per cent would recommend the program to others
- 92 per cent wanted to work under the scheme again
- 90 per cent of workers reported being treated fairly by their employers
- 90 per cent of workers were satisfied with their accommodation
- Workers are working an average of 46 hours per week
- Scheme participants were earning significantly more than what they would at home – on average 4.3 times higher, and up to 10 times higher for some countries.
 - On average, workers surveyed were earning over \$A 800 per week, net of taxes and deductions (Figure 12) (such as airfares to the destination country and health insurance, which are often paid upfront by their employers and later deducted from earnings).⁴
 - 80% of interviewed workers reported improvements in their relationships with their children, and 66% reported improved marital relations, often thanks to the increased income and decrease of financial stress.

Despite the surveys' "overwhelmingly" positive results, some areas were identified for attention, including that 10% of workers did not believe they were treated fairly by their employers. The most common reasons for worker dissatisfaction included: earnings not meeting expectations, deductions being excessive or unclear, and inconvenient working hours. A major share those that reported disagreements/conflicts were employed by labour hire companies.

⁶ [Report: The Gains and Pains of Working Away from Home the case of Pacific workers and their families](#)

The Government, and more specifically the Department of Employment and Workplace Relations (DEWR), has made several changes since this survey was conducted to the operations of the program in response to concerns, including requiring greater transparency around payslips and deductions, implementing new grievance policies and introducing a minimum hours offered requirement for short-term workers .

Considering this survey was conducted in 2022, prior to the government changes, the AFPA would support DEWR and/or Department of Foreign Affairs and Trade (DFAT) to conduct a similar survey of PALM workers to adequately assess the impact of changes, and more appropriately measure worker voice in the program.

PALM Worker Disengagement

The recent report released by the Office of the NSW Anti-slavery Commissioner⁷ had a strong focus on worker disengagement. The Report (*Pg 16, Figure 1: PALM worker in-country risks and factors leading to disengagement*) suggested that disengagement was due to a worker experience issues in one or more of the following areas:

- working conditions, wages and entitlements;
- accommodation, transport and living conditions;
- isolation and social marginalisation; and
- gendered violence and restricted healthcare access for women migrants including survivors.

However, as employers and others close to the scheme have long observed, the motives behind worker disengagement are complex and multifaceted, and not always rooted in poor treatment or exploitation. While there are undoubtedly cases where PALM workers may disengage due to legitimate grievances or exploitative conditions, a significant proportion appear to be making strategic decisions based on the broader incentives created by Australia's immigration and labour policies.

The Development Policy Centre, housed in the Australian National University's College of Asia and the Pacific periodically releases analysis, research, and policy commentary related to the PALM program. In November 2024, the Centre released a discussion piece⁸ on disengaged PALM workers. Below is an extract of this piece:

Farmers may also be turning their back on PALM because so many workers are leaving the scheme. The government doesn't regularly release data on workers who leave their employer but not the country (that is, where the workers abscond or disengage). However, the ratio of disengaging workers to the stock of PALM workers for 2021/22 was about 8% (as explained in the data notes).

This disengagement cannot be understood without reference to the fact that many PALM workers also make a bogus claim for a protection visa. Recent data obtained from the Department of Home Affairs shows a massive increase in the number of Pacific (and Timor-Leste) workers on temporary employment (400-series) visas applying for asylum (Figure 1). Nearly all these protection visa applications would come from PALM workers who in 2023-24 made up 85% of the total number of PALM-sending-country temporary workers in Australia.

Making an asylum application is perfectly legal but nearly all the claims are unfounded, with rejection rates for all PALM-sending countries except PNG close to 100%. However, there are so many applicants for asylum (applications from the Pacific are just a small part of this much bigger problem) that rejection can take years (especially if the claim is appealed) and in the meantime, once applicants get a bridging visa, they can usually work legally for any employer and they can access Medicare.

Applying for asylum and disengaging are closely linked as receiving a bridging visa typically allows a PALM worker to leave their original employer legally. Put in economic terms, applying for asylum greatly reduces the cost of leaving the PALM program. Indeed, applying for asylum and leaving their employer (in whatever order) can be a perfectly rational decision even for a well-treated PALM worker because of the employment and

⁷ [Be Our Guests: Addressing urgent modern slavery risks for temporary migrant workers in rural and regional New South Wales](#)

⁸ [Pacific PALM workers applying for asylum in record numbers](#), Stephen Howes, Devpolicy Blog

residential opportunities these moves open up. There can be no presumption therefore that workers disengage because they are badly treated.

The possibility that workers are leaving PALM not to escape exploitation but for a better deal is completely missing from much of the reporting on absconding.

The PALM program is generally well-regarded for its structured support systems, engagement with unions and community groups, and opportunities for Pacific and Timorese workers to improve their livelihoods. However, the availability of bridging visas following asylum claims offers a pathway for greater flexibility and economic advantage. This creates an unintended incentive for disengagement, as workers seek to maximize their personal and financial gains, even if it involves circumventing the original terms of the PALM program.

The process of applying for asylum via a protection visa, despite low success rates, is perceived as a low-risk option by many workers. The lengthy processing times, combined with the rights granted under a bridging visa during both the initial application stage, and a subsequent appeal stage, create an opportunity for workers to continue to work and live in Australia with greater autonomy than afforded under the PALM scheme.

This relatively high application rates for protection visas among PALM workers demonstrates a policy tension: while the asylum system serves an important humanitarian function, it can also inadvertently facilitate behaviour that undermines programs like PALM, which are designed to meet labour needs while supporting development in the workers' home countries.

A nuanced approach is needed to maintain the program's viability while respecting the rights and aspirations of the workers it seeks to support. Industry has consistently raised our interest in engaging with Federal Government on the future direction of the program and what could be introduced to better meet the program's objectives.

PALM Worker Mobility and Employer Sponsorship

The PALM program, like many visas in Australia, requires workers to be 'sponsored' by their employer. This arrangement creates a regulatory link between an individual worker and an employer. The sponsorship arrangements with the PALM program create the regulatory requirement that enables the high level of protection and enforcement within the PALM program. As per other visas in the economy, sponsorship links a worker's employment to a single employer.

With respect to the horticulture industry, the seasonal nature of harvest work has created the ongoing discussion within the program about how to enable workers to move between employers and locations of work – aligning with peak or surge workforce requirements.

Currently, PALM workers are able to move between employers, however, this process must either be arranged off short (i.e. before a worker's arrival in Australia), with pre agreement from employers (i.e. while a worker is in Australia) or as a contingency or emergency arrangements (i.e. a flood has meant there is no work for workers with their original employer). These mobility solutions for workers and employers are constrained, however, importantly, these conditions reflect the high level of regulation associated with the program – particularly in relation to employer obligations to provide accommodation, minimum working hours, suitably trained staff and transport make it incredibly difficult to support unfacilitated worker movement and still guarantee these high regulatory standards.

The tension between worker agency and program regulation is likely to be ongoing, with some advocates suggesting that the PALM visa should no longer feature employer sponsorship, enabling PALM workers to work for any Approved Employer. This proposal significantly underestimates the significant amount of planning and preparation that is required for an employer to host a PALM worker and presupposes that PALM workers would be able to effectively, without support and often without experience, navigate the Australian labour market.

This concept is concerning to industry, as it ignores the high standards that sponsorship enables, and would likely create a range of unintended consequences that would significantly increase the vulnerability of PALM workers including being unable to find work for prolonged periods, being left without accommodation, no longer being able to

access health insurance, having limited or no access to transport and a range of other challenges that are addressed through the high regulatory requirements of the program.

Removing the sponsorship link between workers and employers would also create challenges with respect to the demand driven nature of the program, undermining the labour market testing requirements of the program as employers would be able to recruit workers already in the country – minimising the need to engage Australian workers as a priority.

When considering greater movement of PALM workers, careful consideration should be given to the relationship between worker agency and regulation. To enable a high level of agency, regulation would need to be reduced commensurately. Likewise when agency is reduced, for example through the use of sponsorship arrangements, limiting who an individual can work for, regulation is increased as a protection. Careful consideration of the nature of the relationship between worker agency and regulation will be needed by all PALM Scheme stakeholders to support improved outcomes for workers and the ongoing success of the program.

The AFPA continues to support these discussions as part of an evolution of the PALM program, however, would caution recommendations to remove sponsorship from the program without first working closely with all stakeholders, specifically sending countries to ensure program settings meet relevant objectives, including worker protections.

PALM Worker Accommodation

Accommodation shortages and the rising cost of accommodation in regional and rural Australia is a major inhibitor to attracting all workers to the horticulture industry, as well as engaging PALM workers. 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. In the June 2024 quarter, data indicated that 27% more people moved from cities to regional areas than in the opposite direction, continuing the pattern observed in previous periods⁹.

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. Affiliated to the high rents is record low rental vacancy rates. In October 2024, NSW's net regional vacancy rate was 1.3%, near record low and lower in key growing regions (e.g. Coffs Harbour 0.9%)¹⁰.

Housing construction rates remain at record lows, in 2023, just 173,000 new dwellings were constructed across Australia, the lowest in a decade. Furthermore, construction of new dwelling in NSW is lagging behind other Australian states, underscoring the need for effective strategies to address the current challenges in the housing sector. In the first quarter of 2024, NSW commenced construction on 5,470 new detached houses, marking a 5.4% decrease from the previous quarter. This trend is expected to continue, with forecasts predicting a further 4.8% decline in the June quarter of 2024, bringing the total to 5,210. This would result in a financial year total of 21,070 for 2023/24, representing an 18.8% decrease from the previous financial year.¹¹

Accommodation is a key inhibitor of growth of the horticulture industry – without accommodation, it is challenging to attract and engage workers in the sector, including PALM workers. Housing PALM workers is a particular challenge in many growing regions, especially as additional standards are applied.

The accommodation standards for PALM workers are set out in the PALM Deed and Guidelines, requiring employers to provide housing that meets specific health, safety, and amenity benchmarks. These standards cover a range of requirements, including adequate space, sanitation, ventilation, access to cooking facilities, and general upkeep. Additionally, accommodation must comply with local and state government regulations. While these additional

⁹ [Regional movers index](#)

¹⁰ [Rental Vacancy Rates](#)

¹¹ [NSW home building outlook remains constrained](#)

requirements are designed to protect worker welfare, they also contribute to significant restrictions in the supply of available housing.

A major challenge is that many regional short-term accommodation options, such as motels and rental properties, do not always meet the prescribed standards without substantial investment. Employers often need to modify or build accommodation to comply, but navigating local council and state planning regulations can be time-consuming and costly. In many cases, delays in approvals and the associated financial burden discourage employers from investing in new housing solutions, exacerbating the shortage of available accommodation for PALM workers.

DEWR rigorously monitors accommodation compliance to ensure standards are met. As confirmed in a Senate Estimates Hearing on 6 November 2024¹²:

"All accommodation is assessed as part of a recruitment plan, and we assess whether or not the accommodation plan meets the standards set down in the PALM deed and guidelines for approved accommodation under the scheme. There is a regular ongoing cycle of compliance and assurance activity and monitoring visits that are undertaken to ensure that the accommodation that has been approved as falling in line with the standards that are set out in the deed and guidelines remains as meeting those guidelines at different instances—so passages of time. The accommodation arrangement that is proposed by the employer is considered by us, and it's approved or not approved by us. Oftentimes we find there is a fair amount of going back and forward with an approved employer to get it to the standard where we are prepared to approve it as an accommodation site for PALM workers. Then, once it is approved and occupied, there is regular ongoing monitoring and oversight of those accommodation arrangements through site visits."

While this rigorous oversight ensures that PALM workers have access to appropriate living conditions, it also means that employers face increased compliance costs and logistical hurdles in securing accommodation. The repeated back-and-forth process between employers and DEWR to gain approvals can cause delays, particularly when housing options require upgrades or new construction to meet regulatory expectations.

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 available housing include:

- Local council and state government planning regulations – Lengthy approval processes and restrictive zoning laws hinder the development of worker accommodation.
- Infrastructure to support increased accommodation in regional areas – Water, electricity, and transport networks must be expanded to sustain additional housing developments.
- Services in regional communities to support increased populations – Healthcare, retail, and recreational services must be enhanced to accommodate a growing workforce.

By addressing these barriers, government and industry stakeholders can work towards a more sustainable and accessible accommodation framework that supports both PALM workers and the broader horticulture sector.

PALM Employer Compliance with the Deed and Guidelines

Evidence available in the public domain demonstrates a high level of AE compliance with the new Deed & Guidelines. Most recently Minister for Employment and Workplace Relations, Murray Watt stated ¹³ that the Federal Government's assessment of a sample of nearly a third of PALM scheme agriculture employers with short-term workers found 100% compliance with the current minimum hours requirements.

The Federal Government does not report on its general PALM Scheme compliance and enforcement activities. However, based on responses to questions taken on notice during a Federal Senate 2024-25 Supplementary budget

¹² [Official Committee Hansard – 6 November](#), Education and Employment Legislation Committee

¹³ [Minimum hours changes making a difference for PALM scheme workers](#), Murray Watt, Minister for Employment and Workplace Relations

estimates¹⁴, it is apparent that DEWR actively investigate complaints brought forward. Data presented by DEWR in response covers a time period from 1 July 2022 to 31 October 2024. In this period, the Department received 60 complaints, covering a cohort of 32,000 workers on average.

Table 1 below indicates that the majority of complaints are in relation to worker treatment and wages, while 20% of complaints were made in relation to worker behaviour. While any complaint from a worker, advocates, the community or an employer is serious, the relatively low instance of complaints reflects the high level of regulation within the program is delivering required outcomes for workers.

Table 1: Summary of complaints to DEWR in relation to the PALM program

Question - Since May 2022, how many complaints has the Department received from participants about the PALM scheme?

From 1 July 2022 to 31 October 2024 the department received **59** complaints from participants about the PALM scheme. Breakdown of the complaints by year can be found at [Table A](#).

From 1 July 2022 to 31 October 2024 the department received **1** complaint from an agricultural business owner about the PALM scheme. Breakdown of the complaints by year can be found at [Table B](#).

Table A: Complaints the department received from participants about the PALM scheme

Topic	2022	2023	2024
PALM scheme accommodation concerns	1	2	
PALM scheme re-engagement or redeployment	1	2	
PALM scheme treatment of workers	1	8	5
PALM scheme wages and conditions	3	8	7
PALM scheme worker behaviour	1	9	2
Other complaints		3	6
Total	7	32	20

Table B: Complaints the department received from agricultural business owners about the PALM scheme

Topic	2022	2023	2024
Other complaint	0	0	1*
Total	0	0	1

* The complaint is listed as 'other' to meet data deidentification requirements.

In addition to DEWR, the Fair Work Ombudsman (FWO) also plays a role in the regulation of the PALM program through their regulation and enforcement of the Fair Work Act. The FWO Annual report¹⁵ includes a section specifically on its activities related to the PALM program. In 2023-24, the FWO issued three infringement notices and 17 compliance notices relevant to the PALM Scheme (there is no data provided on how many employers were covered in this activity).

Future of the PALM Scheme

Changes introduced to the PALM Scheme Deed and Guidelines in July 2023 have made the Scheme more challenging to operate and increasingly inflexible for employers, particularly within the horticulture sector. Prior to these changes, there was 22,445 (June 2023) PALM workers engaged in the Agriculture Sector, in December 2024 there was 15,260 workers, meaning the total number of workers has fallen by an approximately 32% (7,180 less workers). This represents a significant loss of employment opportunities for the participating countries and its workers and is particularly damaging to countries that rely heavily on remittances for economic prosperity, like Tonga and Samoa where remittance as a share of GDP is above 25%.

For many producers, particularly small growers, the scheme became unviable due to increased administrative burdens, financial risks, and other challenges introduced in mid-2023. There has also been a lack of resources within DEWR to resolve operational issues promptly, and the new IT system introduced in 2024 has been ineffective, adding to the administrative costs and burdens.

¹⁴ [DEWR Response to Questions on Notice – Federal Senate Supplementary Budget Estimates](#) – Education and Employment Committee

¹⁵ [Fair Work Ombudsman Annual Report 2023-24 pg 47](#) - FWO

The PALM Scheme further challenges employers by offering greater conditions to PALM Scheme visa holders than other temporary migrants and Australia workers. This creates challenges for employers in balancing equity within the workplace, while also meeting program conditions.

Further, though outdated, in 2018, ABARES produced a report on the PALM Scheme (then referred to as the Seasonal Worker Program), which found that the non-wage labour cost related to seasonal workers was 2.3 times higher per hour worked than for working holiday makers. Given the magnitude of the costs introduced by the new Deed and Guidelines in 2023, it is reasonable to assume that the non-wage labour cost has increased significantly.

A recent industry survey of a group of approved employers (collectively employing 5,963 PALM workers) found that the direct and indirect cost of employing a PALM worker was 14.7% higher on average than other harvest workers (e.g. Australian residents, Working Holiday Makers, etc). This cost is attributed to the high regulatory burden, which has created significant operational cost and complexity. Where a worker is engaged via a labour hire provider, a host employer can expect to pay ~10% further costs than a direct employer; this means for a farmer engaging a PALM worker via a labour hire company it is approximately 24.7% more expensive for that farmer than engaging a working holiday maker or backpacker directly.

The result of the new program settings has meant that employers have reduced the number of PALM workers in their businesses, and while key issues remain unresolved the total number of workers engaged through the scheme continues to trend down. The total number of workers participating in the broader PALM scheme (across all industries) has been declining by an average of 396 workers per month over the 18 month period between June 2022 and December 2024 (latest data available).

Given the importance of the PALM scheme to the horticulture workforce, the AFPA remains a strong supporter of this regulated visa program and will continue to advocate for operational improvements, a clearer strategic direction for the program, support for increased enforcement of standards and other improvements that deter unscrupulous employers and protect workers.

Working Holiday Makers

WHMs contribute around \$3.2 billion a year to the Australian economy and play a critical role in the Australian workforce, particularly in regional Australia.

Across the WHM program (the 417 and 462 visas subclasses) there were 170,500¹⁶ WHM visa holders in Australia as at 30 June 2024. This is well above the previous peak of 141,000 in December 2019, and significantly higher than during the COVID pandemic.

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. In part due to this requirement, the Department of Agriculture, Forestry and Fisheries (DAFF) estimate around 25–30% of all WHMs undertake work in the horticulture sector and this is supported by recent statistics released by the Department of Home Affairs – in 2023-24, 47,338 second-year WHM visas were granted and 7,561 third-year WHM visas were granted¹⁶. Around 50 per cent of those granted a second and third WHM visa nominated *agriculture, forestry & fishing* as the industry in which they had undertaken “specified work” in order to acquire eligibility, followed by around 30 per cent in *accommodation & food services*, and 10 per cent in *construction*.

Beyond the requirement of WHMs to undertake specified work to receive a visa extension, WHMs in Australia are highly mobile and flexible, making them ideal for the fresh produce industry's seasonal labour needs. Typically mobile, these workers are able to relocate quickly for short-term employment opportunities, adapting easily to various

¹⁶ [Working Holiday Maker visa program report](#), Department of Home Affairs, 30 June 2024

locations and work environments. This mobility is crucial for addressing the regional and seasonal demands of agriculture, where the workforce needs can change rapidly.

Their short-term commitment also aligns more closely with the peak harvest periods required by the industry. Visa conditions usually allow them to work with one employer for up to six months, matching the intense but brief labour demands of crops like cherries, mangoes, strawberries, and grapes. This temporary engagement is beneficial for producers who need to scale their workforce quickly without long-term commitments, making WHMs a practical solution for handling peak labour requirements efficiently.

Youth and physical fitness are other key traits of WHMs. Generally aged between 18 and 30, they are well-suited to the physicality of agricultural work.

Within the WHM cohort employed in the agriculture industry, it is important to acknowledge that broadly, 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 year, and;
- WHMs that have long-term employment expectations, who are engaged in the industry for their entire visa length, up to 3 years, however may be limited to 6 months with any one employer (a visa condition).

Depending on whether a WHM has short or long term employment expectations, WHMs can be a part of both the 'core' harvest workforce and 'peak' harvest workforce.

While the industry is heavily dependent on WHMs, it is important to acknowledge, that other more bespoke visa programs may be more suitable than the WHM, particularly in terms of driving productivity. Challenges around the WHM include:

- 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, and;
- 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's dependence on WHMs also 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 certain fresh produce on supermarket shelves was missing due to severe workforce shortages created by the exodus of the WHMs.

The industry has long sought to work with Government on the development of an alternative visa pathway, to develop a productive and returning harvest workforce, however, in the absence of any alternative, the WHM visa remains vital to the industry's ability to produce and supply fruits and vegetables.

Reforming the WHM

The current specified work requirement for WHM visas involves completing work in designated industries and regional areas to qualify for a visa extension. There is a slight variation between the two WHM visa subclasses. For the visa subclass 417, visa holders must complete 88 days of specified work in agriculture, forestry, fishing, mining, or construction in regional Australia to extend for a second year, and an additional six months for a third year. For the visa subclass 462, visa holders must complete similar durations of work, however they can also work in tourism and hospitality, as well as the aforementioned industries, and the postcode locations vary slightly.

The specified work requirement of the WHM Visa is crucial, not necessarily because it requires visa holders to work in a particular industry, but because it incentivises them to travel to and stay in regional and remote locations. By

requiring that WHMs undertake specified work in regional and remote areas to qualify for visa extensions, the program actively promotes economic activity and supports regional industries facing labour shortages. This requirement not only benefits sectors like agriculture, hospitality, and tourism, which often struggle to attract sufficient local labour, but also injects vital spending into regional economies.

As part of the ongoing review of regional migration settings, the AFPA put forward options for the Federal Government to consider in examining the WHM visa. This included adding an additional requirement to businesses employing WHMs to “register” with Home Affairs to be eligible to offer specified work. Importantly, creating a register of employers offering specified work, should also include:

- Publication of these businesses on a publicly available register to support WHM in;
 - Finding employers (direct and labour hire) that are able to sign off on this requirement
 - Reviewing employer information, including for example checking a labour hire companies registration in relevant states.
- As a penalty for demonstrated employer non-compliance, suspension for a specified amount of time of an employer’s ability to offer specified work
 - This would include the removal of the offending employer’s details from the publicly available register

It is important to note that in the 2023/24 Federal Budget, the Government defunded the Harvest Trail Service. This program saw government funded regional offices support the sourcing of harvest labour for the agriculture sector. This included engagement of Australians but notably also operated as an important “source of truth” for WHM who were looking to undertake specified work in Agriculture. To complement the creation of an Employer Register the Government should fund the redevelopment of the Harvest Trail Service to support WHM engagement in specified work.

The establishment of a register of businesses offering specified work to WHMs mitigates only ensure greater compliance and enhance protections for WHMs against exploitation and strengthen Australia's reputation as a responsible destination for temporary workers. It would also maintain existing settings that support regional economies, and safeguard the supply of fresh produce.

A fit-for-purpose migration solution – Harvest Work Visa

While existing visa programs play crucial roles in addressing immediate labour shortages in the fresh produce industry, they do not fully meet the industry’s requirements nor provide a complete and sustainable migration solution. By way of summary,

- The PALM Scheme provides essential seasonal workers to fill labour gaps in the core harvest workforce, but the program’s objectives, visa requirements and other design features prevent this workforce from meeting the peak-harvest labour demand.
- The WHM Program provides a mobile, flexible workforce that can meet peak-harvest demand, but it is not the primary purpose of the visa, and the industry’s reliability on this unregulated, unstable workforce has several disadvantages.
- Industry’s labour agreement, the Horticulture Industry Labour Agreement (HILA) provides a solution for sourcing skilled workers to fill labour gaps, but does not provide a pathway for harvest workers

There is a gap in the industry’s workforce for a capped, regulated visa that complements the existing visas and provides a productive and returning harvest workforce. Such a solution would boost productivity, ensure continuity in supply chains, support regional communities, and foster long-term growth in Australia's fresh produce sector.

The AFPA continue to advocate for the development of a Harvest Work Visa that creates a regulated visa pathway to enable workers to work in horticulture and move safely between a network of trusted employers completing harvest work. The full proposal can be viewed [online](#). Most OECD countries operate a visa similar to the proposed Harvest Work Visa (HWV), and the AFPA have strongly advocated for a harvest work visa to be introduced in Australia and would encourage the NSW committee to consider a fit-for-purpose visa for the scheme.

Labour Hire Services and Licencing Scheme

As described in the background of this submission, there are a large number (4,391) of horticulture businesses in NSW, the vast majority of these businesses (98%) would be considered SMEs. The horticulture industry, particularly SMEs, have a strong reliance on labour hire services. To support workers, SMEs and the fresh produce industry more broadly, the AFPA strongly support a National Labour Hire Licensing Scheme and, should it not come to fruition, strongly encourage the NSW Government 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 SMEs with limited human resources 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.

Labour hire companies also support growers 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 collective operate over 100 production sites across Australia. Numerous labour hire companies also operate at a national level and across industries, 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 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 GAP GRASP.

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

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 for the Federal Government to

- Deliver on its commitment to introduce a National Labour Hire Licence across all sectors of the economy
- 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

The AFPA have specifically written to the New South Wales Government on several occasions requesting their support for a National Labour Hire Licence or the introduction of Labour Hire Licensing in New South Wales. It is both frustrating and disappointing that the NSW Government has not acted to introduce a Labour Hire License to date.

Industry Background

Horticulture is Australia's third largest agricultural sector by value¹⁷ 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.

- In 2022-23, the total production value of the fresh produce industry was \$12.15 billion¹⁸,
- It is estimated to directly support between 65,000-80,000 roles¹⁹.
- 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 production²⁰, the fresh produce sector only exports 9.7% of its volume to overseas markets.
 - Australia only imports 2.9% of produce for fresh consumption, meaning 97.1% of fresh fruits and vegetables consumed in Australia are grown in Australia.

Table 1 (overpage), extracted from the Report: *Contribution of Australian Horticulture Industry* by the Centre for International Economics (CIE)²¹, provides an overview of the economic contribution of the industry to NSW by region.

Table 1: Horticulture industry economic contribution to NSW, 2020-21²²

	GVP	Value added	Employment
New South Wales and ACT	\$m	\$m	FTE
Coffs Harbour - Grafton	441.4	348.8	2,262
Richmond - Tweed	371.5	238.6	1,439
Riverina	636.7	420.9	2,259
Murray	391.1	240.3	1,546
Sydney	1,057.1	465.0	3,841
Rest of NSW/ACT	687.0	424.3	2,678
NSW/ACT total	3,584.8	2,137.8	14,026

¹⁷ [Australian horticulture overview](#) – Department of Agriculture, Fisheries and Forestry

¹⁸ [Australian Horticulture Statistics Handbook 2022/23](#) - Hort Innovation

¹⁹ [Contribution of Australian horticulture industry](#) – Hort Innovation

²⁰ [Snapshot of Australian Agriculture 2023](#) - DAFF

²¹ Contribution of Australian horticulture industry, 2023 The Centre for International Economics

²² Contribution of Australian horticulture industry, 2023 The Centre for International Economics

While most production occurs in regional NSW, Greater Sydney hosts a significant part of the horticulture processing sector, as well as vegetable farms and amenity horticulture businesses (nurseries, cultivated turf and cut flowers) that serve the urban population, within the vicinity.

State of the Industry

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.

Based on AFPA member data, the cost of producing fruit and vegetable increased by 18.9% over the four years to 2023/24, 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 (PALM) 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.

To all governments, the AFPA is advocating for a greater collective effort 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 and ensuring worker welfare is a pillar of developing stability.

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 data²³ indicates there were 18,325 fruit, vegetable and nut producing businesses in Australia (4,391 in NSW). 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*. This is an important factor to consider when developing policy and programs for the industry.

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

	Non-Employing	1 to 19 Employees	20-199 Employees	200+ Employees	Total Businesses
AUS	12371	5217	709	29	18325
NSW	3160	1153	77	3	4391

²³ [8165.0 Counts of Australian Businesses, including Entries and Exits](#) - ABS

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
AUS	5913	5169	5782	870	319	270	18325
NSW	1561	1369	1208	158	57	46	4391

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, a recent report by Jobs and Skills Australia (JSA) stated that the sector exhibits some of the strongest seasonal fluctuations in labour demand²⁴ – another important factor when considering policies and programs for the horticulture sector.

Labour Challenges in horticulture

One of Australia's most challenging economic problems is the shortage of labour being experienced in many industries, including horticulture. 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 34% of Australian horticulture farmers had difficulty recruiting workers in 2022–23. 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 produce and labour hire companies and found that of 23,000 enquiries for horticulture work received between March – June 2020, 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.

²⁴ [Food Supply Chain Capacity Study](#) – Jobs & Skills Australia

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, and the Horticulture industry will be in increasing competition with the broader economy for these 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 Challenges - 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 various inquiries and studies, AFPA members collated data on production input cost changes over the four years, between July 2019 and July 2023, and have determined that, on average, the cost of producing fruit and vegetables in Australia increased by 18.9%.

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

While this steep increase in costs was initially a result of the COVID-19 pandemic and international events, the drivers behind these cost increases became increasingly domestic, for example the greatest proportion of the increase in the cost of labour (12.1%) occurred after 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 also continues to experience a decline in labour, falling by a further 1.74% year on year to September 2024²⁵, suggesting more people in general are required to produce the same amount of goods, again adding to labour costs.

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, packaging, etc.	+19.3%

Changes in Workforce related 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 following is a sample of changes that have occurred or are underway of relevance to industry's workforce:

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

- The Horticulture and Nursery Award was reviewed and amended by the Fair Work Commission as part of a broader review of C14 rates in Modern Awards in 2024 – all workers under this award now automatically transition from the Level 1 wage to the Level 2 wage after a three month period (equivalent to a 2.74% pay increase). This is in addition to other recent changes to industry's base pay including:
 - Changes to the National Minimum Wage (an increase of 5.75% in 2023, and 3.75% in 2024)
 - 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 and reduced the flexibility of the workforce (this will be covered in greater detail in this submission).
 - The Government conducted no regulatory impact analysis of the changes. Since the changes were introduced, the number over PALM workers engaged in the industry have collapsed by 25.4% (over 5,700 workers). The decline in PALM workers continue, placing the program at jeopardy and reducing the benefits and employment opportunities for PALM workers and participating pacific countries.
- The Government is currently reviewing its Migration System and arrangements, with, as industry understands, plans to review (and possible amend) the Working Holiday Maker (WHM) visa conditions. 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.