

Select Committee on Temporary Migration

The impact temporary migration has on the Australian economy, wages and jobs, social cohesion and workplace rights and conditions

July 2020

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
- One Harvest
- Pinata Farms
- Fresh Select
- Mackay's Banana Marketing
- Driscoll's
- 2PH Farms
- LaManna Premier Group
- Rugby Farming
- Freshmax
- Fresh Produce Group.

These businesses represent:

- half the industry turnover of the Australian fresh produce (fruit and vegetables) sector - \$4.5 billion of the \$9.1 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,
- pollination and research into alternative sources, and
- water security, including clear direction as to the allocation and trading of water rights.

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 Member companies include:

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



Summary

The 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 with the sector relying on temporary migrant workers to harvest crops. Historically, it has been difficult to attract and retain a local workforce in horticulture, this has been attributed to a number of factors surrounding the nature of the work and the regional location of fresh produce production. These factors have had a significant impact on the availability, quality, and retention of a highly productive workforce.

With regard to the employment prospects of Australians, historically, Australians and permanent residents have made up a small portion of the harvest workforce. This can predominantly be attributed to the nature and location of harvest work. Work undertaken by EY demonstrates that in peak season, regions such as the Sunraysia in Victoria require workers to fill over 11,000 short term roles.

Though there is scope to employ more Australians in these roles, and industry would welcome interest in these roles from Australians, this is not without its challenges. Using Sunraysia as an example, the peak season for harvest roles is short lasting approximately 3 months where a significant number of people are required. These short-term roles would require large numbers of people, to travel from metropolitan Australia to the Sunraysia, where they would need additional accommodation for only 3 months work.

It becomes challenging for industry to incentivize large groups of people, to move from their primary place of residence, to temporary accommodation to undertake physically demanding harvest roles.

The AFPA has obtained data from member companies, other growers and labour hire companies that indicates from March 2020 to June 2020 a period during which unemployment increased significantly, these companies received 23,000 enquiries for work. Only 8% of these enquiries were made by Australian citizens and Permanent Residents.

The AFPA has been vocal on supporting Australians to enter careers in horticulture, with member companies flagging the need for skilled workers in their businesses. There is already significant scope for Australians to be employed in full-time, ongoing positions in roles such as supervisors, farm managers, product technologists, food safety specialists, machine operators and a range of other skilled roles. However, it is important to note that these skilled roles must be underpinned by reliable harvest labour sources which to date have included predominantly temporary migrant workers. Indeed, based on AFPA data every permanent job performed by an Australian citizen or permanent resident in the industry is dependent on 3 harvest roles, usually performed by visa holders.

The harvest workforce in fresh produce is dominated by temporary migrant, specifically Working Holiday Makers (WHMs) and Seasonal Worker Program (SWP) visa holders, which collectively make up 90% of the harvest workforce. The harvest workforce underpins roles in the fresh produce industry across technical areas (food safety, irrigation and agronomy) and management and administrative areas (sales, marketing, farm management); areas which employ predominantly Australian's and permanent residents on a full time ongoing basis.



Initial results from modelling undertaken by Deloitte Access Economics commissioned by the AFPA demonstrates the economic impact of a reduction of temporary migrants, in this case specifically WHMs, on the horticulture industry and broader Australian economy. This modelling indicates that the removal of WHMs from the fresh produce industry would have a \$13 billion impact on Australia's GDP, or \$6.3 billion reduction in the value of the horticulture industry.

Removal of WHMs from the fresh produce industry would result in an estimated fall in jobs of 127,900 (headcount) across Australia's economy, with food manufacturing and retail in addition to fresh produce being the hardest hit. Further, the removal of the fresh produce industry's core workforce, WHMs, would lead to a 60% increase in the price of fruit and vegetables by kg for Australian consumers.

Fundamentally, industry requires workers that want to undertake harvest labour. These workers are more productive and willing to undertake training and guidance. The core issue that agriculture, specifically the fresh produce industry faces in terms of attracting harvest labour work is the nature and location of the work. The WHM visa type addresses the nature and location of the work, by making a condition of visa extensions that visa holders must work in horticulture for a short period of time in a regional location, however does not address the issue that WHM are in Australia for a holiday, not to work for an ongoing period in agriculture.

The SWP ensures that workers who travel to Australia have a role in industry, for 9 months, prior to their arrival, therefore addressing the issue of wanting to work in industry. However, this program is highly prescriptive and prohibits SWP workers moving between employers, therefore excluding farmers without 9 months consistent work from the program.

Industry is overly reliant on the WHM visa holders, who make up 80% of the harvest workforce. COVID19 has seen a significant decrease in the number of WHM in the country, with approximately 80,000 WHM visa holders currently in Australia, down from the usual 140,000 WHMs. This poses a significant risk to industry. Further, as this visa category is designed as a holiday and cultural exchange program, it is likely that there will be fewer WHM returning to Australia in the coming years during the global COVID19 recovery period.

Industry requires a new visa that takes the elements from both of these programs to address labour concerns. Therefore, industry proposes the introduction of a Harvest Work Visa. The purpose of this visa is to secure a harvest workforce that wants to work in agriculture and enables visa holders to move between employers at their own discretion. This visa type would decrease industry's reliance on the WHM, thereby allowing it to commence a return to its intended purpose of a cultural exchange program, while supporting harvest roles in the fresh product industry that underpin regional economies and full time ongoing employment of Australians and permanent residents.

Temporary migration, under the correct conditions, is required to support the ongoing growth of the fresh produce industry. The AFPA support the expansion of the SWP, introduction of a Harvest Work Visa and other areas of temporary migration reform that aim to improve the fresh produce industry's access to a reliable, productive workforce. The harvest workforce is a key contributor to the value of the fresh produce industry, and the regional economies in which fresh produce businesses operate.

To provide context for this submission Temporary Migration, please see below for an overall plan for the Fresh Produce Workforce.



Plan to address Fresh Produce Workforce Requirements

The fresh produce (fruit and vegetables) industry's workforce is historically composed of a small number of Australians and permanent residents, Seasonal Worker Program (SWP) and Pacific Labour Facility workers and Working Holiday Makers (WHM). The international and domestic border restrictions imposed in Australia as a result of COVID19 have significantly reduced the number of WHMs and SWP workers that are in Australia and able to work in fresh produce.

As a result of the reduction in the availability of these workers, the fresh produce industry is likely to face significant workforce challenges over the coming months (October – December), and throughout 2021 and beyond. In order to secure a workforce for the ongoing production of fruits and vegetables, it is important that solutions across the main sources of labour within the harvest workforce are addressed in parallel. Addressing each source of labour will provide the best outcomes to industry, and ensure Australian's access to fruit and vegetables.

Overview of Workforce Solutions

1. Australians and Permanent Residents

Objective: Incentivise Australians and Permanent Residents that have become unemployed due to COVID19 to work in the fresh produce industry.

- Relocation Support: \$1,200/worker - paid to worker
- Induction Support: \$1,200/worker - paid to business for worker induction
- Payments made retrospectively to grower and worker after 3 months of work

2. Seasonal Worker Program and Pacific Labour Scheme

Objective: Increase industry's access to a productive, ongoing workforce; sourcing from countries with limited or no COVID19 cases recorded.

- Create Pacific Bubble as soon as possible within health requirements
- Increase visas granted under the program to 15,000 annually
- Improve operation and administration of the program

3. Working Holiday Makers (WHM)

Objective: Re-establish access to industry's access to largest labour source, while addressing current program bottle necks.

- Open Australian border to WHM visa holders as a priority
- Identify accommodation shortfalls in particular regions and develop solutions with employers, council and state governments

4. Introduce a Harvest Work Visa

Objective: Appropriately address employers' requirements to source temporary migrants to fill roles with the harvest workforce

- Fill the gap between the WHM and SWP visa types to address industry's needs
- Create a 9-month visa type allowing workers from SE Asia to work in agriculture, with ability to return year on year
- Cap visas granted to 10,000 per year.



1. **Australians and Permanent Residents**

COVID19 has left a significant number of Australians unemployed; however, despite high unemployment rates there has not been an increase in the number of Australians seeking employment in fresh produce, despite the availability of roles. A key difficulty in recruiting Australians in fresh produce is the regional location of the employment. In order to address this issue, a relocation payment should be offered to incentivise Australians to move from metropolitan areas to regional locations where there is harvest work.

Further, an induction support payment should be offered to the business employing this worker to minimise the financial burden of additional induction, training and support costs, as well as costs.

It is recommended that payment be made to both the business and the employee after 12 weeks work has been completed. The fresh produce industry has seen success in attracting WHMs to undertake harvest work in regional areas for 12 weeks with the current 417 and 462 visa schemes incentivising this work through 12-month visa extensions.

2. **Seasonal Worker Program and Pacific Labour Scheme**

The Seasonal Worker Program allows workers to be employed in fresh produce for up to 9 months at a time on a returning basis. Many growers have had great success with this program. COVID19 has seen a number of SWP workers unable to travel to Australia with only 8,000 workers currently in Australia compared to 12,000 in a typical year. The remaining 4,000 SWP workers who were due to arrive in Australia, but were unable to travel should be able to travel to Australia as a matter of priority under a Pacific Bubble travel arrangement.

This arrangement would allow industry to have access to its usual workforce necessary to productively harvest fruit and vegetables. Further, access to these workers is of a significantly lower risk than workers from other countries due to the absence of COVID19 infections in many countries participating in the program (e.g. Timor Leste and Vanuatu). Industry proposes to lift the number of workers that can be accessed annually through this program from 12,000 to 15,000 immediately to address the significant decrease in the number of WHM in Australia and provide more certainty to industry around access to a harvest workforce into 2021.

It is recommended that the administration and operation of this program is improved to assist employers and SWP workers to have better certainty over working arrangements and management of worker health and wellbeing during employment in Australia. Improved administration and operation of the program would further assist in alleviating industry's workforce pressures.

3. **Working Holiday Makers (WHM)**

The number of WHMs currently in Australia have significantly reduced, with only 80,000 of the usual 140,000 currently being in Australia. As WHM continue to leave Australia, uncertainty around COVID19 and closures of the Australian international border mean that it is increasingly unlikely that WHM will return to Australia in any great numbers in 2021. Fresh produce, as well as tourism and hospitality rely on these workers; it is vital that WHM visas (417 and 462) are prioritised for access to Australia.

WHM in Australia commonly travel to regional areas to undertake horticulture work. Regional areas often have limited accommodation options due to smaller permanent populations. Due to social distancing requirements, a number of regional areas critical to the production of fruit and vegetables, are struggling to accommodate the number of WHMs required at peak harvest. The



reduction of available accommodation in regions makes it difficult to attract WHMs to perform harvest work, therefore, in order to best attract this workforce, there is an opportunity to work with employers, councils and state governments to provide solutions to any accommodation shortfalls.

4. Introduce a Harvest Work Visa

The current visa settings do not appropriately allow employers to source temporary migrants to fill roles within the harvest workforce. This has created a variety of unintended consequences, which have been highlighted during COVID19, such as an over-reliance on workers under the WHM program.

Industry requires a visa that takes the elements from both the WHM and SWP programs to address labour concerns. Principally; secures a workforce that wants to work and enables workers to move between employers at their own discretion.

At a high level, the Harvest Work Visa (HWV) proposes to allow visa holders to access roles within the agricultural harvest workforce for up to 9 months at a time, with the ability to return to Australia year on year, within the visa parameters. Importantly, this visa would offer visa holders the flexibility to work for an employer of their choice during their time in Australia. This enables workers to relocate according to work locations and seasonal peaks. It is proposed that this visa type allows workers from South East and North Asia to apply, with countries proposed to be included: Malaysia, Taiwan, Philippines, Thailand and Vietnam.

The program should initially be capped at 10,000 visas per year, with an opportunity to review these numbers. An outline of the visa is provided below:

Harvest Work Visa Outline

Stay: 9 months (aligned with SWP)

Cost: \$485 (aligned with WHM program application costs)

Conditions:

- Have proof of employment from an Australian employer that is either a:
 - Farming Business; involved in primary production of food and fibre
 - OR
 - Labour Hire Companies that are:
 - Licensed under a federal, state or territory labour hire licensing scheme
 - Approved Employers under the Seasonal Worker Program or Pacific Labour Facility.
- Employment offer must be for a minimum of 12 weeks
- Applicants must undergo a police and health check before visa is granted and maintain health insurance while in Australia
- Applicants must be able to demonstrate financial resources to return home
- This visa can only be applied for outside of Australia
- Continue to satisfy the criteria for the visa (i.e. ongoing employment in an agricultural sector)



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Introduction

On 5 December 2019, the Australian Senate resolved to establish a Select Committee on Temporary Migration to inquire into and report on the impact temporary migration has on the Australian economy, wages and jobs, social cohesion and workplace rights and conditions.

Industry Background

The fresh produce (fruit and vegetable) industry is both the fastest growing and the most labour-intensive sector within Australian agriculture. The labour intensity in horticulture is so high due to low levels of available mechanisation compared to other agricultural sectors such as broad acre farming. While finding mechanisation opportunities is a priority for all fresh produce businesses, this solution will not be arrived at in the short or medium term, therefore industry will continue to remain reliant on manual labour for the picking and packing of fruit and vegetables that are sold to all Australians.

Harvest labour is the largest cost unit in fresh produce businesses, accounting for up to 60 per cent of the total cost of production in some instances¹. Sourcing labour in the fresh produce industry is also a significant challenge with the sector relying on temporary and seasonal migrant workers to harvest crops. Historically, it has been difficult to attract and retain a local workforce in horticulture, this has been attributed to a number of factors surrounding the nature of the work and the nature of the location of fresh produce production. These factors have had a significant impact on the availability, quality, and retention of a highly productive workforce.

The two key factors are:

- A. Nature of the work
 - Often physical work outside in variable weather conditions
 - Work periods and location dependent on the products being harvested
- B. Nature of the locations
 - Remote – difficult to travel, low level of service and accommodation
 - Regional – competition from other industries, opportunities in capital cities
 - Metropolitan – competition from other industry sectors for capable and skilled people

There is currently very limited data on the total fresh produce workforce. The Australian Bureau of Statistics reports that Australian horticulture employs 72,800 people² across 11,490 individual businesses³. Employment in horticulture can be separated into three distinct functional areas:

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

The fresh produce workforce is defined by a significant requirement for production/harvest labour roles, relative to output. This is demonstrated below in Figure 1.

¹ Demand for farm workers, ABARES farm survey results 2018

² ABARES (2018), Agricultural commodity statistics 2018

³ ABS (2019). Agricultural Commodities 2017-18 Cat no 7121.0



TOTAL PRODUCTION		
HARVEST LABOUR 80%	TECHNICAL 15%	ADMIN & MANAGEMENT 5%

Figure 1: Functional areas of fresh produce industry's workforce

In March 2020, the AFPA and AUSVEG collaborated with Ernst & Young (EY) to determine the number, location and timing requirements for harvest labour in horticulture. The analysis undertaken by EY outlined that there are between 50,000-71,000 short term roles in fresh produce throughout the year⁴.

This report demonstrates that these roles vary seasonally and by location. Figure 2 demonstrates the seasonal and geographical fluctuation of short-term roles. For example, production regions like Sunraysia see harvest labour requirements fluctuate from as high as 11,870 short term roles down to only 2,500 following peak season.

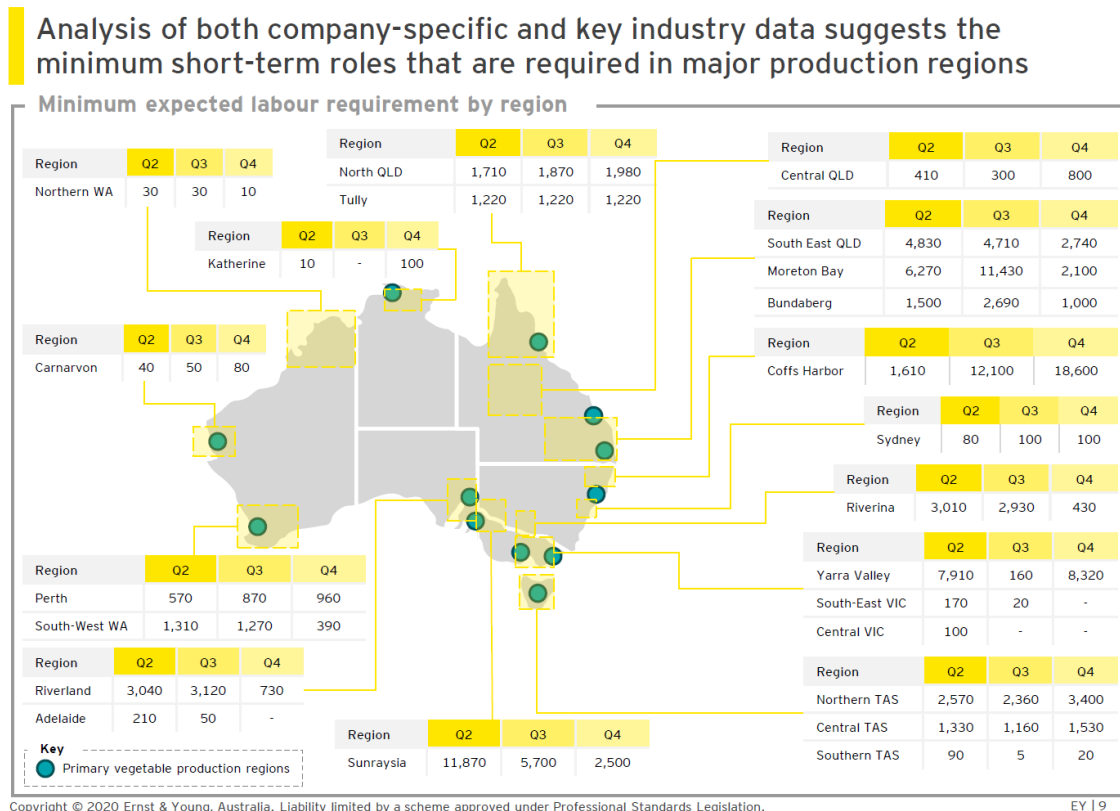


Figure 2: Location, timing and number of short-term roles in fresh produce in 2020

Composition of fresh produce harvest workforce

The harvest workforce in fresh produce is dominated by temporary migrants/visa holders, specifically Working Holiday Makers and Seasonal Worker Program visa holders. This is predominantly due to the seasonal nature of work in fresh produce, that is most harvest roles

⁴ Ernst & Young (2020), How will the COVID-19 pandemic impact labour in the horticultural industry?



require short, intensive bursts of work rather than ongoing, stable employment. Based on AFPA member data, ABS and ABARES statistics, the harvest workforce composition outlined in Figure 3 has been determined.

TOTAL WORKFORCE	80,000					
HARVEST	65,000					
MANAGEMENT	15,000					
COMPOSITION	52,000 Working Holiday Makers		8,000 Seasonal Worker Program	5,000 Australians & Permanent Residents	5,000 Australians & Permanent Residents	10,000 Owner Operators

Figure 3: Composition of the fresh produce workforce by number and visa type

Sources of harvest labour in the fresh produce industry

As indicated in Figure 3 there are three predominant labour categories making up the harvest workforce; Working Holiday Makers, Seasonal Worker Program and Australians and Permanent Residents.

Australian citizens and Permanent Residents

Australian citizens and Permanent residents are the smallest portion of the fresh produce harvest workforce by number, but represent the largest value by Full Time Equivalent (FTE)⁵ employees. Historically, it has been difficult to attract and retain a local workforce in horticulture, this has been attributed to a number of factors relating to the nature of the work, including the temporary tenure associated with a defined harvest season period (ranging anywhere from 6 weeks to 6 months), and the often remote location of fresh produce production. These factors have had a significant impact on the availability, quality and retention of a highly productive workforce.

Seasonal Worker Program & Pacific Labour Scheme

The Seasonal Worker Program and Pacific Labour Scheme provide between 8,000-12,000 workers to the horticulture industry per year. The Seasonal Worker Program offers workers a *Temporary Work (International Relations) visa (subclass 403)*, this visa type enables qualifying workers to work in Australia for up to 9 months at a time.

The Seasonal Worker Program (SWP) is currently administered by the Department of Education, Skills and Employment and involves program users becoming Approved Employers and being responsible for the ongoing employment, accommodation and welfare of workers. This scheme provides approximately 12,000 workers per year.

The Pacific Labour Mobility Scheme (PLS) is a newer scheme introduced in 2018 operated by the Department of Foreign Affairs and Trade. Many employers are currently investigating further utilisation of the PLS in addition to the SWP.

⁵ Australian Fresh Produce Alliance: <http://freshproduce.org.au/resources/>



Members of the AFPA are large users of the Seasonal Worker Program and have consistently advocated for the expansion and continued development of this program to support industry's labour requirements.

Working Holiday Maker Program

The Working Holiday Maker (WHM) program accounts for the majority, approximately 80%, of the fresh produce industry's harvest labour workforce. Workers in Australia on this visa and engaged in farm work are most often referred to as "backpackers". WHM Program consists of two streams:

- Working Holiday (subclass 417) visa
- Work and Holiday (subclass 462) visa

Fresh produce industry's use of temporary migration programs

The Australian fresh produce industry relies heavily on the temporary migration programs to source harvest labour. The most heavily utilised migration programs are the WHM and SWP programs. The WHM program is utilised by the majority of the industry and provides a large influx of workers during peak requirements. The SWP and PLS are used by a smaller number of growers, but generally, are programs that are seen as providing more reliable, ongoing sources of harvest labour.

Current Harvest Workforce Visa Types

Working Holiday Maker	Seasonal Worker Program
<ul style="list-style-type: none"> • Cultural Exchange Visa • Majority working in agriculture to extend their visa requirements • Working in agriculture for short term stints (3 months or 6 months depending on visa requirements) • In Australia to holiday, not perform farm work 	<ul style="list-style-type: none"> • Aid program providing work to Pacific Islands • Offers full time employment for 9 months, with ability to return year on year • High levels of pastoral care of workers • Visa holder linked to employer for 9 month duration

Industry's need for a specific visa

Fundamentally, industry requires workers that want to undertake harvest labour. These workers are more productive and willing to undertake training and guidance. The core issue that agriculture, specifically the fresh produce industry faces in terms of attracting harvest labour work in the nature and location of the work, specifically:

- A. Nature of the work
 - Often physical work outside in variable weather conditions
 - Work periods and location dependent on the products being harvested
- B. Nature of the locations
 - Remote – difficult to travel, low level of service and accommodation
 - Regional – competition from other industries, opportunities in capital cities
 - Metropolitan – competition from other industry sectors for capable and skilled people

The WHM visa type addresses the nature and location of the work, by making a condition of visa extensions that visa holders must work in horticulture for a short period of time in a regional



location, however does not address the issue that WHM are in Australia for a holiday, not to work for ongoing period in agriculture.

The SWP ensures that workers who travel to Australia have a role in industry, for 9 months, prior to their arrival, therefore addressing the issue of wanting to work in industry. However, this program is highly prescriptive and prohibits SWP workers moving between employers, therefore excluding farmers without 9 months consistent work from the program.

Industry is overly reliant on the WHM visa holders, who make up 80% of the harvest workforce. COVID19 has seen a significant decrease in the number of WHM in the country, with approximately 80,000 WHM visa holders currently in Australia, down from the usual 120,000 WHMs. This poses a significant risk to industry. Further, as this visa category is designed as a holiday and cultural exchange program, it is likely that there will be fewer WHM returning to Australia in the coming years during the global COVID19 recovery period.

Industry requires a visa that takes the elements from both of these programs to address labour concerns. Principally; secures a workforce that wants to work and enables workers to move between employers at their own discretion. This visa type would decrease industry's reliance on the WHM, thereby allowing it to commence a return to its intended purpose of a cultural exchange program, while supporting harvest roles in the fresh product industry that underpin regional economies and full time ongoing employment of Australians and permanent residents.

Working Holiday Maker (WHM)	Harvest Work Visa (HWV)	Seasonal Worker Program (SWP)
<ul style="list-style-type: none"> • Cultural Exchange Visa • Opportunity to work in agriculture to extend visa requirements 	<ul style="list-style-type: none"> • Allows workers to legally work in Australia for 9 months at a time, able to return year on year • Workers are able to move between regions and employers in line with seasonal harvest work • Employers must be either farmers or approved labour hire providers • Workers must have proof of a job prior to travelling to Australia 	<ul style="list-style-type: none"> • Aid program providing work to Pacific Islands • Offers full time employment for 9 months, with ability to return year on year • High levels of pastoral care of workers • Visa holder linked to employer for 9-month duration

An introduction of a new visa type, the Harvest Work Visa, will reduce industry's reliance on the WHM scheme, enable access to more productive and interested workforce all while continuing to employee Australian's and permanent residents in long term, ongoing full time positions.

The introduction of a new visa category, within the parameters outlined in the Harvest Work Visa section below, will have the overall effect of reducing the number of temporary migrants (by headcount) utilised by the industry. This will have additional flow on benefits to industry including productivity gains due to reduced turnover and better management of workplace health and safety and biosecurity concerns due to fewer people entering workplaces.



Figure 4 below, uses the same data in Figure 3 however, demonstrates a recasting of the harvest workforce, assuming an introduction of 9,000 Harvest Work Visa holders to the workforce. This figure demonstrates unchanged roles for Australians and Permanent residents, while demonstrating the decrease in WHM proportional to increases in both the SWP (from 12,000 workers to 15,000) and the addition to the Harvest Work Visa.

	Field		Shed		Management
TOTAL	60,000				
HARVEST	45,000				
MANAGEMENT	15,000				
COMPOSITION	16,000 WHM*	9,000 Harvest Work Visa	15,000 Seasonal Worker Program	5,000 Australians & Permanent Residents	5,000 Australians & Permanent Residents 10,000 Owner Operators

* 1 HWV = 3 X WHM due to proposed visa length, therefore reducing overall requirement of number of WHMs. Increase to SWP program numbers also creates a decrease in WHM required in the same magnitude. At levels proposed above, total reduction in WHM required would be ~36,000

Figure 4 – Predicted workforce numbers based on the introduction of a Harvest Work Visa and fresh produce utilising 9,000 of the 10,000 visa holders

Harvest Work Visa

The Harvest Work Visa is a visa type designed for use in the agriculture industry to fill the gap between the two most commonly used temporary migrant programs; the Working Holiday Maker and Seasonal Worker Programs.

At a high level, this visa type proposes to allow visa holders to access roles within agriculture harvest workforces for up to 9 months at a time, with the ability to return to Australia year on year, within the visa parameters. Importantly, this visa would offer visa holders the flexibility to work for an employer of their choice during their time in Australia. This enables workers to relocate according to work locations and seasonal peaks. It is proposed that this visa type allows workers from South East and North Asia to apply, with countries proposed to be included: Malaysia, Taiwan, Philippines, Thailand and Vietnam.

The program should initially be capped at 10,000 visas per year, with an opportunity to review these numbers. An outline of the visa is provided below:

Harvest Work Visa Outline

Stay: 9 months (aligned with SWP)

Cost: \$485 (aligned with WHM program application costs)

Conditions:

- Have proof of employment from an Australian employer that is either a:
 - Farming Business; involved in primary production of food and fibre
 - OR
 - Labour Hire Companies that are:
 - Licensed under a federal, state or territory labour hire licensing scheme
 - Approved Employers under the Seasonal Worker Program or Pacific Labour Facility.
- Employment offer must be for a minimum of 12 weeks



- Applicants must undergo a police and health check before visa is granted and maintain health insurance while in Australia
- Applicants must be able to demonstrate financial resources to return home
- This visa can only be applied for outside of Australia
- Continue to satisfy the criteria for the visa (i.e. ongoing employment in an agricultural sector)

Terms of Reference

Government policy settings: including their impact on the employment prospects and social cohesion of Australians

The fresh produce industry is reliant on temporary migration programs to supply labour for the majority of the harvest workforce. The roles in the harvest workforce are critical in both continuing the ongoing supply of fruit and vegetables to Australians but also underpinning regional economies and Australian jobs.

In commissioning Deloitte Access Economics to model the effect of changes to the harvest workforce on the Australian economy, it was estimated that the harvest workforce is responsible for 80% of the production of Australian fruit and vegetables; currently, temporary migrants make up approximately 90% of the harvest workforce. Temporary migration programs, in particularly the WHM and SWP, underpin the fresh produce workforce, which enables the long term, ongoing and full- time employment of Australians in more skilled and semi-skilled roles.

Work undertaken by Deloitte Access Economics commissioned by the AFPA⁶ indicates the economic impact of the reduction of temporary migrants, in this instance specifically WHM, on the horticulture industry and broader Australian economy. This modelling estimates that the removal of WHM from the fresh produce industry would have a \$13 billion impact on Australia's GDP, or \$6.3 billion reduction in the value of the horticulture industry.

Removal of WHMs from the fresh produce industry will result in an estimated fall in jobs of 127,900 (headcount) across Australia's economy, with food manufacturing and retail in addition to fresh produce being the hardest hit. Further, the removal of the fresh produce industry's core workforce, WHMs, would lead to significant import substitutes of up to 20% and a 60% increase in the price of fruit and vegetables by kg for Australian consumers.

Critically, the fresh produce industry is an industry in growth. From 2013-2017, the fresh produce sector grew from \$7 billion to a \$9 billion industry⁷. During this time, fresh product exports nearly doubled from \$654 million to \$1.179 billion. This strong growth underpins regional communities in which farms are located but to be continued must be matched with appropriate, reliable and productive source of harvest labour.

With regard to the employment prospects of Australians, historically, Australians and permanent residents have made up a small portion of the harvest workforce. This can predominantly be attributed to the nature and location of harvest work. Work undertaken by EY demonstrates that in peak season, regions such as the Sunraysia in Victoria require workers to fill over 11,000 short term roles.

⁶Initial results Deloitte Access Economics 2020 *Economic impact of workforce changes to the Australian fresh produce industry* – available on request

⁷Australian Fresh Produce Alliance (2019) Growing a healthier Australia



Though there is scope to employ more Australians in these roles, and industry would welcome interest in these roles from Australians, this is not without its challenges. Using Sunraysia as an example, the peak season for harvest roles is short lasting approximately 3 months where a significant number of people are required. These short-term roles would require large numbers of people, to travel from metropolitan Australia to the Sunraysia, where they would need additional accommodation for only 3 months work.

It becomes challenging for industry to incentivize large groups of people, to move from their primary place of residence, to temporary accommodation to undertake physically demanding harvest roles.

The AFPA has obtained data from member companies, other growers and labour hire companies that indicates from March 2020 to June 2020 a period during which unemployment increased significantly, these companies received 23,000 enquiries for work. Only 8% of these enquiries were made by Australian citizens and Permanent Residents.

The AFPA has been vocal on supporting Australians to enter careers in horticulture, with member companies flagging the need for skilled workers in their businesses. There is already significant scope for Australians to be employed in full-time, ongoing positions in roles such as supervisors, farm managers, product technologists, food safety specialists, machine operators and a range of other skilled roles. However, it is important to note that these skilled roles must be underpinned by reliable harvest labour sources which to date have included predominantly temporary migrant workers. Indeed, based on our data every permanent job performed by an Australian citizen or permanent resident in the industry is dependent on 3 harvest roles, usually performed by visa holders.

Labour Market: The impact of temporary skilled and unskilled migration on Australia's labour market

The fresh produce 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 with the sector relying on temporary migrant workers to harvest crops. Historically, it has been difficult to attract and retain a local workforce in horticulture, this has been attributed to a number of factors surrounding the nature of the work and the regional location of fresh produce production. These factors have had a significant impact on the availability, quality, and retention of a highly productive workforce.

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permanent resident in the industry is dependent on 3 harvest roles, usually performed by visa holders.

Policy Responses: Policy responses to challenges posed by temporary migration

The Australian fresh produce industry relies heavily on the temporary migration programs to source harvest labour. The most heavily utilised migration programs are the WHM and SWP programs. The WHM program is utilised by the majority of the industry and provides a large influx of workers during peak requirements. The SWP and PLS are used by a smaller number of growers, but generally, are programs that are seen as providing more reliable, ongoing sources of harvest labour.

Fundamentally, industry requires workers that want to undertake harvest labour. These workers are more productive and willing to undertake training and guidance. The core issue that agriculture, specifically the fresh produce industry faces in terms of attracting harvest labour work in the nature and location of the work.

The WHM and SWP visa types both address part of industry's need, but the purpose of these programs do not address industry's core requirement; industry requires workers that want to undertake harvest labour. The WHM program addresses this issue by making a condition of visa extensions that visa holders must work in horticulture for a short period of time in a regional location and the SWP does this through its function as an aid program.

The current visa settings do not appropriately allow employers to source temporary migrants to fill roles within the harvest workforce. This has created a variety of unintended consequences, which have been highlighted during COVID19. Industry is overly reliant on the WHM visa holders, who make up 80% of the harvest workforce. COVID19 has seen a significant decrease in the number of WHM in the country, with approximately 80,000 WHM visa holders currently in Australia, down from the usual 120,000 WHMs. This poses a significant risk to industry. Further, as this visa category is designed as a holiday and cultural exchange program, it is likely that there will be fewer WHM returning to Australia in the coming years during the global COVID19 recovery period.

Industry requires a visa that takes the elements from both the WHM and SWP programs to address labour concerns. Principally; secures a workforce that wants to work and enables workers to move between employers at their own discretion. This visa type would decrease industry's reliance on the WHM, thereby allowing it to commence a return to its intended purpose of a cultural exchange program. A new Harvest Work Visa category would decrease reliance on pacific workers, allowing a better spread of risk and greater workforce planning to occur in industry, while supporting full time ongoing roles in the fresh product industry that underpin regional economies and full time employment of Australians and permanent residents.

At a high level, the Harvest Work Visa (HWV) proposes to allow visa holders to access roles within agricultural harvest workforce for up to 9 months at a time, with the ability to return to Australia year on year, within the visa parameters. Importantly, this visa would offer visa holders the flexibility to work for an employer of their choice during their time in Australia. This enables workers to relocate according to work locations and seasonal peaks. It is proposed that this visa type allows workers from South East and Northern Asia to apply, with countries proposed to be included: Malaysia, Taiwan, Philippines, Thailand and Vietnam.

The program should initially be capped at 10,000 visas per year, with an opportunity to review these numbers. An outline of the visa is provided below:



Harvest Work Visa Outline

Stay: 9 months (aligned with SWP)

Cost: \$485 (aligned with WHM program application costs)

Conditions:

- Have proof of employment from an Australian employer that is either a:
 - Farming Business; involved in primary production of food and fibre
 - OR
 - Labour Hire Companies that are:
 - Licensed under a federal, state or territory labour hire licensing scheme
 - Approved Employers under the Seasonal Worker Program or Pacific Labour Facility.
- Employment offer must be for a minimum of 6 weeks
- Applicants must undergo a police and health check before visa is granted and maintain health insurance while in Australia
- Applicants must be able to demonstrate financial resources to return home
- This visa can only be applied for outside of Australia
- Continue to satisfy the criteria for the visa (i.e. ongoing employment in an agricultural sector)

The introduction of the Harvest Work Visa, within the parameters outlined, will have the overall effect of reducing the number of temporary migrants (by headcount) utilised by the industry. This will have additional flow on benefits to industry including productivity gains due to reduced turnover and better management of workplace health and safety and biosecurity concerns due to fewer people entering workplaces.

Permanent Migration: Whether permanent migration offers better long-term benefits for Australia's economy, Australian workers and social cohesion

The fresh produce industry is reliant on relatively large numbers of temporary migrants to perform a range of roles in the industry. The vast number of these roles are within the industry's harvest workforce, and by nature involve short term or seasonal employment located in regional Australia.

Permanent migration pathways are not a solution to fulfilling harvest roles in the fresh produce industry; temporary migrants (SWP and WHM) are able to perform these roles due to their linked visa conditions, inherent mobility (i.e. have no fixed address within Australia) and are therefore more able to travel to regional communities to undertake this work. Further, this cohort is less reliant on full-time or fixed employment as they are in Australia predominantly to holiday and therefore have fewer liabilities (e.g. mortgage, leases or loans) for which they are responsible. This is when compared to Australians and other permanent residents who settle within a community and are reluctant to leave their family and community for short term employment.

Permanent migration pathways are however more suitable for skilled, full-time ongoing roles within industry. These pathways enable a sponsoring employer to obtain appropriate skills, while in turn a migrant worker is able to better join a local, and often regional community.

The industry supports the ongoing use of permanent migration pathways for specialized skillsets in industry, where there are demonstrably no Australian's able to fill these roles. However, permanent migration pathways are not suitable for industry's harvest labour roles.



The AFPA are advocates for the expansion of the SWP, introduction of a Harvest Work Visa and other areas of temporary migration reform that aim to improve the fresh produce industry's access to a reliable, productive workforce. The harvest workforce is a key contributor to the value of the fresh produce industry, and the regional economies in which fresh produce businesses operate. This workforce, the value it derives and full time regional employment it generates requires a temporary migration solution as outlined above.

Workplace Conditions: The impact of wage theft, breaches of workplace rights and conditions, modern slavery and human trafficking on temporary migrants

The AFPA has made public commitments to support a workforce that is sourced and employed legally and ethically to enable the long-term sustainable growth of the fresh produce industry. As large employers who collectively employ more than 22,000 people, AFPA members operate across more than 100 locations in Australia, and have committed to:

- Creating a culture of pro-active management by improving the sector's employment practices and reputation, through proactively meeting all employment and duty of care requirements and obligations,
- Working with retailers, suppliers and growers to ensure that industry can adopt and maintain management systems required to comply with relevant laws and standards of sustainable and ethical employment, and
- Collaborating to mitigate the risks of modern slavery and poor labour practices in member businesses and their supply chains and reporting under the Modern Slavery Act 2018.

With regard to the issues more broadly, it is important to consider options for grower training and education, implementation of a National Labour Hire Licensing Scheme, and continued enforcement to address any non-compliance of current laws.

