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Enquiry into Food Security in Australia

The AEA represents over 60 Approved Employers and, by extension, over 20,000 seasonal workers under the Pacific Australia Labour Mobility Scheme (PALM). The PALM is a Federal Government program which enables approved employers in predominately agriculture, aged care, hospitality, food processing and meat processing sectors to recruit workers from Pacific nations and Timor Leste. Currently there are in excess of 29,000 PALM workers in Australia. It is Australia's major international migration program to supplement Australia's workforce.

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

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 instances. The development of a productive and returning workforce for the fresh produce industry is therefore critical in terms of ensuring productivity within the industry and efficient production of fresh produce. The horticulture industry is reliant on seasonal and temporary migrant workers to harvest crops. The following factors remain important regarding food security in Australia.

- It is critical that the operating environment for Australian food producers needs to be sustainable for our people, planet and profit.
- Every Australian needs access to healthy and nutritious food to reduce the increase in preventative chronic diseases.
- It is important to understand the industry's supply chain and the strong reliance on imported goods such as fertilisers, machinery, packaging as well as the increase in costs for fuel, gas, water, electricity, etc.
- Catastrophic events over the past few years such as extreme weather, supply chain disruptions and labour shortages have strained the industry's ability to maintain supply.
- We need a cohesive view on how horticulture policy on matters such as the ability to access workers and the direct impact this will have on the ability of Australian families to access fresh food.
- The importance of building a positive employment and workplace culture.

While the industry has its traditional challenges, such as location and nature of the work, in attracting and retaining workers, the current shortage is severe, of large scale and unlikely to be resolved without further direct intervention. Unemployment in Australia is at a 48 year low, creating a competitive and challenging labour environment. This makes engaging with local workers challenging and requires targeted efforts.

The AEA would like to focus on the following key issues limited to unskilled and semi-skilled workers in the PALM Scheme:

- 1. Employing Australians:** It needs to be acknowledged that Approved Employers (AEs) that participate in the PALM Scheme prioritise the employment of Australians to assist with the management of worker cohorts from the Pacific, e.g., managers, supervisors, welfare and wellbeing officers, etc. The AEA is willing to work with employers, including within the fresh produce sector, operating in regions of high unemployment to develop support programs for small cohorts of long-term unemployed Australians to re-join the workforce, with the outcome being to support candidates in work over the long term.

One of the key constraints is the availability of suitable accommodation. Although AEs are investing in accommodation, access to capital is limited and Government investment will assist in addressing this crisis.

- 2. Skilling Australians & PALM Workers:** We urge Government to work with industry to develop, support, and invest in the upskilling employees who participate in the PALM Scheme. It is important that skills training is industry driven and skills focussed based on the sectors involved.

- 3. Expanding the Pacific Australian Labour Mobility (PALM) scheme:** The AEA agree that the Pacific should be the priority from which employers should source labour. However, any expansion of the program (in particular into sectors beyond agriculture, accommodation, and healthcare) must consider each individual Pacific countries' ability and willingness to increase participation. A review of the current data shows that some Pacific countries have a significant proportion of their working age population working in Australia, or in New Zealand, while other countries in the Pacific, and Timor Leste, have a much lower proportion of their working age population in Australia.

Those countries with a significant proportion of their workforce employed in Australia and New Zealand (such as Samoa, Tonga, and Vanuatu) are reporting challenges with finding enough workers in their home countries as their tourism industry recovers, and 'brain drain' as their most experienced workers are working overseas. The Australian Government and industry need to better develop strategies and engagement with individual Pacific countries and avoid grouping all Pacific countries together ('the Pacific') as the circumstances and expectations of each country are very different.

For countries with larger populations in the Pacific, and Timor Leste, the proportion of their workforce in Australia and/or New Zealand is much lower (generally under 2 per cent). The Solomon Islands, Fiji, Timor Leste, and Papua New Guinea all have larger total populations but relatively low utilisation of the Australia and New Zealand workforce programs.

In consultation with individual Pacific countries, there is a significant opportunity to expand Australia's PALM scheme in those countries with larger populations such as PNG, Timor Leste and Fiji. The continued expansion of the Pacific Australia Labour Mobility scheme needs to consider:

- The overall effect of the scheme on specific countries,
- The expectations and requirements of individual countries in terms of the structure of their economies, resource needs, overall population and working age populations, and the skills and experience of their respective workforce,
- The cumulative effect of the workforce scheme on individuals, families, communities and economies.

Expansion of the PALM scheme into broader industry sectors in the economy, needs to be managed. It is important to balance the risk with expansion rather than restrict businesses from expanding into these sectors. We understand that Government is considering the effect of an economic slowdown on Australia's own workforce and that we must consider expansion of the Pacific program carefully. Well managed expansion into other industry sectors can support employers and industries and provide new skills to Pacific workers. The AEA suggests that direct employers and labour hire companies could start with relatively small cohorts in new industry sectors on a trial basis – this will provide the ability to manage program numbers on the basis of success in the new sectors, shifts in employment in the economy, and the demand from employers. The AEA welcomes further consultation on this issue so we can draw on the extensive knowledge and experience of AEs to work through these issues.

The Pacific's capacity to supply labour to meet demand, is a key constraint to the growth of the program. To be able to tap into the reported expanding pool of available workers, the realities of a bottle neck in the administration and mobilisation process that is administered by the LSU's need to be considered. AE's and the Australian Government have a role to play in assisting to build this capability in a way that delivers tangible results and liberates the capacity to supply. Models to build capacity should be explored.

To enable us to build a stronger Pacific Family, the AEA would like to explore opportunities with Government to assist our Pacific neighbours in ensuring they have sufficient resources and equipment to mobilise workers more efficiently and effectively within agreed time frames.

- 4. Supporting Horticultural Employers & SMEs:** Small and medium sized employers struggle to access the PALM Scheme due to the administration burden and cost of the PALM Scheme. Over time this has become prohibitive for employers and risks restricting future expansion of the program. The AEA supports high standards within the Scheme, while also supporting improvement to processes to make administration and management of the Scheme more efficient and cost effective. The focus must be on better outcomes not increasing levels of administrative burden from compliance. As industry we must work with you to improve program and compliance outcomes.

The existing arrangements allow for the movement of workers (portability & mobility) via a labour hire arrangement or contingency planning. The constraint with this arrangement is the approval delays to mobilise and transfer the workers. The other issue with this proposed setting is that who bears the cost and responsibility for the transfer and how is the outstanding debt recovered? If portability and mobility settings for workers are introduced then the following needs to apply:

- Off-shore arrangements need to be the priority and clearly communicated in the Offer of Employment (OoE) and Recruitment Plan with onshore as part of the contingency plan.
- The approval process to move workers needs to be simplified.
- The need to know where workers are at any one point in time is not only unnecessary but very time consuming and costly. This information is in the Recruitment Plan and OoE.
- Any transfer needs to be initiated by the sponsor to ensure accommodation, welfare & wellbeing, salary commitments are met.
- Workers should not be seconded to hosts that are not PALM approved.
- The TAS needs to be transferred so that the new AE takes on the obligations as per the Deed & Guidelines.

- 5. Ongoing development and improvement of visa pathways:** Australia is at high risk with its heavy reliance on the PALM Scheme. A few natural disasters in the Pacific will be

catastrophic to Australia and the Pacific countries (Tsunami in Tonga). The AEA supports the introduction of a Harvest Work Visa (HWV) that complements the PALM scheme and other existing visa pathways, including the Horticulture Industry Labour Agreement (HILA) and Temporary Skills Shortage (TSS) pathways. Acknowledging the need for migrant workers in the sector, a fit for purpose visa framework that offers appropriate pathways, protections and regulations is an important way forward in both addressing current workforce shortages, enabling workforce planning and filling skills gaps to ensure we establish a productive and returning harvest workforce.

Please contact me if you have any questions.

Regards



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