



**Building a Stronger Pacific Family:
Reforming the PALM scheme Discussion Paper**

AUSVEG Submission
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About AUSVEG

AUSVEG is the prescribed Peak Industry Body representing the interests of the Australian vegetable and potato industry. AUSVEG is a not-for-profit, member-based organisation that is run by growers, for growers.

AUSVEG represents over 3,600 vegetable producers that account for 3.72 million tonnes of vegetable production worth \$4.85 billion in farmgate value and over \$5.2 billion in retail value in 2020/21.

AUSVEG advocates on behalf of industry at local, state, and federal levels with the core purpose to enhance the economic, social, and commercial environment for growers so that the industry can continue to produce outstanding vegetables and potatoes for local and international consumers.

AUSVEG delivers projects for growers around Australia in the areas of extension, communication, environmental sustainability, biosecurity, export development and market access. We work closely with Australia's growers to ensure their needs are reflected in this work.

AUSVEG also hosts Hort Connections with the International Fresh Produce Association. This annual event is the largest conference in Australian horticulture and brings growers, supply chain and industry members together to increase awareness and uptake of the latest industry innovations and research, facilitate industry networking and recognises the industry's leading contributors through the National Awards for Excellence.

Introduction

Growers have faced significant challenges over the last two years, ranging from devastating floods and bushfires to dealing with increasing cost of production and supply chain issues exacerbated by the COVID-19 pandemic. These are severely impacting growers' financial viability and mental health.

Despite challenging growing and trading conditions for many growers, horticulture remains the fastest growing agriculture sector with significant growth potential through exports, pending improvements to market access. However, labour shortages have hindered business growth and limited investment and innovation in the sector.

The vegetable and potato industry is highly labour intensive, requiring a significant number of workers all along the supply chain. During harvest periods, the workforce on vegetable farms can increase from 20 to 200-300 workers over the space of a few weeks.

Labour costs make up a significant proportion of the overall cost of production on horticulture farms. For small, medium, and large farms labour costs average 30-40 per cent of all production costs.

While the labour shortages were exacerbated by the COVID-19 pandemic, labour has been an ongoing challenge for growers for decades. The horticulture industry is estimated to require 10,000 additional workers, which equates to many more roles as workers follow the harvest trail for seasonal work.

Growers have tried to recruit domestic workers, however there is little appetite. The vegetable and potato industry relies on the PALM scheme to fulfil the needs of short-term seasonal work and whilst we are disappointed in the removal of the Agriculture Visa, AUSVEG is looking to make the PALM scheme work as best as it can.

Whilst AUSVEG's goal is to make the scheme more accessible to growers, we are also dedicated to elevating worker safety and standards. It is AUSVEG's view that the scheme **needs to put more resources into the increasing workplace compliance activities and investigating mistreatment of workers to ensure that growers who are treating their workers appropriately do not have their reputations tarnished by the minority of businesses that mistreat workers.**

AUSVEG is broadly supportive of the reforms and acknowledges the attempts to make the scheme more accessible and to reduce the red tape for growers. However, there are reforms we believe should take priority when considering changes to the scheme. These changes will have the greatest impact on participation and reducing red tape.

They include:

1. Addressing the regional and rural accommodation shortage

The accommodation shortage is being felt across the supply chain and is greatly hampering the potential growth of rural and regional businesses and communities.

Growers are already burdened with additional costs and administrative time to bring in workers from overseas. The housing shortage has added further barriers, increased costs, and added another layer of complexity.

Growers have struggled to build accommodation on their own properties because of local council planning regulations, and options in town can be too few, too far from their farms,

or too expensive. This has forced growers to buy houses, hotels, and caravan parks to secure housing for workers.

Purchasing accommodation is a big upfront cost that most growers cannot afford, and only adds to their greatest barrier of accessing labour.

It is unsustainable and unreasonable to expect growers to purchase accommodation for their workers when they are already under pressure to operate on tight margins.

Current flooding in Eastern states of Australia is causing further housing shortages as severe water damages to properties are making them unlivable. This is greatly affecting regional and rural housing availability and creating more challenges for horticultural business to find appropriate housing to attract and retain workers.

2. Seasonal worker movement

Unlike other sectors using the PALM Scheme, agriculture (and more specifically horticulture) is highly seasonal and dependent on seasonal conditions.

During the harvest peak period, a farm could swell from 20 workers to 200-300 workers. The harvest season then might only last a few weeks to a few months depending on the crop and the farm size.

A lot of growers are not able to offer full-time work to all the workers after harvest. This makes the ability for workers to move critical to ensure they have enough work over a longer period; it will also ensure that employers are able to access workers for their harvest period.

AUSVEG is aware this comes with numerous challenges. We have detailed some parameters in the portability section of this paper that could help to ensure worker safety and help to improve the scheme for employers.

3. Enforcement

To ensure that PALM scheme continues to be inviting for Pacific Islanders, the Federal Government needs to ensure that the Department of Foreign Affairs and Trade, and the Department of Education, Skills, and Employment are well resourced. Both departments need more capacity to investigate mistreatment and undertake compliance activities.

This priority links to the unwriting model which needs more resourcing to ensure absconded workers and their workplace are investigated.

AUSVEG is supportive of the Migrant Workers Taskforces recommendations. In particular:

- The Government consider whether the Fair Work Ombudsman requires further resourcing, tools and powers to undertake its functions under the Fair Work Act 2009.
- A whole of government approach to the information and education needs of migrant workers be developed.
- In relation to labour hire, the Government establish a National Labour Hire Registration Scheme.

PALM Scheme Reforms

AUSVEG is broadly in support of the new reforms to the PALM scheme; however, as stated earlier, there are some reforms that should be prioritised.

1. Family Accompaniment

AUSVEG acknowledges the importance of family, especially for individuals working away from home. Family provides an important and irreplaceable social and emotional support network. However, under the current proposal, AUSVEG does not support the family accompaniment reform due to a considerable number of challenges outlined below.

It is important to consider to the main goals of the scheme as a foreign aid program that allows workers to send back their remittances to their families. By families accompanying workers, the total **cost of living goes up significantly**. The amount of money a worker is able to save is dramatically reduced and takes away from the main goal of the scheme.

While access to the family tax benefit and the Federal childcare subsidies will help to alleviate some of the financial pressures, the **lack of access to subsidised healthcare is** also problematic.

What are the apprehensions you have about family accompaniment?

The challenges with the current scheme in relation to family accompaniment include:

- A worker does **not earn enough to afford** to bring over and support family members. The cost to a worker to bring over just one family member would greatly hamper the potential earnings for that family. If a worker brings over dependents, there would be further **additional costs** such as schooling, childcare, and medical that would add more financial strain a worker.
- The high costs of living.
- The accommodation shortage.
- Transport challenges in remote areas, which would require workers to have their own transport and license, adding more costs.
- The lack of services in regional and remote areas.
- The lack of permanent residency pathways for families.

AUSVEG understands that family accompaniment will only be rolled out under the long-term scheme where workers are able to stay in Australia for up to four years without returning home. Whilst this gives a family adequate time to properly integrate into Australia, it is **unreasonable** that they cannot work towards permanent residency and will be forced to return home.

On the other hand, not offering permanent residency pathways prevents 'brain drain' from the Pacific Islands. Australia can then further support the Pacific Islands and their development as a Nation.

For workers to have a successful and rewarding experience with their family in Australia, Pacific Island workers would need to have the option to work towards permanent residency.

If the scheme created pathways to permanent residency and addressed the regional and remote accommodation shortage, AUSVEG would be more open to supporting family accompaniment.

AUSVEG considers that if family accompaniment goes ahead, a staged pilot program would need to be established, with a small group of trusted approved employers and good natured, experienced PALM workers.

AUSVEG believes that the Pacific Migration Visa is a better option for families that want to accompany workers. Allowing a permanent migration pathway will allow families to become fully integrated into Australia. However, this visa still presents the same cost challenges as listed above.

What criteria, if any, should workers and families be required to meet in order to participate?

AUSVEG suggests that, if this reform is adopted, that a worker needs to fulfill the following requirements to be eligible to bring family members to Australia to make the transition as smooth as possible:

- The worker must have done at least one year of work in Australia.
- The worker must be endorsed by their employer that they are of **good character** and have a positive, hardworking attitude.
- The worker must have strong English skills.

Regarding the family requirements, they must undergo **similar selection criteria** as PALM scheme workers, including:

- Be of good character.
- Have relevant health checks including a negative pregnancy test and overall be in good health.
- Have valid passport for the duration of their stay.
- Have no criminal record.
- Have an intention to return to their relevant country.
- Have a reasonable standard of English.
- Be related by marriage (husband or wife) or a dependent.

Considerations might also be given to the following requirements:

- Have employment, schooling, or care lined up prior to arrival.
- Have enough money in their bank account for a return ticket or hold a return tick et.
- Have accommodation and transport arrangements organised prior to travel.
- Have health insurance for their length of stay.

As an employer, what would you see as your obligations to family members? What would you be prepared to take on? How should these obligations be incorporated in the program Deed and Guidelines?

Growers must not be required to have any pastoral care obligations over family members. Taking care of their current workforce is already a large enough task. Given the pressures employers are currently under, they don't have the ability/capacity to manage additional people.

Unless agreed upon otherwise, a grower **should not be required to:**

- Cover the costs of family members flights, even if these costs were recouped by the worker.
- Assist in finding accommodation, transport, health services, schooling and any other additional services that are required by the family member.
- Have any pastoral care obligations over the workers family members.

2. Making seasonal/ short term deployments more attractive for employers

AUSVEG is supportive of the government reducing upfront costs to increase participation in the PALM scheme.

AUSVEG is aware of the considerable financial and administrative challenges if the government recouped the flight costs through a tax or superannuation system, and therefore is unsupportive of these options. In addition, having the government act as a travel agency is also unviable.

Medium and large growers using this scheme have said that they are not restricted in participation by the upfront costs. So having the government intervene would only create additional red tape.

For small growers who would require financial assistance to access the scheme, the government could create a funding pool to allow growers take out a loan to cover the upfront costs. The grower will then recover these funds through the traditional deduction scheme.

AUSVEG is supportive of the underwriting model, where the employers could claim back the costs of the worker if a worker does not start or finish their recruitment. This would make the scheme more attractive by reducing the financial risk associated with participation.

To ensure claims are genuine and legitimate, the underwriting model needs to be **coupled with increased enforcement activities**. Ensuring that the Department of Foreign Affairs and Trade and the Department of Education, Skills and Employment are sufficiently resourced will be critical to separate workers who have left on their own terms and workers who have faced exploitation.

However, the underwriting model is a significant departure from the original election commitment and, despite that it reduces red takes and administrative challenges, it does not assist smaller growers who are unable to cover the upfront travel costs.

The underwriting model does deliver on the intent of the commitment but does little to make the scheme more attractive or increase accessibility for the growers who use it. AUSVEG suggests the Federal Government consider ways to assist growers, particularly smaller growers, to navigate the complexities of the PALM scheme through establishing a **network of advisors who can support growers seeking to enter the scheme**.

3. Relocating the Australian Agriculture Visa within the PALM scheme

AUSVEG has identified worker portability as one of the priority reforms needed in the PALM scheme. The most effective model for worker movement would be the marketplace model, noting that this model comes with additional complexities, risk, and major changes to the structure of the visa. It also presents challenges around **worker welfare and employer financial obligations** of employers.

For the marketplace model to work effectively, ideally workers should have a higher standard of **English** than what is currently required by the PALM. Additionally, workers should have done one year, or **one rotation**, in Australia under the current model before they are able to do self-initiated movement.

At this point in time, the most effective model would be employer-initiated portability model, with a **long-term goal** of transitioning to a marketplace model.

Worker movement reforms need to be paired with the introduction of a National Labour Hire Licensing Scheme to help mitigate the risk of unethical employment practices and poor worker treatment. This scheme will assist in excluding willfully non-compliant companies from the PALM scheme.

Noting that the horticulture sector is short in excess of 10,000 workers, consideration needs to be given as to whether the Pacific alone can provide these workers. Workers from Asian countries have proved invaluable on horticulture farms and could provide critical short-term relief to businesses.

AUSVEG further recommends the government investigate an alternative Harvest Visa that partners with countries beyond the Pacific to fill these shortages.

Do the employer-initiated options for portability already negotiated in the context of the AAV and the PALM scheme remain appropriate?

Movement between businesses must be left to the growers to arrange and not to workers. Leaving it up to the employers will uphold the welfare standards and ensure protections travel with workers as they move between approved employers.

All worker movements should be **pre-planned as** much as possible. However, there still needs to be **flexibility** due to the unpredictability of the season that could delay or advance harvest tasks.

Under proposed arrangements the cost of travel between employers would be incurred by employers. Which employer should bear these costs? Similarly, how would the transfer of other administrative responsibilities best operate?

How should worker movement be tracked and monitored and who should be responsible?

It is unreasonable for one employer to take on the upfront flight costs of all workers who are to be shared across multiple businesses, especially without government assistance. The alternative is for approved employers to have commercial arrangements organised to ensure financial welfare obligations are met prior to a worker's arrival. A **cost sharing arrangement** for flights need to be agreed upon by a **cohort of growers**.

The best way to organise the financial complexities of having multiple workers, moving across multiple worksites, doing multiple roles, is for the government to enlist the help of a **workforce management app** (for example Tatou). This would seamlessly organise deductions and pay workers.

In terms of the care obligations, the Temporary Skills Sponsorship (TAS) needs to be **transferred to** the new Approved Employer who will be required to take on all obligations as per the Deed and Guidelines.

Consideration should be given to long term arrangement such as mobility, which could be arranged through services such as the Harvest Trail.

Should a 'trusted trader' concept be introduced where employers may benefit under the scheme based on a track record of compliance and program performance?

AUSVEG welcomes the idea of the 'trusted trader' program to reward approved employers and encourage good behavior.

Suggested 'trusted trader' program settings:

- **Level 1:** Approved Employer

- **Level 2:** Approved Employer + third party audited scheme e.g., Fair Farms, Sedex, Global Gap etc.
- **Level 3:** Level 2 + review of past performance/ set metrics (only possible after second year using the PALM scheme)

AUSVEG believes that all approved employers need to have the ability to move workers regardless of their trusted trader status (with the exception of repeat offender and employers with bad history), with only level three trusted traders will be able to participate in the marketplace model.

Summary

AUSVEG is broadly supportive of the suggested reform. However, as stated above, addressing accommodation shortages and portability are the greatest barriers for the scheme and must take priority.

Overall, AUSVEG is supportive of reforms that do not create additional costs, obligations, pastoral care, or administrative requirements to growers. These additions would make the scheme overwhelming and tedious for the grower and it would disincentivise their use of it.