

NATIONAL OFFICE

[REDACTED]
Daniel Walton National SecretaryW: www.awu.net.au

31 May 2023

Independent Panel
Phase out of live sheep exports by sea
Department of Agriculture, Fisheries and Forestry
Agriculture House
70 Northbourne Ave
CANBERRA ACT 2601

*Via electronic submission***Re: Phase out of live sheep exports by sea**

To whom it may concern,

The Australian Workers' Union (AWU) represents around 72,000 members nationally in a diverse range of industries. In particular, we have covered shearers, shed hands and all pastoral workers in the broader agriculture sector from the earliest days of our union.

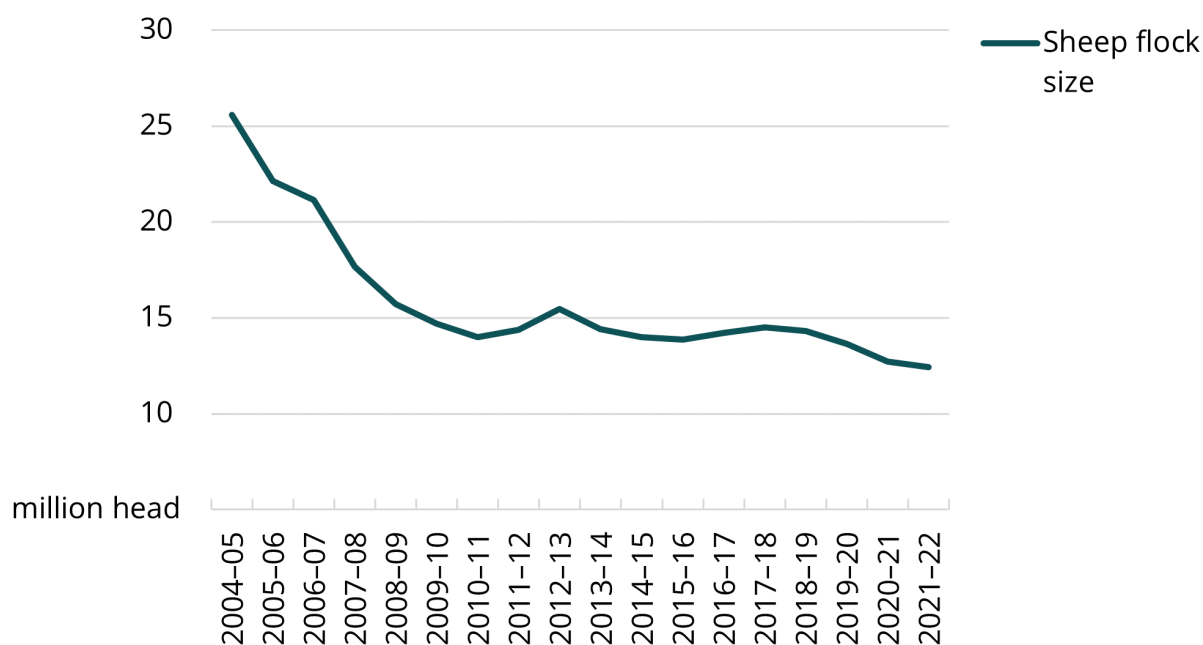
The AWU welcomes the opportunity to make this submission to the Independent Panel on the phase out of live sheep exports by sea.

Noting that the phase-out of live sheep exports was a commitment taken to the election by the now Government, the AWU's comments below are confined to the areas raised by the Terms of Reference for the panel.

Economic impacts

With many sheep stations serving both the wool and lamb (meat) markets, the proposed changes to live sheep exports will have a significant impact on this workforce and on the regional communities that the industry currently supports. In 2021, Australia exported 488,000 live sheep with a total value of \$85 million. This is a far cry from the industry's peak in the early 2000s, where over 6.5 million live sheep left Australian shores. This decline is attributable both to increasing concern for animal welfare, and structural factors (such as increasing incomes and changes in consumer preferences in export markets). Over this time, lamb meat export has dramatically expanded – from 118,000 tonnes in 2021 to 287,000 tonnes today, indicating some substitution from live to processed exports. The total value of the lamb meat export industry, at \$3.2 billion in 2021, dramatically exceeds that of the live sheep export industry. This reflects the value that Australia can add to its agricultural products by domestically butchering and selling meat, rather than merely selling the sheep.

In broad terms, the AWU would expect job losses in the pastoral sector as a result of smaller flock sizes. The industry has faced declining flock sizes for some time (illustrated in the figure below), and while the live meat and wool trades will continue to grow, there will be a short-term further decline in overall holdings.¹



While WA pastoralists have suggested that around 3,000 jobs are at stake, they have provided no clear basis nor economic modelling for this figure. In the AWU's view, there is a much larger opportunity to create jobs in meat processing, that would ultimately supersede any short-term job losses.

Recommendations for the transition

The AWU supports a measured approach to the phase out of live sheep exports. It is important this is done in a time frame that allows producers and workers to adjust and grow the new capacity required to process and export meat, while also ensuring that the task is not left so long that it does not take place. The AWU recommends that the Panel consider incorporating the following principles into their planning for the transition.

Worker support

Given that the sheep meat processing industry will grow alongside the decline of the live sheep industry, this presents a natural opportunity for workers to take advantage of the burgeoning opportunities within this new field. The transition, however, will be messy without government

¹ <https://www.agriculture.gov.au/abares/research-topics/agricultural-outlook/sheep-meat#live-sheep-exports-to-slow>

intervention. The strategic planning required to execute this transition – including building a skilled workforce and establishing the necessary infrastructure – is best exercised by government. This is where the role of retraining and capacity building becomes paramount, to ensure the workforce is equipped with the relevant skills and knowledge to meet the demands of this rapidly growing sector. A bespoke transition program for workers in the sector to reskill – with funding – will be required to avoid a messy outcome.

The National Reconstruction Fund, which among its other aims is looking to create long-term value-add in the agriculture industry, could play a critical role in this investment. The fund is well-positioned to invest in both training programs for workers transitioning from live sheep handling to sheep meat processing, and in building new facilities that are integral to this industry's growth. Such facilities would employ the latest technology and best practices, facilitating the transition and potentially making the industry more competitive on a global scale. This investment aligns with the fund's objective of facilitating economic growth, creating jobs, and enhancing Australia's productivity and competitiveness. The transformation could ultimately strengthen the entire sheep industry and help ensure its sustainability and prosperity into the future.

Labour market adjustment

The predicted job losses in the pastoral sector and simultaneous growth in the meat processing sector will create a challenge for policymakers. The shift will potentially demand a larger workforce in the latter sector than currently exists in the former, leading to a disparity in labour distribution. Furthermore, the geographical spread of the workers also adds to the complexity. The pastoral sector jobs are typically in rural areas, while meat processing jobs are often in either outer urban or regional locations. This impending shift will necessitate government intervention to manage labour reallocation effectively.

Given the historically low unemployment rate of 3.6% across Australia, and the particularly low rate in regional Western Australia of 2.3%, it is likely that migration will be a necessary part of the solution. However, Australia's historical approach has overly relied on temporary migration – creating an indefinite cycle of short-term labour where no permanent skills-base is developed. Temporary migration, while beneficial in certain circumstances, creates a self-perpetuating need for continual migration, thus not providing a stable long-term workforce. Therefore, to ensure a stable and skilled workforce, it is paramount that any migration strategy for the sector is thought out with a long-term perspective, focusing on permanent settlement and growth within the sector.

Concurrently, another vital element to consider is the training and reskilling of workers. Despite low unemployment rates, there is a significant opportunity to tap into workers seeking to reskill

from various sectors including those in the live sheep trade, particularly with their existing industry knowledge around safe animal handling.

Training programs can be implemented to equip these individuals with the necessary skills for the meat processing sector. These programs could be aimed at those whose jobs may become obsolete in the pastoral sector, or simply those looking for new opportunities within different industries. Harnessing such potential could lead to not only ensuring the meat processing sector has a robust workforce, but also helps in minimizing job losses and disruptions in the labour market overall.

Structural adjustment

Structural adjustment support for communities will be a crucial element to consider as the sector braces for anticipated demographic changes as a result of the phase out of the live sheep export trade. The expected growth in the size of some communities will exert pressure on various sectors, most notably housing. As populations surge, these communities will face an increased demand for housing, a demand that they may not be equipped to meet on their own. The AWU has seen poor accommodation across the country for agriculture workers – including conditions of overcrowding, excessive rents and poor quality housing stock. A community's ability to accommodate its residents not only ensures their welfare but also has a direct impact on their quality of life.

The AWU, as part of the Retail Supply Chain Alliance with the Shop, Distribute and Allied Employees Association (SDA) and Transport Workers' Union (TWU), commissioned a report from Deloitte in partnership with Coles on accommodation standards in the agriculture sector, illustrating the range of issues faced by workers in the sector. The report is attached to this submission.

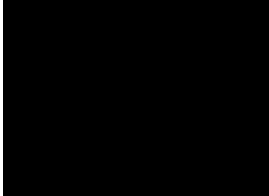
As such, the AWU believes there is a role for the Government to step in and support these communities in expanding their housing stock.

This challenge, however, cannot be addressed in isolation. A collaborative approach involving local governments will be critical for the successful implementation of this strategy. Local governments, apart from having primary responsibility for planning and zoning decisions in their region, have a deep understanding of the community's unique characteristics, needs, and capacities, making them invaluable partners in this process. In partnership with local governments, a strategic and comprehensive plan could be devised to manage the growth of housing stock. This could include strategies such as policy reform, funding for housing developments, and initiatives to attract investment in local real estate. With effective consultation and strategic planning, communities can thus not only meet the rising demand for

housing but also ensure that growth is sustainable and beneficial for all residents in the long term.

The AWU appreciates the opportunity to comment on the proposed phase out and stands ready to provide any further necessary information to the Government on this critical issue.

Yours sincerely



Daniel Walton
NATIONAL SECRETARY

Deloitte.

commissioned
by

coles



Accommodation for horticulture workers

A project for Coles and the Ethical Retail Supply Chain Alliance

December 2022

Contents and summary

Context and methodology	3
The industry and economic landscape	4
Worker vulnerability in work and accommodation	5
Accommodation for horticulture workers	6
Industry stakeholder duties	8
Key findings and recommendations	10
Glossary and references	11



Context and methodology

Coles and the members of the Ethical Retail Supply Chain Accord (ERSCA), the Shop, Distributive and Allied Employees' Association (SDA), the Transport Workers' Union (TWU) and the Australian Workers' Union (AWU), are concerned about instances of sub-standard accommodation provided to seasonal workers in the horticulture sector. This report outlines the models and standards of accommodation for workers in the horticulture sector in Australia. The report has been compiled through both desktop and field research, allowing insights into the experience of workers and the challenges and complexities of the provision of accommodation to this vulnerable workforce.

The context

There has been extensive reporting and scrutiny on the exploitation of migrant workers in Australia, specifically in the horticulture industry since 2015. In February 2022, the Senate Select Committee Hearing on Job Security compared the working conditions of some horticulture workers to indentured labour.

Workers have the right to be treated with dignity, respect, equality and fairness both in their work and through their accommodation arrangements. Coles together with the ERSCA identified there are no common industry wide standards for accommodation, and there is little research to understand the practices associated with the provision of accommodation to workers by employers and their agents.

The purpose of this research

Coles commissioned Deloitte to undertake this research to better understand the situation and experience of accommodation for seasonal horticulture workers in Australia, through direct engagement with those workers, their employers, accommodation providers, experts and local community members. The objectives of the research were to examine:

- The types, standards, arrangements and experience of accommodation and assessment against basic standards of workplace health and safety and human rights;
- Identification of poor and better practice and the drivers of both; and
- Identification of duty bearers and the extent to which responsibility is concentrated, diluted or shifted between duty bearers and how this is shaped.

Methodology

The approach included both desktop research and fieldwork, which was conducted between 18 February and 10 March 2022. Fieldwork was conducted through online conversations and focus groups, phone conversations, in-person conversations and site visits in two communities, Bundaberg Queensland and Devonport Tasmania. These communities were chosen because they are known areas of horticultural production in which seasonal workers were present at the time of the research.

This short report is a summarised version of a longer report supplied to Coles and the ERSCA on 16 May 2022, with the intention that this short report will be made publicly available.

Desktop research:

- Analysis of the horticulture labour market and regional housing markets where horticulture workers reside.
- Review of health, safety, wellbeing, labour rights and human rights literature
- Review of policy initiatives and parliamentary inquiry documentation.

Fieldwork

- Interviews and focus groups with a wide range of stakeholders (63 people). See Figure A for more information.
- Site visits to two case study communities to see the accommodation provided to workers and to talk to stakeholders.

Figure A: Stakeholders consulted

Stakeholder group	# people	Representatives	Engagement Type
Workers	21	Workers represented from Tonga, Samoa, Vanuatu, Kiribati, Solomon Islands, Fiji and Australia	Interviews, site visits
Union representatives	3	Current and former organisers	Interviews, focus group
Community members and advocates	5	Church leaders, cultural leaders, worker advocates	Interviews
Academic and related experts	7	University academics and modern slavery/worker exploitation experts	Interviews, focus group
Policy makers	3	Government representatives	Interview
Industry representatives	4	Peak body representatives	Interviews, focus group
Employers and growers	12	Labour hire contractors, farmers	Interviews, site visits
Accommodation providers	8	Private landlords, hostel owners/managers, caravan park managers, purpose built accommodation investors	Interviews, site visits

The industry and economic landscape

Without the horticulture industry, Australians and overseas markets would not enjoy access to fresh fruit and vegetables. This vital sector depends on a seasonal workforce, comprised of a significant number of migrant workers. Even prior to the COVID-19 pandemic, the sector had difficulties attracting the workforce it needed at peak times. International and domestic border closures during the pandemic affected the supply and movement of migrant workers and the cost of regional housing has generally increased during the pandemic.

A vital industry under pressure

The horticulture sector is a vital part of Australia's economy and in 2019-20 exceeded \$15 billion in production value.¹ However, the sector faces economic pressures on growers driven by price, competition, volatile supply chains, and economic instability.

The horticulture industry and wider economy are likely to face challenges over the coming years. Inflationary pressures and rising interest rates have raised prices of agricultural inputs and all other inputs along the supply chain which can lead to cost cutting.² There is a risk that these more challenging economic conditions may have negative impacts for horticulture workers who have the least bargaining power and highest vulnerability.

Challenges in attracting workers to horticulture

The horticulture industry is unique in that it can require a significant amount of labour for short, variable and unpredictable picking seasons. Labour is the biggest cost in horticulture, accounting for up to 70% of total production costs.³ Many growers rely on labour hire providers to source their workforce, meaning that the labour hire company is the official employer of the worker. Under the Pacific Australia Labour Mobility (PALM) scheme, official employers are called Approved Employers. In many cases it is the labour hire company dealing with the accommodation provider if accommodation is part of the employment arrangements.

The industry has had trouble attracting workers, a challenge which predates COVID-19. In response, labour migration programs have been established to help provide workers to the sector. This includes programs such as the Working Holiday Maker (WHM) visa programme, Seasonal Worker Programme (SWP) and Pacific Labour Scheme (PLS), now the PALM scheme. The changed migration patterns caused by border closures during the COVID-19 pandemic have impacted these

schemes and further exacerbated the industry's inability to attract the workforce required.

Prior to COVID-19, there was greater reliance on WHMs for whom there are fewer employer requirements. However, during the COVID-19 pandemic, many WHMs left Australia, increasing the industry's reliance on PALM workers. See Figure B.

Even with a 7.6% contraction of the horticulture workforce in 2020-21 on the prior year, it is estimated there are 120,000 horticulture workers, including residents, contract workers and workers under migration schemes in Australia.⁴

Different visa classes place different obligations on growers regarding accommodation provision

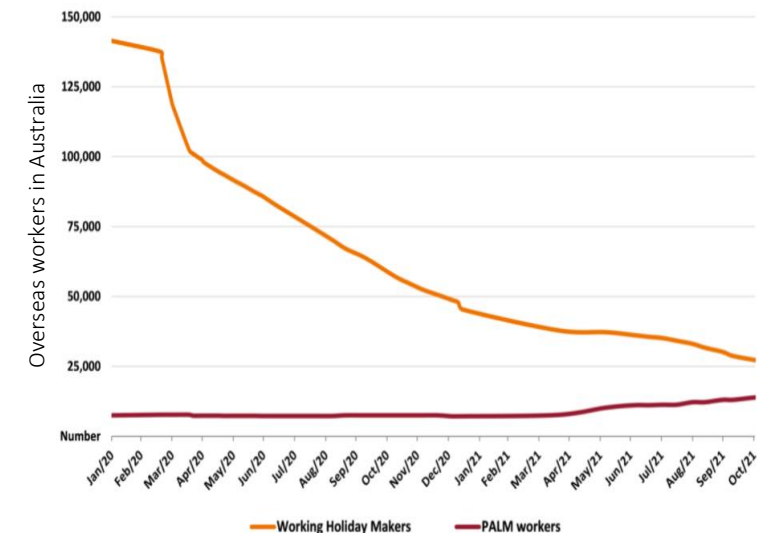
Changes to working visa programs during COVID-19 have meant that there have been additional requirements placed on employers, growers and accommodation providers who wish to facilitate the entry of workers under the PALM scheme.

One of the protections for workers under the PALM scheme is the requirement that employers must provide accommodation of a certain standard. This means that employers have had to source accommodation of a specific standard in order to access PALM workers who were granted permission to work in Australia during this period. Some growers are increasingly relying upon labour hire contractors to fulfil compliance requirements.

Acute accommodation shortages in regional areas

There is a lack of affordable housing in regional areas where horticulture workers need to reside, another challenge predating the pandemic. However, this challenge has been recently exacerbated by rising rental prices. Figure C demonstrates that rents have grown about 2% in regional areas as at February 2022.

Figure B: Overseas workers in Australia, Working Holiday Makers and Seasonal Worker Programme (2020-2021) ⁵



Note: Not all Working Holiday Makers are employed and not all work in horticulture (approximately 20-25% of employed WHMs work on horticulture farms). The above shows the general drop in WHMs. The vast majority of PALM workers are typically employed on horticulture farms.

Figure C: Rental costs for some key regional areas (February 2022) ⁶

	Regional NSW	Regional Vic	Regional Qld	Regional Tas	National
Median value	\$451	\$334	\$498	\$345	\$457
Quarter	2.20%	1.60%	2.50%	2.60%	1.8%
Annual	11.00%	8.50%	13.60%	13.70%	7.7%

Horticulture workers' vulnerability impacts their access to and experience of accommodation

Horticulture workers have limited genuine choice over where they live and the terms of their rental agreement. This is due to migrant status, visa conditions, lack of accommodation options, and ties between accommodation providers and employers. The accommodation provided to horticulture workers can be detrimental to their wellbeing due to overcrowding, imposed rules and high costs.

The right to an adequate standard of living

The right to housing forms part of the internationally recognised human right to an adequate standard of living.¹ What is adequate is subjective and depends on expectations and circumstances. However it's reasonable to expect housing of a minimum standard to allow for safety, well-being, dignity and respect.

Experiences of accommodation for workers is, in many cases, inseparable from horticulture work itself. It is often tied to employment arrangements and poor housing can further entrench vulnerabilities.²

PALM workers' freedom to move accommodation is not a practical reality

While PALM workers can choose accommodation other than that provided by their employer, evidence from fieldwork observed that is a false freedom.

Barriers such as language, inexperience and inability to navigate the formal rental market, lack of rental history, stigma and discrimination all prevent workers from effectively exercising this right. One industry expert reported that when PALM workers are applying for a rental property, local real estate agents may increase the rental price under the belief that workers are more likely to damage the property. This is despite illegality of doing so under anti-discrimination laws.

Workers commonly reported that they would not know how to find and apply for their own rental without substantial support in doing so. Additionally, workers would have to source and provide their own transport to farms, adding a further layer of difficulty and complexity.

One worker interviewed during fieldwork indicated that he believes he receives preferential treatment because he rents his employer's property. When work is scarce, he is first in line to get work while other workers may miss out, meaning his income is more secure. His concern was that if he no

longer provides the farmer with rental income, he will no longer receive this benefit. This is a disincentive which prevents him seeking cheaper accommodation on the private rental market.

A common experience reported by workers is that they did not know what type of accommodation they would be placed into by their Approved Employer.

A 2020 review commissioned by the Australian Government found that 90% of Pacific Islander workers (under the visa classes in place prior to PALM) remained in Approved Employer provided accommodation and it recommended initiatives to support workers to find their own accommodation.

Lack of genuine choice: WHM and undocumented workers

WHM and undocumented workers face a lack of genuine choice as their accommodation options are limited by availability and accessibility. This is especially so if workers do not have their own transportation.² For the majority of WHM and undocumented workers, employment and accommodation arrangements are set unilaterally by the grower, employer or accommodation provider. Accommodation arrangements are rarely the product of any genuine negotiation between the accommodation provider and worker.³

One case study found a hostel referring and providing transportation of guests to four farms in the region. No person was allowed to stay in the hostel unless they were working on one of those farms and no person was allowed to perform casual, seasonal work on one of those farms without staying in the hostel. If workers lost their jobs, they were required to leave the hostel immediately.⁴

For undocumented workers, the situation is further pronounced with reportedly a total dependence on contractors to supply work and housing.⁵



Accommodation - types, standards and guidelines

There are a variety of accommodation types for horticulture workers and variability in the conditions and amenities across all types of accommodation. There is no common standard for accommodation for horticulture workers in Australia, although there are some legal and industry standards that cover some cohorts of workers. There is insufficient enforcement and monitoring of compliance against existing industry standards or standards required for employers to meet visa requirements.



Types of accommodation

All types of accommodation were observed during fieldwork. Common issues of high cost, and overcrowding were seen in every type. Notably, accommodation of all types that had been previously rented to WHMs had been rented by Approved Employers to house PALM workers during Covid-19.

Sharehouses have great potential for appropriate capacity, low cost, liveable and homely accommodation, however those observed were overcrowded. Research indicates that undocumented workers tended to be housed in share houses, often owned or leased by labour hire contractors.¹

Purpose built accommodation, or “dongas” have been built to house large numbers of PALM workers with standards varying considerably. Accommodation may be a converted/refurbished site (e.g., school camp or shipping containers). New sites are being proposed to keep up with demand.

Hostels can play a central role in sourcing work for WHM workers as they typically oversee brokering and securing workers’ employment. As hosteliars are driven to fill beds this can lead to practices of advertising work to WHM when it is not available.²

Accommodation **on the farm** tends to be demountable or ready-made structures. In remote areas, sometimes this is the only source of accommodation available giving workers no alternative.

Caravans tend to be of a higher standard given holiday makers and other members of the public also use this accommodation. However, they are cramped spaces, intended for short term stays.



Accommodation guidelines

Accommodation standards exist to protect some categories of workers, but are not consistently used. Some standards are voluntary, required by industry leaders, or incorporated into employer approval under visa schemes. Implementation of accommodation standards varies and there is limited assurance against standards or consequences for those offering substandard accommodation. There is no minimum universally accepted accommodation standard across the market and practices vary considerably.

A key standard is the **PALM Approved Employer Guidelines** (in draft form when this research was undertaken). This was created by the Australian Government to protect PALM workers and provide a minimum standard for accommodation provided by Approved Employers. Assurance is provided by the Approved Employer through photos. However some research participants indicate that these may be photoshopped to gain certification. There is support for this standard from industry but it can be perceived to be onerous to implement, with a desire government play a more significant role in auditing of compliance to level the playing field. This standard only applies to PALM workers, and does not protect WHMs or other horticulture workers.

Other key **industry guidelines** of standards come from industry bodies (Fair Farms Australia), retailers (Coles) and some producers. Such standards allow buyers up the supply chain to audit and enforce minimum protections for workers. They cover matters such as cost fairness and liveability. Notably the Fair Farms standard has the requirement of 2 people to a room to prevent overcrowding, but this is currently being amended as industry have found it unattainable.



Health, safety and amenities

The health and safety standards and amenities vary across all types of accommodation. No one model of accommodation had better and cleaner conditions. Newer accommodation typically had better standards than others.

A number of stakeholders reported that compliance with council standards and building regulations were a concern, especially for older properties, and particularly in relation to electrical safety and fire hazards.

Better amenities and services generally had a trade-off with cost, and individuals had different preferences over which arrangements they preferred. For example, some valued cleaning services, others would prefer to do it themselves and save money.



Raising issues and concerns

While many growers and Approved Employers provide avenues for issues and grievances to be raised, there was little information about how genuine disputes are resolved. Most workers interviewed under the PALM scheme reported having two main avenues for raising issues: team leaders, or the Welfare and Wellbeing Support Person provided by their Approved Employer as required under the PALM scheme.

Community members and union representatives see themselves as the appropriate people to support workers. For PALM workers, it was important that strong relationships of trust were developed through high levels of cultural competency. Union stakeholders and community stakeholders indicated that they were not always welcomed by employers and that this prevented workers from feeling comfortable talking to them about their concerns.

Some accommodation is overcrowded, with over-bearing house rules, and low value for money

Fieldwork observed that workers enjoyed their accommodation more when: their rent was affordable; they were respected and trusted in their accommodation; they knew and liked their housemates; had uncrowded spaces; and, had connection with the local community. When this was not the case, workers had a more negative experience.

Deductions

When accommodation has been sourced for a worker, it is common for the cost of accommodation to be directly deducted from the worker's pay. Some workers report that high deductions can leave them with little income.

Stories of WHM and seasonal workers suffering exorbitant deductions by growers, labour hire contractors and accommodation providers were well documented pre COVID-19. Examples have been cited of workers receiving as little as \$20 a day or even zero after expenses were deducted.¹

Since COVID-19, despite the regulation of deductions under the PALM scheme being more stringent, deductions still remain contentious with fieldwork observing poor worker understanding of payslips, lack of regulatory oversight, no negotiation avenues, and unexplained items and fees being charged.

A common complaint amongst workers interviewed was the lack of flexibility in deductions incurred when workers are unable to work due to sickness, rain, or delays in the season commencing. Workers indicated that deductions were taken out of their wages for the full price of accommodation (and other expenses) even if there was no work available and they had no earnings.

One worker reported that as the picking season started late, she now has a huge debt to pay back because there was no income from which accommodation costs could be deducted. She reported that she had been in Australia for three months, and had earned only \$100.

High costs

A requirement of most standards is that the rental fee is fair market value. **Fieldwork revealed that around \$150p/w as the standard rate per person across jurisdictions, regardless of the number of people to a bedroom or a house, the quality of the house, its location, market value, or inclusions.** This rate corresponds with DFAT materials that advise workers “to give you an idea about how much your accommodation will cost, it will be around A\$150 per week...”² This raises doubts over how rental fees are justified as fair market value, given the disparity between accommodation provided.

This report aligns with other reports in pointing to the potential for overcharging.³ Due to limited housing availability, increased cost of rentals, labour scheme requirements and high income earning potential for accommodation providers, a new hybrid housing market may have emerged for seasonal horticulture workers, where prices sit between the private rental market and holiday accommodation.

Homeowners may be able to make substantially more money converting their property to boarding house style accommodation and renting it to labour hire providers or directly to workers, at these “hybrid market” prices. While Approved Employers are encouraged to get the best priced accommodation for workers, there is no requirement to do so. Multiple stakeholders interviewed asked the question as to whether accommodation providers, employers and/or growers are working together to price costs to workers for their personal financial gain. Fieldwork research found no direct evidence of this practice.

Overcrowding

There are different views between industry and workers on what is a reasonable number of people to share a bedroom or communal living spaces.

This is not an easy problem to solve, as housing shortages mean more workers need to fit into available spaces.

There was no evidence that accommodation providers reduced accommodation costs if more workers shared the space. **The cheapest rental observed had the least number of occupants per room at \$100pw with one or two people to a room in a three bedroom house, while the most expensive accommodation at \$175pw had eight people to a room in a four bedroom, one bathroom house.**

There also was no evidence that length of stay was taken into account when determining the appropriate density of the living situation or rents. While use of bunkbeds and sharing a room with multiple colleagues may be acceptable in the short term, some fieldwork participants question whether it is appropriate longer term, particularly under the new PALM scheme proposing workers may stay up to four years in Australia.

Some industry stakeholders perceived that people from the Pacific Islands prefer communal living. However, workers expressed that privacy was important to them, especially since they needed their own space to talk to their family back home, and often found themselves doing that on the street at night to gain some privacy.

House rules

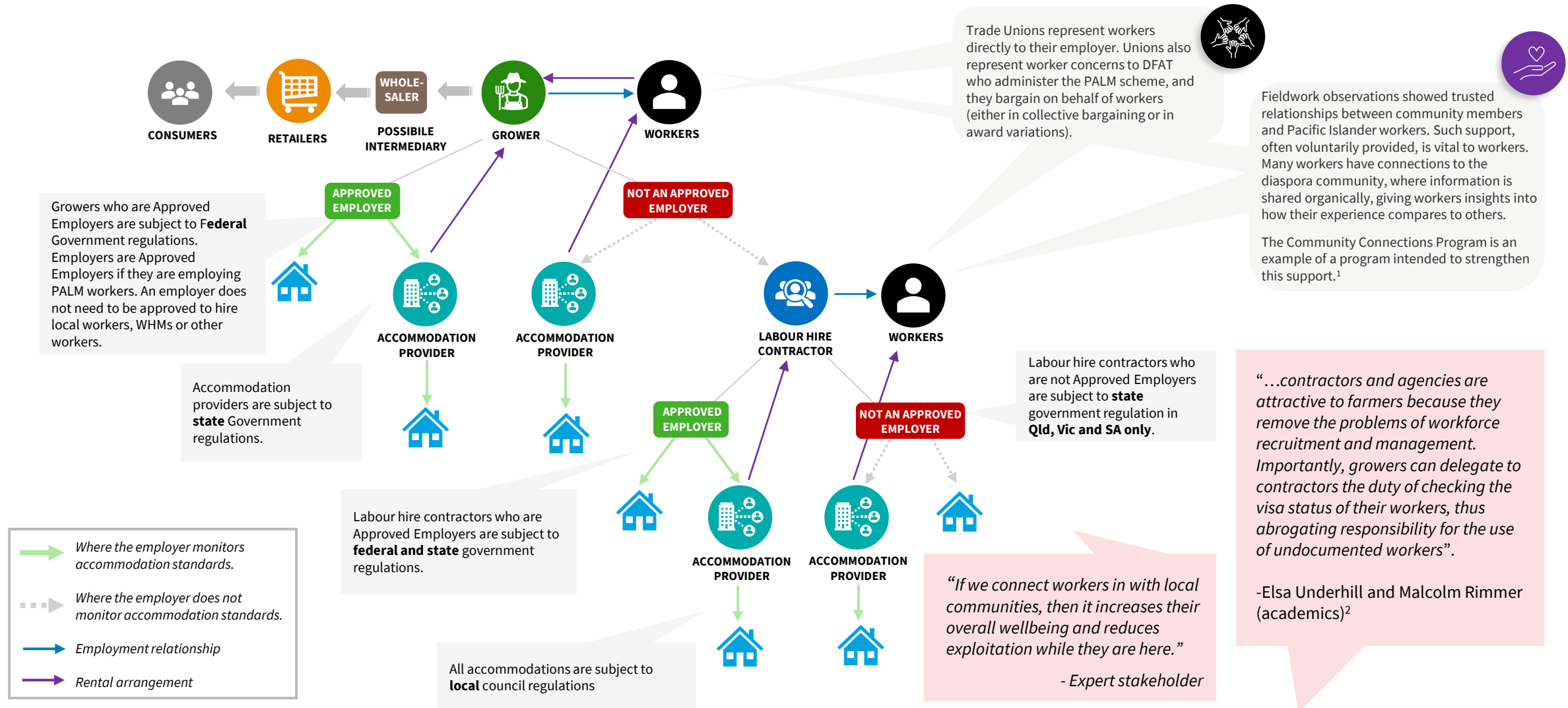
Fieldwork revealed that workers are often subject to rules in their accommodation, such as no visitors and no alcohol. While accommodation providers have implemented rules to create harmony, workers experience these rules as impinging on their freedom.

Workers confirmed these house rules were enforced through fines of up to \$500, with some workers being sent home for breaching rules. Workers indicated that they lived in fear of “being sent home” if rules are broken or not being invited back for subsequent years. Workers and their advocates had little to no expectation of procedural fairness if there was a dispute between them and their employer.



A complex web of stakeholders hold varying amounts of influence

A range of stakeholders influence the type, quality and standard of accommodation provided to seasonal horticulture workers. There are significant layers of contracting, which make it difficult to ensure information and accountability flows to the right stakeholders. There is also regulation at various levels of government, Federal, state and local councils. Coverage of protections depend on the visa status of the workers, and whether their employer needs to be an Approved Employer under the PALM scheme.



Industry stakeholder duties

Specifically related to the provision of worker accommodation, three stakeholder groups have a critical role to play: growers, labour hire contractors and accommodation providers. The regulatory landscape is complex and evolving. Clear communication is vital to resolving issues and grievances that may arise.

The growing use of labour hire companies

Growers use labour hire companies to both source workers and ensure compliance with laws and regulations. The National Survey of Vegetable Growers revealed that in 2016, 40% of growers surveyed had used labour hire firms to access workers and 29% had recruited through hostels.¹ Fieldwork participants estimated that as high as 80% of current seasonal workers are tied to labour hire contractors.

Increased reliance on labour hire contractors has led to barriers to transparency and assurance throughout the industry supply chain. Some growers, especially small operations, indicated in fieldwork that while there may be contractual clauses with labour hire contractors about expectations, they had limited oversight and tended not to ask questions. Some growers interviewed who did want to know, expressed they had little means to investigate or assure themselves that standards were being met.

The growing expectation of decent accommodation

There are some indications that the attitudes to assurance amongst growers may be set to change. Industry stakeholders engaged during fieldwork suggest that there is growing awareness and desire to have knowledge of and control over accommodation standards for their workers.

One industry stakeholder stated that this was a matter of reputation. This stakeholder conducts audits to ensure that accommodation is provided to their own internal standard and compliant with any other applicable regulation. One grower indicated that due to bad publicity in the Bundaberg region, they have indicated to their current labour hire provider that they intended to start conducting audits on workers' accommodation. While this is positive, such investment will not be as easy for smaller growers, who may need support and assistance from those up the supply chain to undertake these activities.

An evolving regulatory landscape

Policy, migration and visa settings are evolving. The Government is still determining the terms of the Agriculture Visa and finalising consultation on the new PALM visa program, which will facilitate more workers in the sector. Both the visa schemes will have different requirements to the WHM visa program. There is the potential for unintended consequences to stem from these different visa programs. It may create a race to the bottom in which workers with the visa that provides the lower compliance requirements and lower minimum safety net will be preferred to reduce compliance cost.

Implications of additional compliance in a post-pandemic world

As WHMs return and are available for work, there is a chance that Approved Employers and accommodation providers who have previously been approved to employ and house PALM workers may prioritise WHM workers over PALM workers to less stringent compliance requirements and thus costs.

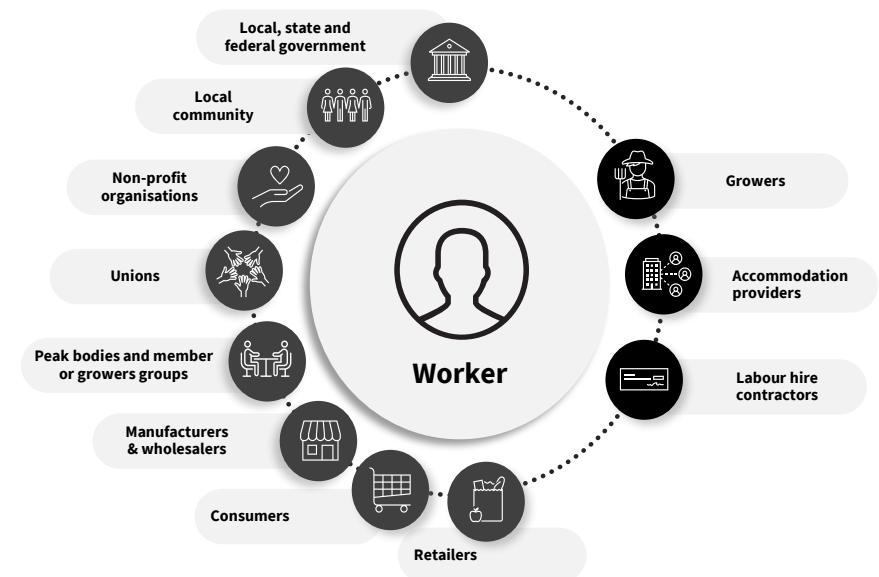
Accommodation providers hold significant influence

Accommodation providers hold significant influence in the supply chain, given they are in a strong bargaining position to set prices due to the lack of accommodation available and the need to house workers.

Miscommunication and distrust







Many stakeholders including industry, community members and workers, expressed a lack of trust towards each other. Misinformation is a common problem across both PALM and WHM programs, which leads to a breakdown in relationships and creates an environment for exploitation. Cultural differences between workers and employers perpetuates miscommunication and misconception issues.







Fieldwork conversations revealed that workers can be confused about their employment rights, visa requirements, and responsibilities and protections under the PALM scheme. Many workers did not know how they could seek help for disputes they had with their employer or accommodation provider.



Findings and recommendations

All stakeholders derive economic benefit from seasonal and temporary workers in horticulture. Balancing economic benefit with the rights of already vulnerable groups is key to enabling a strong and functioning horticulture industry in Australia. Deloitte has identified eight key findings and nine recommendations to improve the standard of accommodation for horticulture workers.

				Accountabilities					
									
Key findings		Recommendations							
Accommodation: Provision and standards	<ul style="list-style-type: none">There is no common standard for accommodation for horticulture workers in Australia, although there are some legal and industry standards that cover some cohorts of workers – each with different requirements.There is insufficient enforcement and monitoring of compliance against existing industry standards or standards required for employers to meet visa requirements.Despite existing rules, some industry actors are charging high rents and deductions to workers, with limited transparency as to how these prices are determined or justified.	1.	Create a single enforceable standard for accommodation provided by horticulture industry stakeholders, with consequences for noncompliance.	x	x	x	x	x	x
		2.	Invest in effective systems to reward industry actors who provide or facilitate accommodation that genuinely supports worker well-being.		x	x	x	x	
		3.	Provide clear rules on what costs can be passed onto workers. Work collectively across the value chain to share costs, increase transparency and value for money and to minimise what costs can be passed onto workers.	x					
		4.	Increase investment and incentives into development of quality regional accommodation for horticulture workers.	x	x	x	x		
Industry stakeholder duties	<ul style="list-style-type: none">Miscommunication and mistrust mean problems between workers and their employers (or accommodation providers) are not being solved and workers’ concerns are not being properly raised, understood or resolved.Growers are increasingly seeking labour hire companies to address the difficulties in attracting and retaining workers and manage the compliance requirements of labour migration programs.	5.	Ensure workers are empowered, individually and collectively, to understand their rights and choices, and use an accessible, effective and culturally appropriate grievance mechanism.	x	x	x		x	x
		6.	Work collectively to enhance trust and communication across the industry.	x	x	x		x	x
		7.	Develop regulated sustainable labour supply programs and ensure compliance requirements both protect workers and are simple for industry.	x		x		x	
Worker vulnerability in accommodation provision	<ul style="list-style-type: none">Worker characteristics, remote work environments and visa conditions contribute the vulnerability of horticulture workers, which can make them vulnerable to exploitation and prevent them reporting grievances.Horticulture workers have limited genuine choice over where they live and the terms of their rental agreement. This is due to migrant status, visa conditions, lack of accommodation options, and ties between accommodation providers and employers.The accommodation provided to horticulture workers can be detrimental to their wellbeing due to overcrowding, imposed rules and high costs.	8.	Identify ways programs and practices can be designed to give workers greater choice over their employment and accommodation.	x	x	x	x	x	x
		9.	Provide more culturally appropriate and targeted community based support for migrant workers to ensure that they have the community connections they need to thrive.	x		x		x	x

Accountable Stakeholders:  Government  Retailers  Employers (including growers and labour hire)  Civil society organisations  Accommodation providers  Unions and workers

Glossary and references

Glossary

SWP	Seasonal Workers Program.
PLS	Pacific Labour Scheme
WHM	Working Holiday Maker
PALM Scheme	Pacific Australian Labour Mobility Scheme. This scheme streamlines the Australian Government’s labour initiatives, the Seasonal Worker Programme (SWP) and Pacific Labour Scheme (PLS). It will commence in April 2022 and be managed by the Department of Foreign Affairs and Trade. For simplicity within this document, we refer to the PALM scheme as shorthand when discussing the SWP and PLM as combined programs, unless there are points of difference in which the specific program is named.
Approved Employer	An employer, either grower or labour hire contractor, who has met the requirements under the SWP or PLS scheme and is approved to recruit, sponsor, employ and house workers under these respective schemes. Employers will be approved under the PALM scheme commencing April 2022 and are currently approved under the existing programs.
ABARES	Australian Bureau of Agricultural and Resource Economics
ABS	Australian Bureau of Statistics
DFAT	Department of Foreign Affairs and Trade
DESE	Department of Education, Skills and Employment
AWU	Australian Workers Union
RSCA	Retail Supply Chain Accord
ERSCA	Ethical Retail Supply Chain Alliance
SDA	Shop, Distributive and Allied Employees’ Association
TWU	Transport Workers’ Union
AWU	Australian Workers’ Union

References

Page 4: The industry and economic landscape

1. Australian Bureau of Statistics (ABS), Labour Force, Australia, Detailed, January 2022. <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>;
2. Australian Bureau of Statistics (ABS), Value of Agricultural Commodities Produced, Australia, 14 May 2021. www.abs.gov.au/statistics/industry/agriculture/value-agricultural-commodities-produced-australia/2019-20; and ABARES Horticulture labour force survey 2021. <https://www.awe.gov.au/abares/research-topics/labour#download>
3. Howe, J., Clibborn, S., Reilly, A., van den Broek, D., & Wright, F., ‘Towards a Durable Future: Tackling Labour Challenges in the Australian Horticulture Industry’, 2019, 10. <https://www.sydney.edu.au/content/dam/corporate/documents/business-school/research/work-and-organisational-studies/towards-a-durable-future-report.pdf>
4. Senate Select Committee on Job Security, ‘Third interim report: labour hire and contracting’, November 2021, Commonwealth of Australia. https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Job_Security/JobSecurity/Third_Interim_Report
5. ABARES Horticulture labour force survey 2021. <https://www.awe.gov.au/abares/research-topics/labour#download>
6. ABARES Horticulture labour force survey 2021. <https://www.awe.gov.au/abares/research-topics/labour#download>
7. Australian Bureau of Statistics (ABS), ‘Labour Force, Australia, Detailed’, January 2022 <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>
8. CoreLogic, ‘Property Pulse’, July 2021 https://www.corelogic.com.au/sites/default/files/2021-07/210719_Pulse_Which_%20regions_highest_rent_increases.pdf; ANZ, ‘Housing Affordability Report’, 2020. <https://media.anz.com/content/dam/bluenotes/images/articles/2020/July/ANZ-Housing-Affordability-report-July2020>

Page 5: Horticulture workers can be vulnerable to exploitation

1. ABC, Four Corners, 7 May 2015, ‘Labour exploitation, slave-like conditions found on farms supplying biggest supermarkets’ <https://www.abc.net.au/news/2015-05-07/labour-exploitation-slave-like-conditions-found-on-farms/6544444>
2. Select Committee on Job Security, ‘Impact of insecure or precarious employment on the economy, wages, social cohesion and workplace rights and conditions’, 2 February 2022, Commonwealth of Australia, 32. <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%2Fcommittee%2Fcomm%2F25348%2F0000%22>
3. Human Rights Law Centre, ‘Paper Promises, Evaluating the early impact of Australia’s Modern Slavery Act’, 2022, and Senate Select Committee on Temporary Migration.
4. Fair Work Ombudsman, Harvest Trail Inquiry: A Report on Workplace Arrangements along the Harvest Trail (Report, 2018), 5.
5. Select Committee on Job Security, ‘Impact of insecure or precarious employment on the economy, wages, social cohesion and workplace rights and conditions’, 2 February 2022, Commonwealth of Australia, 32. <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%2Fcommittee%2Fcomm%2F25348%2F0000%22>
6. Underhill, E., & Rimmer, M. 2016. ‘Layered vulnerability: Temporary migrants in Australian horticulture’. Journal of Industrial Relations, 58,5, p 608-625.
7. Ibid.
8. Fair Work Ombudsman, ‘Harvest Trail Inquiry: A Report on Workplace Arrangements along the Harvest Trail’, Report, 2018, 32. <https://www.fairwork.gov.au/sites/default/files/migration/1461/fair-work-ombudsman-harvest-trail-inquiry-report.pdf>
9. Email received by Deloitte from The Australian Department of Foreign Affairs (DFAT), 28 February 2022.
10. The Australian Department of Foreign Affairs (DFAT), ‘Pacific Australia Labour Mobility Scheme (PALM), Approved Employer Guidelines’, Draft, version 2, 11 March 2022. [palm_scheme_draft_AE_Guidelines_version_2_11_March_2022.pdf](https://www.palm.gov.au/sites/default/files/2022-03/palm_scheme_draft_AE_Guidelines_version_2_11_March_2022.pdf)
11. Brann, M., ‘Calls for a crackdown on labour hire companies ‘poaching’ Pacific workers’, ABC, 10 November 2021. <https://www.abc.net.au/news/rural/2021-11-10/rise-in-pacific-seasonal-farm-workers-absconding-/100606726>
12. Underhill, E., & Rimmer, M., ‘Itinerant Foreign Harvest Workers in Australia: The Impact of Precarious Employment on Occupational Safety and Health’, 2015,13:2, 25-46.

Page 6: Horticulture workers’ vulnerability impacts their access to and experience of accommodation

1. United Nations. 1948. *Universal Declaration of Human Rights*. Article 25.
2. Stephen Clibborn, ‘It Takes a Village: Civil Society Regulation of Employment Standards for Temporary Migrant Workers in Australian Horticulture’ (2019) University of New South Wales Law Journal, 42(1), 256.
3. Howe, J., Clibborn, S., Reilly, A., van den Broek, D., & Wright, F., ‘Towards a Durable Future: Tackling Labour Challenges in the Australian Horticulture Industry’, 2019, 84.
4. Stephen Clibborn, ‘It Takes a Village: Civil Society Regulation of Employment Standards for Temporary Migrant Workers in Australian Horticulture’ (2019) University of New South Wales Law Journal, 42(1), 256.
5. Underhill, E., & Rimmer, M. 2016. ‘Layered vulnerability: Temporary migrants in Australian horticulture’. Journal of Industrial Relations, 58, 615.

Page 7: Accommodation - types, guidelines and standards

1. Howe, J., Clibborn, S., Reilly, A., van den Broek, D., & Wright, F., ‘Towards a Durable Future: Tackling Labour Challenges in the Australian Horticulture Industry’, 2019, 88.
2. Underhill, E., & Rimmer, M., ‘Layered vulnerability: Temporary migrants in Australian horticulture’. Journal of Industrial Relations, 2016, 58,5, 608-625.

Page 8: Accommodation – overcrowded, expensive and with over-bearing house rules

1. Forsyth, A., ‘Victorian Inquiry into the Labour Hire Industry and Insecure Work’, Final Report, Industrial Relations Victoria, 31 August 2016, 52; Hermant, N., ‘Seasonal Farm Workers Receiving as Little as \$9 a Week after Deductions, Investigation Reveals’, 7.30 Report (online), 25 February 2016.
2. The Australian Department of Foreign Affairs (DFAT), ‘Working and Living in Australia - Pre-departure Guidebook - for seasonal workers’, September 2019, 47. [English-SWP-Pre-Departure-Guidebook_1.pdf](https://www.dfat.gov.au/sites/default/files/2019-09/english-swp-pre-departure-guidebook-1.pdf)
3. Bellchambers Barret, Pacific Labour Mobility Accommodation Review, Key findings and recommendations, 9 December 2020, p5: [pacific-labour-mobility-accommodation-review-key-findings-recommendations.pdf](https://www.pacificlabourmobility.com.au/sites/default/files/2020-12/pacific-labour-mobility-accommodation-review-key-findings-recommendations.pdf) (dfat.gov.au)

Page 9: A complex web of stakeholders hold varying amounts of influence

1. Senator the Hon Michaela Cash, Minister for Employment, Skills, Small and Family Business, ‘Community Connections for Seasonal Workers’, Media Release, 15 December 2020. <https://www.ministers.dese.gov.au/cash/community-connections-seasonal-workers>
2. Underhill, E., ‘Submission To Inquiry Into The Practice Of The Labour Hire Industry In Queensland’, Submission No: 036, 10, 2016: <https://www.aph.gov.au/DocumentStore/ashx?id=0c19bdef-6e26-4815-944d-482972992422&subid=351514>

Page 10: Industry stakeholder duties

1. Howe, J., Clibborn, S., Reilly, A., van den Broek, D., & Wright, F., ‘Towards a Durable Future: Tackling Labour Challenges in the Australian Horticulture Industry’, 2019, 86.



Limitations of the report

The purpose of this Report is to provide advisory services to Coles and present findings of Deloitte’s research in relation to the current standard of accommodation standards of horticulture workers in Australia. The project ran from 28 January to 16 May 2022 and the field research was conducted between 18 February and 10 March 2022.

The perceptions, observations and insights expressed in this Report are representative of the available data from our literature findings and the selected sample of stakeholders who participated voluntarily in the fieldwork.

Limitations of the methodology include the following:

- This engagement of accommodation providers, workers and community members during our case study deep dive was limited based on English speaking capacity, those available during the field work, and those willing to speak to Deloitte’s representatives.
- Due to COVID-related impacts, Deloitte did not engage Working Holiday Makers during the fieldwork due to there being far fewer people on this visa in Australia at the time of research, and instead focused on the experiences and perspectives of workers under the Seasonal Workers Program (SWP) and Pacific Labour Scheme (PLS), renamed the Pacific Australia Labour Mobility (PALM) scheme in April 2022. For simplicity PALM is used throughout this report.
- Deloitte did not conduct audits on the accommodation inspected during fieldwork.
- Deloitte did not seek to, and could not, validate views and assertions made. Further corroborative work would be recommended.

Inherent Limitations

The Services provided under this engagement were advisory in nature and have not been conducted in accordance with the standards issued by the Australian Auditing and Assurance Standards Board and consequently no opinions or conclusions under these standards are expressed. Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. The matters raised in this report are only those which came to Deloitte’s attention during the course of performing the assessment and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made.

Recommendations and suggestions for improvement should be assessed by Coles and the sector (where relevant) for their full commercial impact before they are implemented.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy, or reliability is given in relation to the statements and representations made by, and the information and documentation provided by Coles personnel and industry participants. We have not attempted to verify these sources independently unless otherwise noted within the report.

Limitation of Use

This report is intended solely for the information and internal use of Coles in accordance with our Statement of Works executed on 28 January 2022 and 24 August 2022. We understand that Coles would like to share this document and we agree to the release of this document on the basis that Coles makes recipients aware that our work has been conducted in accordance with the Statement of Works and that it is for their internal use only. No other person or entity is entitled to rely, in any manner, or for any purpose, on this report. We do not accept or assume responsibility to anyone other than Coles for our work, for this report, or for any reliance which may be placed on this report by any party other than Coles.

Acknowledgements and thanks

Deloitte and Coles would like to thank all stakeholders who participated in fieldwork. Particular thanks goes to the AWU, Global Vanuatu Care, and Turaga Enterprises for their generous help facilitating conversations with workers who kindly let us into their homes, after hours, to share their experiences. We would also like to thank the Australian Catholic Anti-slavery Network .

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organisation”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 345,000 people make an impact that matters at www.deloitte.com.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

©2022 Deloitte Touche Tohmatsu