

# How will the COVID-19 pandemic impact labour in the horticultural industry?

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# This document presents findings from initial research into the potential impact of COVID-19 on the Australian Horticulture sector

## Background and context

- ▶ The world is facing a significant challenge due to the spread of the novel coronavirus, known as COVID-19
- ▶ This pandemic presents significant risk to Australia, including our agriculture and horticulture sectors
- ▶ The Australian Horticulture sector produces a broad range of high quality fruit and vegetable products, as well as nuts. These products are a critical source of food and nutrients for most Australians, as well as many international consumers
- ▶ AUSVEG, AFPA and EY are collaborating in the preparation of this research
  - ▶ AUSVEG is the peak industry body for the Australian vegetable industry, running a variety of programs and services to support Australian vegetable growers
  - ▶ The Australian Fresh Produce Alliance (AFPA) is an industry body representing Australia's largest fresh produce growers and suppliers
  - ▶ As a world-leader in transformation and innovation, EY helps organisations identify and capitalise on new opportunities
- ▶ Labour is a critical input to the success operation of this sector. It is generally known (and in normal circumstances) that there are significant peak requirements for labour, based on growing season, and that this labour demand is typically met using a large seasonal workforce, particularly including international labour
- ▶ As production volumes are adversely impacted, this poses a threat to the supply of fresh produce to Australian consumers, inflating prices
- ▶ Despite the criticality of labour as a production input, there is a lack of detailed understanding of the specifics of this labour requirement, including such matters as the location, skills, and peak vs off peak requirements
- ▶ Given the increasing and rapidly changing impact of COVID, particularly on people, their ability to travel or be in close proximity to one another, it is critical to quickly understand the labour requirements of this workforce better

## Purpose and scope

- ▶ The purpose of this research is to provide an early and rapid study into the potential impacts of COVID on the horticulture industry. In particular, this review seeks to identify the major immediate workforce needs, and attempts to quantify the number of roles needed for food production
- ▶ This information will help companies, industry, communities and government come together to ensure that this industry can continue to produce the fresh product for our country and beyond
- ▶ The scope of this initial research was limited to a rapid scan of the most material factors. As such, key employers and immediate workforce needs were prioritised. The focus of this analysis was also on the near term, i.e. from April to December 2020
- ▶ Additional workforce needs are expected to exist, and further research is warranted to identify these areas and the labour issues associated with them
- ▶ While this report points to some potential solution areas, it is not intended on providing specific policy advice for how to response to this situation. Further analysis and policy consideration is warranted
- ▶ It is also worth noting that this COVID situation is rapidly developing and so further potential impacts may not have been identified

# Our approach involved triangulating multiple levels of forecast and historical data

## Overview of our approach

- 1 The Australian Fresh Produce Alliance (AFPA) represents the majority of the largest employers in horticulture. The AFPA requested members to provide their forecasted labour needs from April - December 2020**
  - ▶ Workforce projections were provided by 11 member companies detailing the number of individuals required during harvest periods, for 'short-term labour roles', not Full Time Equivalent (FTE) workers.
  - ▶ The identified labour demand for these companies was based on prior period labour employment data
  - ▶ The data will not be reflective of the current labour market situation, which may have some material differences, for example availability of skilled labour in a particular location or the behaviour of workers including their ability to move across regions, or the length of time they are seeking to work
- 2 AUSVEG consulted with a variety of vegetable growers to understand labour demand and workforce forecasting across production regions**
  - ▶ This consultation confirmed that the majority of vegetable production employment is relatively constant and that the workforce requirements vary where there are changes in seasonality, for example the Summer and Winter seasons for vegetable production in Queensland
  - ▶ Consultation gave an indication of the varying labour sources, such as domestic labour, full-time, casual, seasonal and labour hire workers. This mix of workers fluctuates during the year, depending on seasonality
  - ▶ Information was provided on seasonality of vegetable lines and core areas of production
- 3 Recognising that these employers do not make up the entire industry, we incorporated labour forecasts from key industry groups**
  - ▶ Key industry groups were contacted, including Australian Banana Growers Council (ABGC), Citrus Australia, Berries Australia, Australian Table Grape Association (ATGA) and Apple and Pear Australia Limited (APAL)
  - ▶ Forecast labour from these groups was analysed for areas of significant potential overlap with company data. This included key regions and product types. Adjustments were made to approximate the size and magnitude of these overlaps
- 4 Top down whole of industry labour analysis was conducted**
  - ▶ This included incorporating base horticultural production data from the Australian Horticulture Statistics Handbook 2018/19
  - ▶ Calculations were made for the actual worker intensity required to pick and pack certain fruit and vegetables. A labour intensity scale that ranked the labour intensity of certain product categories was also produced. Allowances were made for variation of labour intensity across product type (such as berries which involve greater levels of labour intensity, vs carrots and potatoes which utilise greater levels of equipment) as well as labour type (for example where a skilled labourer can have significantly higher levels of productivity). Seasonal and regional variations in labour were also estimated
- 5 A comparison was made across these multiple data sources in order to validate the order of magnitude of these various labour estimates**

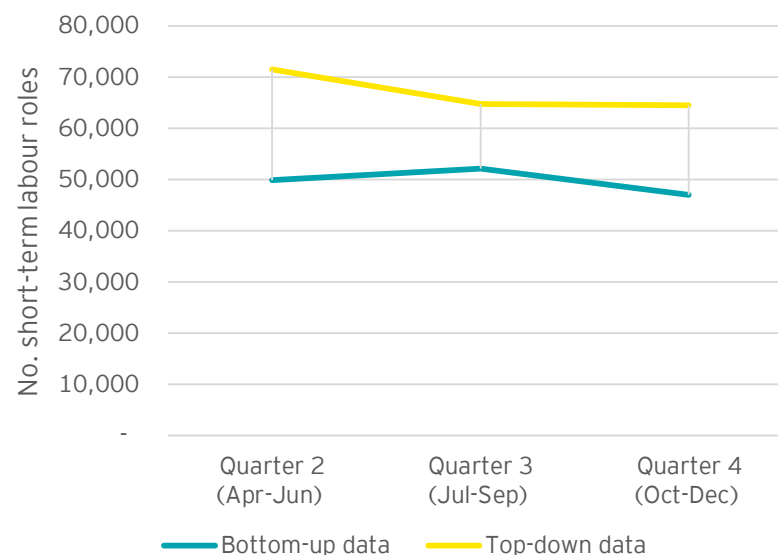
# Indicative analysis of the total seasonal demand indicates that a range of approx. 50,000-71,000 roles are likely to be needed over the coming months

## Background

- ▶ To provide deeper analysis, AFPA obtained industry-level data from key industry groups which detailed labour needs and a broader labour productivity analysis
- ▶ The consulted groups include: Australian Banana Growers Council (ABGC), Citrus Australia, Berries Australia, and Australian Table Grape Association (ATGA)
- ▶ This data provides a clearer indication of the efficiency and effectiveness of labour for bananas, berries, citrus and table grapes
- ▶ EY have also obtained industry-level data from the Australian Bureau of Statistics and ABARES detailing the volume of production of each commodity by region
- ▶ In conjunction with the ABS/ABARES data, we have utilised fresh produce seasonality data from Hort Innovation Australia to determine the labour need for the relevant commodity types on a seasonal basis. This is also determined on a regional basis
- ▶ Considering the varying seasonality of each type of commodity and the urgency of the labour demand in the industry, we prioritised labour requirements for commodities with upcoming harvesting seasons
  - ▶ For example, citrus have an immediate labour need in Victoria, South Australia and Queensland as they are entering the harvest season
- ▶ Using both top-down and bottom-up data sets has confirmed the order of magnitude of the roles required (within 50,000-71,000 range), with fruit requiring the greatest labour resources

## Identified short-term labour roles

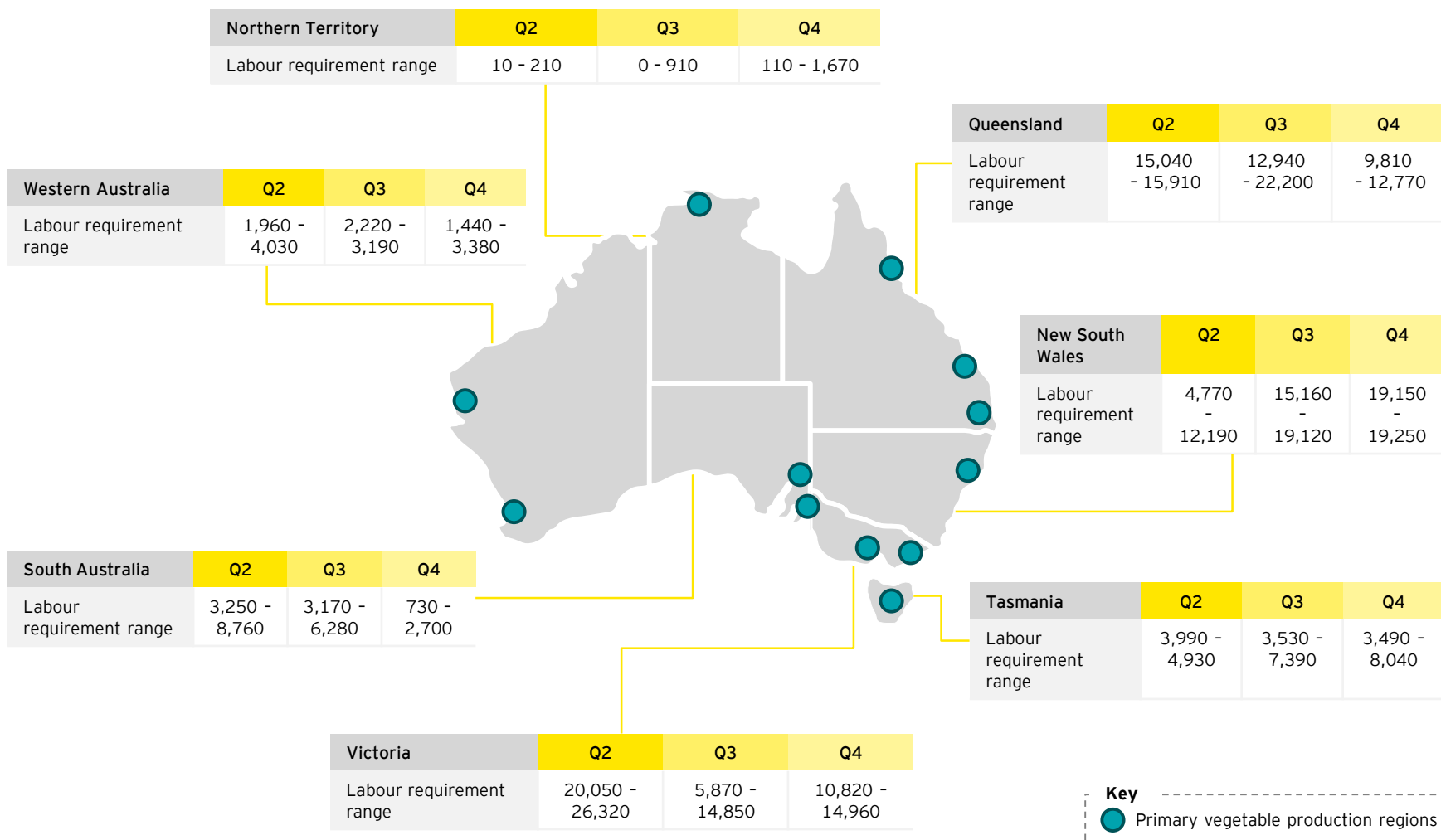
	Number of short-term labour roles		
	Quarter 2 (Apr - Jun)	Quarter 3 (Jul - Sep)	Quarter 4 (Oct - Dec)
Bottom-up data	49,890	52,150	47,010
Top-down data	71,470	64,670	64,480



	Quarter 2 (Apr - Jun)	Quarter 3 (Jul - Sep)	Quarter 4 (Oct - Dec)
Range (no. short-term labour roles)	49,890 - 71,470	53,150 - 64,670	47,010 - 64,480

These short-term roles are required across the country, in varying magnitudes in each state

## Labour requirement by state



# Analysis of both company-specific and key industry data suggests the minimum short-term roles that are required in major production regions

## Minimum expected labour requirement by region

