

Murray River Group of Councils Submission



Committee Secretary

Joint Standing Committee on Migration
PO Box 6021
Parliament House
Canberra ACT 2600

Please find below a submission on behalf of the Murray River Group of Councils (MRGC), to the inquiry by the Joint Standing Committee on Migration into the Working Holiday Maker Visa program.

The Murray River Group of Councils

The MRGC comprises six northern Victorian LGAs: Mildura Rural City Council, Swan Hill Rural City Council, Gannawarra Shire Council, Loddon Shire, Campaspe Shire Council and Moira Shire.

Extending up the Murray Valley from the South Australian border to Lake Mulwala our region includes nationally significant horticultural areas. The region is home to 161,994 people, 65,000 jobs and more than 20,000 businesses generating a Gross Regional Product of \$10,306,002

Agriculture and food manufacturing drive our regional economy contributing some 40% of regional output. Together these sectors account for 1 in 5 businesses and some 15,000 jobs across the region (source: REMPLAN).

Our agriculture sector, in particular horticulture and viticulture, rely heavily on seasonal workers for harvesting, picking/packing and general labour. Up to a third of the seasonal workforce is comprised of backpackers – those who are in Australia as part of the Working Holiday Maker program.

Submission – Response to Terms of Reference

1. The purpose of the program including history, size, composition, eligibility, and reciprocal access for Australians and recent changes

Australia's Working Holiday Maker (WHM) program enables young people (18-30yo) to travel in Australia for extended periods and to support themselves during their stay with short-term employment. As a minimum, backpackers must work for 88 days and for up to 6 months with a single employer for most allowed industries or 12 months for agriculture / fruit picking work.

Over time, backpackers have contributed less to the overall numbers of seasonal

workers in our region according to member councils.

The likely contributors to this decline include widely publicised reports of exploitation by some employment agencies and accommodation providers, an increased administrative burden on growers due to regulatory and compliance changes and the introduction of the 15% tax on the first \$37,000 of income earned by backpackers – the “backpacker tax”. Also contributing may be the ongoing uncertainty about this tax as it continues to be the subject of legal proceedings.

2. The value of the program to Australia's economy, including tourism, health care and agriculture sectors

Across the MRGC region the program provides labour to meet critical labour shortages in horticulture during seasonal peaks in pruning, picking and packing phases.

Backpackers contribute to the local economy through spending on accommodation, food, transport and tourism services.

3. The ongoing impact of COVID-19 nationally and internationally on the program

Agriculture is currently performing well across the MRGC region, to an extent offsetting the significant negative impacts being experienced by the Tourism, Food, Hospitality and Retail sectors as a result of COVID-19.

Growers in some parts of our region have a level of confidence they will be able to continue to attract current backpackers for the upcoming season. However, there is considerable uncertainty about the future given the restrictions on international travel and the impact of State border closures due to COVID-19.

Seasonal workers currently in the region have already been impacted by the border closures preventing some from continuing work.

There is an expectation in some member council areas of labour shortages for the peak horticultural picking season as a result of COVID-19 restricting travel. This will have an obvious negative impact on farmers' ability to harvest crop and supply national and international markets.

4. The potential economic impacts on regional economies due to the disruptions of access to Working Holiday Makers relied upon especially for the agricultural and tourism sectors;

A sharp decline in the numbers of Working Holiday Makers coming to the region to work would result in a reduction in discretionary spend at local businesses within our communities. This would further reduce local businesses incomes and their ability to employ local residents, at a critical time during Covid-19, in turn increasing the demand for government assistance in those communities.

It could also affect grower ability to get product to market, with flow on effects on the market price of fresh produce for Australian and International purchasers.

5. The capacity, if any, for Australians made unemployed by COVID-19 to fill the labour shortage

It is the experience of growers across northern Victoria and across Australia generally, that Australians, either local to growing regions or from Melbourne or other cities are reluctant to undertake horticultural labour.

Past experience would suggest that it is unlikely that labour shortages from any sharp reduction in backpacker numbers would be filled by local or regional residents.

It is the view of the MRGC that this is unlikely to change without labour market intervention and / or incentives from the Government.

6. The extent to which existing visa criteria and conditions related to Working Holiday Makers are still adequate and appropriate to address the purpose of this program, including cultural exchange and creating job opportunities for Australians

Local businesses advise us that the current tax / superannuation regulations make it difficult for employers to engage Working Holiday Makers. The paperwork and red tape involved is onerous and frustrating for a lot of farmers and even more so for the employee, especially when they return to their home countries.

These job opportunities have been available to Australian residents for many years, yet few have taken these opportunities. Given the Covid-19 impacts, there may be some increased interest from Australian residents in these jobs. However, it is unlikely while Covid-19 welfare benefits are available, that sufficient numbers will be motivated to avail themselves of these job opportunities, to meet the needs of producers during harvest times.

7. The extent to which the program can support economic recovery in regional Australia

Horticultural harvests are labour intensive, of relatively short duration and time critical so a ready supply of available labour provided by this program is critical.

This program has always been seen as essential for agriculture in regional Australia, now it will be even more so as we look for economic recovery.

As noted in the response to point 3 above, local farmers are sustaining and growing export markets. These export dollars are critical now, during the Covid-19 impacts and in the longer term, to pay for the costs of ongoing support.

8. Any Other related matters

Once again thank you for undertaking this review and for the opportunity to participate.

Should you wish to discuss the contents of this letter or if you require further information please contact our Executive Officer, Geoff Turner on 0419 03 03 14 or email gturner@mrhc.com.au.

