

**NORTHERN TERRITORY GOVERNMENT SUBMISSION
TO THE JOINT STANDING COMMITTEE ON MIGRATION
*INQUIRY INTO THE WORKING HOLIDAY MAKER PROGRAM***
July 2020

The Northern Territory Government welcomes the opportunity to lodge this submission to the Joint Standing Committee on Migration Inquiry into the Working Holiday Maker Program.

Northern Territory in Context

Working Holiday Makers (WHM) in the Northern Territory (NT) have long been considered fundamental in filling regional job vacancies and adding youth and vibrancy to our regional towns. With an estimated population of just 245,462, the NT boasts the highest state or territory transient population in the country¹.

An average of 15,629 international migrants arrive in the Territory every year to contribute to the jobs economy in our regional hubs of Darwin and Alice Springs and also across the remotest parts of the Territory. It is these remote regions that can be the most difficult for employers to hire low and unskilled seasonal workers.

WHM seeking to qualify for second and third year visas usually fill these seasonal positions by completing regional and “specified work” in the agricultural sector (visa sc417) and agriculture, tourism and hospitality (visa sc462). Although the number of combined WHM on visas sc417 and sc462 applying for first and second year is in decline, the number of visa grants for first and second year WHM on sc462 are increasing.

Those on sc462 have the opportunity to qualify for a second and third year visa if carrying out “specified work” in a regional area. This is important for the NT as specified work for this visa class includes tourism and hospitality work in Northern Australia. Nonetheless, both COVID-19 and the overall trending decline of WHM applicants severely impacts the opportunity for business owners to fill positions with willing and able workers.

When border restrictions were announced in March and hospitality, tourism and retail businesses closed down, many of the Territory’s WHMs were immediately unemployed. Some workers were fortunate enough to be able to return to their home countries.

Some workers were stuck in regional areas or biosecurity zones or choose to stay and help their employers; others faced homelessness when backpacker hostels and dormitory accommodation closed down. Not only do many of these workers contribute more tax than Australian citizens would in the same employ, WHM fulfil important seasonal work that has historically been unappealing to Australians due to its challenging nature and isolating location.

Illustrating the importance of WHM to the Territory, the Chief Minister announced in April 2020 a \$5 million worker and wellbeing fund facilitated through Red Cross and Melaleuca Refugee Centre. The fund was established to provide support to international students and WHM, who live, work, study and contribute to the Territory economy. Support included financial support for basic necessities and emergency costs such as urgent medical expenses and rental support.

¹ Northern Territory Government <https://nteconomy.nt.gov.au/population#key> accessed 10 July 2020

This submission makes several recommendations from a Northern Territory perspective, to return WHM numbers back to growth and support the seasonal workforce in critical sectors including agriculture, tourism and hospitality.

WHM Data Availability by Region

Without accurate reporting on a state and territory level of WHM by region, it is not possible to know the significance of the decline in arrivals from a Territory perspective. Currently, data is not broken down by state but provided for the country as a whole.

Applicants for second and third year visas must complete and report on type of specified work including location in order to be approved for the extended visa. This reporting is not made available from a State and Territory perspective

Research conducted by Tourism Research Australia (TRA) shows that on average, over the past three years, WHM in the Territory reported their main job to be tourism and hospitality (40%); farm hand (23%); construction (11%) and retail (6%).

Access to this data would enable the NT to accurately plan for short term labour shortages in critical sectors including agriculture, tourism and hospitality. Such data would enable the Northern Territory Government to plan specific measures to counter balance the number of WHM not coming to The Territory due to COVID-19.

Recommendation 1

Provide accurate reporting on WHM data from a state and territory perspective.

Tourism and Hospitality as “Specified Work”

Currently sc462 visa holders are able to complete “specified work” in tourism and hospitality in Northern Australia only. Extending this opportunity to visa sc417 workers can provide an immediate opportunity for employers having difficulty in filling seasonal positions in the NT. Anecdotal reports by some Territorians describe the current situation in outback roadhouses to be dire, as operators along entry and exit arterials like the Stuart Highway and Barkly Highway fail to attract workers.

These operators are at risk of causing reputational damage not only to their own businesses but the Territory overall by providing sub-par visitor experiences. One example is a roadhouse along the Stuart Highway that is currently unable to fill three positions: cook, hotel worker and motel worker. These positions would normally be filled by working holiday makers.

Currently operating the roadhouse are its’ elderly owners, a husband and wife couple who have no option but to run the motel, restaurant and fuel stop by themselves. Daily tasks include turning over all rooms daily, selling fuel and supplies, cook food in the restaurant, serving drinks at the bar all while ensuring facilities are cleaned to a COVID-19 standard. Understandably, the result is poor service, low quality food and a potentially harmful and hazardous environment.

Recommendation 2

Immediately extend “specified work” to include tourism and hospitality in Northern Australia for sc417 visa holders to qualify for second and third year WHM visas.

Labour shortage in critical industries

Agriculture, tourism and hospitality is reported by TRA as being the main job type for between 52 and 73 per cent of WHM in the NT. While exact numbers of the shortfall of workers cannot be calculated, this is an indication of expected short term labour shortages to the Territory. These positions are often low paid, challenging and in very remote regions of the country where attracting Australian workers can be highly futile.

Businesses like the roadhouse mentioned above, are essential for the Territory to function. They serve as fuel stops for road freight delivering critical supplies, locals and visitors stopping overnight between Alice Springs and Darwin and provide essentials for outback waystations. Regional roadhouses usually cannot attract Australian workers due to their extremely isolated locations and low compensation.

If the current pause on immigration is going to continue, a wage subsidy program is recommended to incentivise Australians made unemployed by COVID-19 to fill this critical labour shortage.

Recommendation 3

Wage subsidy program for regional agricultural, tourism and hospitality businesses to employ Australians made unemployed by COVID-19.

Current Visa Criteria and Conditions

The 2018-19 financial year saw the lowest rate of sc417 visas granted in ten years. Given the current global health and economic crisis, a sharp decline is expected for 2019-20 and the subsequent years to come. To ensure Australia remains competitive against other popular working holiday locations, reform to taxation and superannuation regulations should occur before international travel and migration returns to pre-COVID-19 levels.

In 2016, dramatic changes to taxation and superannuation rates passed resulting in working holiday makers paying more tax than Australian workers. This, plus the increased cost of the visa as well as worker exploitation, all contribute towards Australia becoming uncompetitive in the global backpacker economy.

The controversial 65 per cent tax on superannuation is widely regarded as unfair, given that Australian workers must only contribute 15 per cent. Any returned superannuation income would likely be injected back into tourism, transport, hospitality and retail as WHM move around the country, thus providing an economic stimulus to the nation.

Recommendation 4

Reduce superannuation taxation changes from 65 per cent to 15 per cent to be in line with Australian workers.

Recommendation 5

Review cost of WHM visa application and reduce to be in line with main competitors New Zealand and Canada.

Conclusion

Inability to attract seasonal workers to the remotest parts of the Territory is already a significant challenge for essential agriculture, tourism and hospitality business owners. Historically, these roles are filled by WHM on visa sc417 in agriculture and visa sc462 in agriculture, tourism and hospitality, completing regional and “specified work” in order to qualify for second and third year visas.

Without reforms to policies, further decline of WHM arrivals to the Territory has the potential to cripple some of the most remote and essential businesses. There is a short-term opportunity for these seasonal positions to be filled by Australians made unemployed by COVID-19. In the long term, changes to visa criteria and conditions will ensure the program can return to one of sustainable growth.