

Joint Standing Committee on Migration

Inquiry into the Working Holiday Maker program

July 2020

About the Australian Fresh Produce Alliance

The Australian Fresh Produce Alliance (AFPA) is made up of Australia's key fresh produce growers and suppliers. The members include:

- Costa Group
- Perfection Fresh
- Montague
- One Harvest
- Pinata Farms
- Fresh Select
- Mackay's Banana Marketing
- Driscoll's
- 2PH Farms
- LaManna Premier Group
- Rugby Farming
- Freshmax
- Fresh Produce Group.

These businesses represent:

- half the industry turnover of the Australian fresh produce (fruit and vegetables) sector - \$4.5 billion of the \$9.1 billion total
- a quarter of the volume of fresh produce grown in Australia - 1 million of the 3.9 million tonne total
- more than a third of fresh produce exports - \$410 million of the \$1.2 billion export total
- more than 1,000 growers through commercial arrangements, and
- more than 15,000 direct employees through peak harvest, and up to 25,000 employees in the grower network.

The key issues the AFPA is focusing on include:

- packaging and the role it plays in product shelf life and reducing food waste landfill,
- labour and the need for both a permanent and temporary supply of workers,
- market access to key export markets for Australian produce,
- product integrity both within and outside of the supply chain,
- pollination and research into alternative sources, and
- water security, including clear direction as to the allocation and trading of water rights.

The AFPA's aim therefore is to become the first-choice fresh produce group that retailers and government go to for discussion and outcomes on issues involving the growing and supply of fresh produce.

Products grown by AFPA Member companies include:

Apples	Blueberries	Cherries	Nectarines	Raspberries
Apricots	Broccoli	Fioretto	Onions	Salad leaf
Asparagus	Broccolini	Green Beans	Oranges	Spinach
Avocado	Brussel Sprouts	Herbs	Peaches	Strawberries
Baby Broccoli	Butternut	Lemons	Pears	Sweet Corn
Baby Corn	Pumpkin	Lettuce	Pineapples	Table grapes
Bananas	Cabbage	Mandarins	Plums	Tomatoes
Beetroot	Cauliflower	Mango	Potatoes	Water Cress
Blackberries	Celery	Mushrooms	Cucumber	Wombok



Summary

The fresh produce (fruit and vegetable) industry is both the fastest growing and the most labour-intensive sector within Australian agriculture. Sourcing productive labour in the fresh produce industry is a significant challenge with the sector relying on temporary and seasonal migrant workers to harvest crops. Historically, it has been difficult to attract and retain a local workforce in horticulture, this has been attributed to a number of factors surrounding the nature of the work and the regional location of fresh produce production. These factors have had a significant impact on the availability, quality, and retention of a highly productive workforce.

Initial results from modelling undertaken by Deloitte Access Economics commissioned by the AFPA demonstrates the economic impact of the reduction of WHM on the horticulture industry and broader Australian economy. This modelling indicates that the removal of WHM from the fresh produce industry would have a \$13 billion impact on Australia's GDP, or \$6.3 billion reduction in the value of the horticulture industry.

Removal of WHMs from the fresh produce industry would result in an estimated fall in jobs of 127,900 (headcount) across Australia's economy, with food manufacturing and retail in addition to fresh produce being the hardest hit. Further, the removal of the fresh produce industry's core workforce, WHMs, could lead to significant import substitutes of up to 20% and a 60% increase in the price of fruit and vegetables by kg for Australian consumers.

The harvest workforce in fresh produce is dominated by visa holders, specifically Working Holiday Makers (WHMs) and Seasonal Worker Program (SWP) visa holders. An analysis of harvest labour in horticulture, undertaken by Ernst & Young (EY) outlined that there are between 50,000-71,000 short term roles in fresh produce throughout the year. Further modelling undertaken by Deloitte Access Economics utilising ABARES, ABS and AFPA member data outlines that approximately 52,000 WHMs are employed in the fresh product harvest workforce annually. This is 36% of all WHM in Australia at December 2019.

The WHM program accounts for the majority, approximately 80%, of the fresh produce industry's harvest labour workforce. Workers in Australia on this visa and engaged in farm work are most often referred to as "backpackers". These workers are important in allowing industry to manage significant workforce spikes during peak seasons and access a large number of workers that are inherently mobile (i.e. do not have fixed addresses within Australia) and are therefore able to travel to regional Australia to perform work associated with their visa conditions.

However, the WHM program and associated workers are in Australia predominantly to holiday and travel, not to be employed in agriculture. Many WHM only seek employment in fresh produce to fulfill requirements that enable them to access a second or third year WHM visa. WHM are required to complete 'specified work' for 88 days to be eligible to receive a second year WHM visa. Harvesting roles within the fresh produce industry are considered specified work and therefore many WHM are employed in harvest roles for only 88 days.

WHM are a vital part of the fresh produce workforce, however, industry's reliance on this workforce is not without problems. The fluctuating nature of WHM numbers, as demonstrated clearly during the COVID19 pandemic, exacerbates industry's reliance on labour hire providers and increases difficulty associated with recruitment and workforce planning.



There is a short-term concern (September – December 2020) that the low number of WHMs in Australia, coupled with Australia's domestic border closures and restrictions will culminate in significant workforce shortages during peak horticulture production periods. The medium-term concern for industry may pose an even greater threat; that is, the return of WHM to Australia in 2021 and beyond.

The fresh produce industry is reliant on WHMs, many of whom are only working in fresh produce due to the requirement to undertake this work to secure a second WHM visa and remain in Australia for another 12 months. It is likely that over the next few years due to COVID19 there will be fewer WHMs applying for visas, and therefore a significant reduction in those seeking second and third year visa extensions – this poses a substantial risk to the fresh produce industry.

In addition to the logistical impact of COVID19; border closures, fewer and more expensive international flights and mandatory hotel quarantine, the high rate of unemployment in Australia also poses a risk to the program. WHM are less likely to travel to Australia if they believe there is a shortage of desirable work to fund their holiday while in Australia. The reduction in the number of WHM as a result of COVID19 will have a significant impact on grower's confidence in securing a workforce. Without workforce certainty growers are likely to reduce plantings and lower harvest volumes which will ultimately result in economic losses to fresh produce businesses, the regional community in which they operate and critically a reduction of fresh fruit and vegetables available for Australian consumers.

It becomes challenging for industry to incentivize large groups of people, particularly during a pandemic where border restrictions must be considered, to move from their primary place of residence to temporary accommodation to undertake physically demanding harvest roles. There are also challenges when considering JobSeeker payments, whereby the wage earned picking fruits and vegetables after accounting for regional travel and regional accommodation is not significantly higher than the raised JobSeeker payment.

The AFPA has obtained data from member companies, other growers and labour hire companies that indicates from March 2020 to June 2020, these companies received 23,000 enquiries for work. Only 8% of these enquiries were made by Australian citizens and Permanent Residents.

The AFPA has been vocal on supporting Australians to enter careers in horticulture, with member companies flagging the need for skilled workers in their businesses. As is already the case there is significant scope for Australians to continue to be employed in full-time, ongoing positions in roles such as supervisors, farm managers, product technologists, food safety specialists, machine operators and a range of other skilled roles. However, it is important to note that these skilled roles must be underpinned by reliable seasonal harvest labour sources which to date have included predominantly WHMs, Seasonal Worker Program and Pacific Labour Facility workers. Indeed, based on our data every permanent job performed by an Australian citizen or permanent resident in the industry is dependent on 3 harvest roles, usually performed by visa holders.

The best outcome for the fresh produce industry, and in turn the best outcome for Australians employed and the regional economies in which the fresh produce industry operates and in many instances sustains, would be enabling businesses to maintain ongoing access to workers who want to work in fresh produce harvest roles. Expansion of the SWP is one option that would decrease industry's reliance on WHMs, or the introduction of an additional visa category that addresses this issue. A separate visa category for those wanting to work in agriculture and fresh produce would



redirect a more productive workforce from the WHM visa types, which were not intended at their inception to provide a workforce for the fresh produce industry.

A harvest workforce for the fresh produce industry is vital for ongoing and increasing employment of Australians in full-time, ongoing positions. Thought must be given to an agricultural workforce strategy which provides a visa, training and regional development framework allowing the fresh produce industry to continue employing significant numbers of Australians while also drawing on international workers through the SWP and WHM program during peak harvest times.

In spite of difficulties associated with the WHM program, industry continues to rely upon the program due to the challenges associated with attracting a large and mobile workforce to regional and rural Australia. Ongoing use of the program will be vital to the capacity of fresh produce growers to continue to be able to employ Australians, have a positive economic and social impact on regional economies and provide all Australians with fresh fruit and vegetables.

To provide context for this submission on Working Holiday Makers, please see below for an overall plan for the Fresh Produce Workforce.



Plan to address Fresh Produce Workforce Requirements

The fresh produce (fruit and vegetables) industry's workforce is historically composed of a small number of Australians and permanent residents, Seasonal Worker Program (SWP) and Pacific Labour Facility workers and Working Holiday Makers (WHM). The international and domestic border restrictions imposed in Australia as a result of COVID19 have significantly reduced the number of WHMs and SWP workers that are in Australia and able to work in fresh produce.

As a result of the reduction in the availability of these workers, the fresh produce industry is likely to face significant workforce challenges over the coming months (October – December), and throughout 2021. In order to secure a workforce for the ongoing production of fruits and vegetables, it is important that solutions across the 3 main sources of labour within the harvest workforce are addressed in parallel. Addressing each source of labour will provide the best outcomes to industry, and ensure Australian's access to fruit and vegetables.

Overview of Workforce Solutions

1. Australians and Permanent Residents

Objective: Incentivise Australians and Permanent Residents that have become unemployed due to COVID19 to work in the fresh produce industry

- Relocation Support: \$1,200/worker - paid to worker
- Induction Support: \$1,200/worker - paid to business for worker induction
- Payments made retrospectively to grower and worker after 3 months of work

2. Seasonal Worker Program and Pacific Labour Scheme

Objective: Increase industry's access to a productive, ongoing workforce; sourcing from countries with limited or no COVID19 cases recorded

- Create Pacific Bubble as soon as possible within health requirements
- Increase visas granted under the program to 15,000 annually
- Improve operation and administration of the program

3. Working Holiday Makers (WHM)

Objective: Re-establish access to industry's access to largest labour source, while addressing current program bottle necks

- Open Australian border to WHM visa holders as a priority
- Identify accommodation shortfalls in particular regions and develop solutions with employers, council and state governments

Australians and Permanent Residents

COVID19 has left a significant number of Australians unemployed; however, despite high unemployment rates there has not been an increase in the number of Australians seeking employment in fresh produce, despite the availability of roles. A key difficulty in recruiting Australians in fresh produce is the regional location of the employment. In order to address this issue, a relocation payment should be offered to incentivise Australians to move from metropolitan areas to regional locations where there is harvest work.



Further, an induction support payment should be offered to the business employing this worker to minimise the financial burden of additional induction, training and support costs.

It is recommended that payment be made to both the business and the employee after 12 weeks work has been completed. The fresh produce industry has seen success in attracting WHMs to undertake harvest work in regional areas for 12 weeks with the current 417 and 462 visa schemes incentivising this work through 12-month visa extensions.

Seasonal Worker Program and Pacific Labour Scheme

The Seasonal Worker Program allows workers to be employed in fresh produce for up to 9 months at a time on a returning basis. Many growers have had great success with this program. COVID19 has seen a number of SWP workers unable to travel to Australia with only 8,000 workers currently in Australia compared to 12,000 in a typical year. The remaining 4,000 SWP workers who were due to arrive in Australia, but were unable to travel should be able to travel to Australia as a matter of priority under a Pacific Bubble travel arrangement.

This arrangement would allow industry to have access to its usual workforce necessary to productively harvest fruit and vegetables. Further, access to these workers is of a significantly lower risk than workers from other countries due to the absence of COVID19 infections in many countries participating in the program (e.g. Timor Leste and Vanuatu). Industry proposes to lift the number of workers that can be accessed annually through this program from 12,000 to 15,000 immediately to address the significant decrease in the number of WHM in Australia and provide more certainty to industry around access to a harvest workforce into 2021.

It is recommended that the administration and operation of this program is improved to assist employers and SWP workers to have better certainty over working arrangements and management of worker health and wellbeing during employment in Australia. Improved administration and operation of the program would further assist in alleviating industry's workforce pressures.

Working Holiday Makers (WHM)

The number of WHMs currently in Australia have significantly reduced, with only 80,000 of the usual 140,000 currently being in Australia. As WHM continue to leave Australia, uncertainty around COVID19 and closures of the Australian international border mean that it is increasingly unlikely that WHM will return to Australia in any great numbers in 2021. Fresh produce, as well as tourism and hospitality rely on these workers; it is vital that WHM visas (417 and 462) are prioritised for access to Australia.

WHM in Australia commonly travel to regional areas to undertake horticulture work. Regional areas often have limited accommodation options due to smaller permanent populations. Due to social distancing requirements, a number of regional areas critical to the production of fruit and vegetables, are struggling to accommodate the number of WHMs required at peak harvest. The reduction of available accommodation in regions makes it difficult to attract WHMs to perform harvest work, therefore, in order to best attract this workforce, there is an opportunity to work with employers, councils and state governments to provide solutions to any accommodation shortfalls.



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Introduction

The Joint Standing Committee on Migration launched an inquiry into the Working Holiday Maker program to ensure it is working effectively to support the tourism, health care and agriculture sectors during the COVID-19 economic recovery.

There are around 50,000 fewer backpackers in Australia because of the coronavirus, but once borders re-open, they will be key to filling some roles where Australian workers are usually not available, particularly in regional areas.

The Committee will look at how backpackers can complement, rather than compete with those Australian workers laid off because of the pandemic.

Industry Background

The fresh produce (fruit and vegetable) industry is both the fastest growing and the most labour-intensive sector within Australian agriculture. The labour intensity in horticulture is so high due to low levels of available mechanisation compared to other agricultural sectors such as broad acre farming. While finding mechanisation opportunities is a priority for all fresh produce businesses, this solution will not be arrived at in the short or medium term, therefore industry will continue to remain reliant on manual labour for the picking and packing of fruit and vegetables that are sold to all Australians.

Harvest labour is the largest cost unit in fresh produce businesses, accounting for up to 60 per cent of the total cost of production in some instances¹. Sourcing labour in the fresh produce industry is also a significant challenge with the sector relying on temporary and seasonal migrant workers to harvest crops. Historically, it has been difficult to attract and retain a local workforce in horticulture, this has been attributed to a number of factors surrounding the nature of the work and the nature of the location of fresh produce production. These factors have had a significant impact on the availability, quality, and retention of a highly productive workforce.

The two key factors are:

- A. Nature of the work
 - Often physical work outside in variable weather conditions
 - Work periods and location dependent on the products being harvested
- B. Nature of the locations
 - Remote – difficult to travel, low level of service and accommodation
 - Regional – competition from other industries, opportunities in capital cities
 - Metropolitan – competition from other industry sectors for capable and skilled people

There is currently very limited data on the total fresh produce workforce. The Australian Bureau of Statistics reports that Australian horticulture employs 72,800 people² across 11,490 individual businesses³. Employment in horticulture can be separated into three distinct functional areas:

1. Harvest Labour: harvesting, picking, packing, planting and maintenance (e.g. pruning) of horticultural crops

¹ Demand for farm workers, ABARES farm survey results 2018

² ABARES (2018), Agricultural commodity statistics 2018

³ ABS (2019). Agricultural Commodities 2017-18 Cat no 7121.0



2. Technical: skilled and semi-skilled roles including supervisors, agronomists, food technologists and food safety specialists
3. Management & Administration: farm managers, sales and marketing, category management, human resources and finance and accounting.

The fresh produce workforce is defined by a significant requirement for production/harvest labour roles, relative to output. This is demonstrated below in Figure 1.

TOTAL PRODUCTION		
HARVEST LABOUR 80%	TECHNICAL 15%	ADMIN & MANAGEMENT 5%

Figure 1: Functional areas of fresh produce industry's workforce

In March 2020, the AFPA and AUSVEG collaborated with Ernst & Young (EY) to determine the number, location and timing requirements for harvest labour in horticulture. The analysis undertaken by EY outlined that there are between 50,000-71,000 short term roles in fresh produce throughout the year⁴.

This report demonstrates that these roles vary seasonally and by location. Figure 2 demonstrates the seasonal and geographical fluctuation of short-term roles. For example, production regions like Sunraysia see harvest labour requirements fluctuate from as high as 11,870 short term roles down to only 2,500 following peak season.

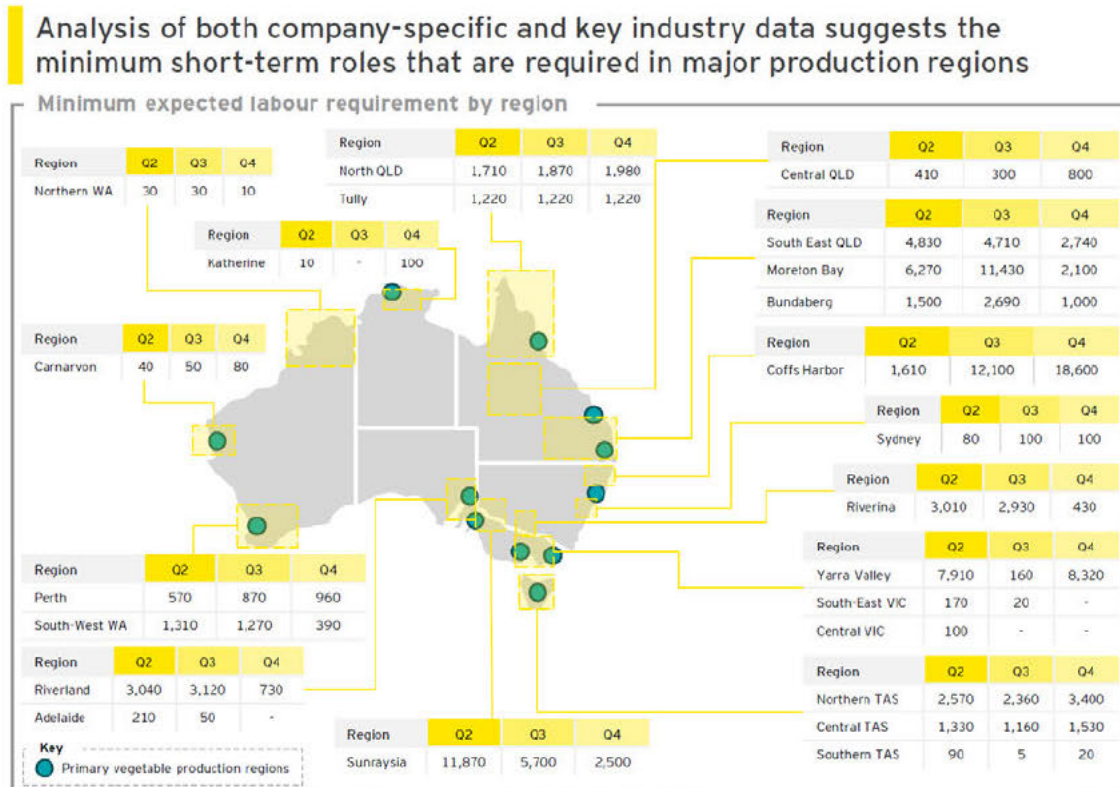


Figure 2: Location, timing and number of short-term roles in fresh produce in 2020

⁴ Ernst & Young (2020), How will the COVID-19 pandemic impact labour in the horticultural industry?



Composition of fresh produce harvest workforce

The harvest workforce in fresh produce is dominated by visa holders, specifically Working Holiday Makers and Seasonal Worker Program visa holders. This is predominantly due to the seasonal nature of work in fresh produce, that is most harvest roles require short, intensive bursts of work rather than ongoing, stable employment. Based on AFPA member data, ABS and ABARES statistics, the harvest workforce composition outlined in Figure 3 has been determined.

TOTAL WORKFORCE	80,000					
HARVEST	65,000					
MANAGEMENT	15,000					
COMPOSITION	52,000 Working Holiday Makers		8,000 Seasonal Worker Program	5,000 Australians & Permanent Residents	5,000 Australians & Permanent Residents	10,000 Owner Operators

Figure 3: Composition of the fresh produce workforce by number and visa type

Sources of harvest labour in the fresh produce industry

As indicated in Figure 3 there are three predominant labour categories making up the harvest workforce; Working Holiday Makers, Seasonal Worker Program and Australians and Permanent Residents.

Australian citizens and Permanent Residents

Australian citizens and Permanent residents are the smallest portion of the fresh produce harvest workforce by number, but represent the largest value by Full Time Equivalent (FTE)⁵ employees. Historically, it has been difficult to attract and retain a local workforce in horticulture, this has been attributed to a number of factors relating to the nature of the work, including the temporary tenure associated with a defined harvest season period (ranging anywhere from 6 weeks to 6 months), and the often remote location of fresh produce production. These factors have had a significant impact on the availability, quality and retention of a highly productive workforce.

Seasonal Worker Program & Pacific Labour Scheme

The Seasonal Worker Program and Pacific Labour Scheme provide between 8,000-12,000 workers to the horticulture industry per year. The Seasonal Worker Program offers workers a *Temporary Work (International Relations) visa (subclass 403)*, this visa type enables qualifying workers to work in Australia for up to 9 months at a time.

The Seasonal Worker Program (SWP) is currently administered by the Department of Education, Skills and Employment and involves program users becoming Approved Employers and being responsible for the ongoing employment, accommodation and welfare of workers. There are approximately 12,000 SWP visas approved annually.

⁵ Australian Fresh Produce Alliance: <http://freshproduce.org.au/resources/>



The Pacific Labour Mobility Scheme (PLS) is a newer scheme introduced in 2018 operated by the Department of Foreign Affairs and Trade. Many employers are currently investigating further utilisation of the PLS in addition to the SWP.

Members of the AFPA are large users of the Seasonal Worker Program and have consistently advocated for the expansion and continued development of this program to support industry's labour requirements.

Working Holiday Maker Program

The Working Holiday Maker (WHM) program accounts for the majority, approximately 80%, of the fresh produce industry's harvest labour workforce. Workers in Australia on this visa and engaged in farm work are most often referred to as "backpackers". WHM Program consists of two streams:

- Working Holiday (subclass 417) visa
- Work and Holiday (subclass 462) visa

Fresh produce industry's use of the WHM program

The Australian fresh produce industry relies heavily on the WHM program to source harvest labour. These workers are important in allowing industry to manage significant workforce spikes during peak seasons. However, the WHM program and associated workers are in Australia predominantly to holiday and travel, not to be employed in agriculture.

Many WHM only seek employment in fresh produce to fulfill requirements that enable them to access a second or third year WHM visa. WHM are required to complete 'specified work' for 88 days to be eligible to receive a second year WHM visa. Harvesting roles within the fresh produce industry are considered specified work and therefore many WHM are employed in harvest roles for only 88 days.

WHMs make up such a large proportion of the fresh produce harvest workforce due to this 88-day requirement for visa extensions. This requirement of 88 days farm work has ensured that growers are able to obtain workers for at least 3 months at any one time and addresses the difficulty of the nature of fresh produce work by mandating WHMs to work in regional Australia and in harvest roles.

The WHM program allows the fresh produce industry to access a large number of workers that are inherently mobile (i.e. do not have fixed addresses within Australia) and are therefore able to travel to regional Australia to perform work associated with their visa conditions.

WHMs are a vital part of the fresh produce workforce, however, industry's reliance on this workforce is not without problems. The fluctuating nature of WHM numbers, as demonstrated clearly during the COVID19 pandemic, exacerbates industry's reliance on labour hire providers and increases difficulty associated with recruitment and workforce planning.

Further, the level of turnover fresh produce businesses experience due to WHMs only wanting or needing to work for 88 days at a time leads to significant productivity losses. A business which operates 12 months of the year will often engage 4 WHMs over the year to perform one harvest role. This increases cost to businesses, while decreasing productivity.



In spite of difficulties associated with the WHM program, industry continues to rely upon the program due to the difficulties associated with attracting a large and mobile workforce to regional Australia. Ongoing use of the program will be vital in fresh produce being able to continue to employ Australians, sustain regional economies and provide all Australians with fresh fruit and vegetables.

Terms of Reference

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

The Working Holiday Maker (WHM) program accounts for the majority of the fresh produce industry's harvest labour workforce. Workers in Australia on this visa and engaged in farm work are most often referred to as "backpackers". WHM Program consists of two streams:

- Working Holiday (subclass 417) visa
- Work and Holiday (subclass 462) visa

The key difference between these two visa streams are that Work and Holiday visa arrangements generally have caps on the number of visas granted annually and additional eligibility requirements⁶. These additional requirements often include functional English, completion of some undergraduate study and a letter of support from the applicant's home country/government.

The WHM visa program has a particular emphasis on young adults with visa requirements limiting access to the program to those between the ages of 18-35. There are currently 44 partner countries involved in the program.

WHM visas are issued for 12 months. During this 12 months period a WHM is able to work for the full 12 months. Workers who are employed in "plant and animal cultivation" are eligible to remain employed by the same employer for the full 12 months.

An important feature of the program in relation to the fresh produce industry, is the ability for WHMs to extend their visas for an additional 12 months. WHMs are able to do this twice during their time in Australia for a total visa length of 3 years. To obtain a second-year visa (applicable to both subclass 417 and 462 visa holders), three months of 'specified work' must be performed in regional Australia.

The areas and nature of 'specified work' are outlined by the Department of Home Affairs, with respect to fresh produce specified work could include⁷:

- The harvesting and/or packing of fruit and vegetable crops
- Pruning and trimming vines and trees directly associated with the cultivation and commercial sale of plant product such as fruit and nut crops
- General maintenance crop work
- Cultivating or propagating plants, fungi or their products or parts
- Immediate processing of plant products

Visa requirements dictate that this work must be performed for three months or 88 days for applicants to be eligible for a second-year visa. The same process applies for those WHM seeking a third-year visa; however, the work requirement is extended to six months or 176 days. The ability for

⁶ Department of Home Affairs (2019) Working Holiday Maker visa program report

⁷ Department of Home Affairs: <https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-listing/work-holiday-417/specified-work>



WHMs to extend their visa by a third year was introduced in November 2018 along with a number of other changes including expansion of regional areas where qualifying work can be undertaken, increasing the length of time a WHM can be employed by the same agricultural employer, increase in ages eligible to access the program and an increase in the annual caps on visas granted⁸. The purposes of these changes were to address shortages of workers in regional Australia.

Figure 4⁹ indicates the number of WHM visas in Australia at 31 December 2019. The AFPA estimates that approximately 52,000 WHM work in horticulture annually. Based on total WHM in Australia, this is 36% of WHMs working in fresh produce annually.

4 Visa holders in Australia

4.03 Working Holiday Maker visa holders in Australia at 31 December 2019 by visa type and visa subclass - comparison with previous four periods

Visa Subclass	31/12/17	30/06/18	31/12/18	30/06/19	31/12/19
417 Working Holiday					
First visa	104,275	90,434	99,336	85,684	91,811
Second visa	27,282	28,090	28,352	30,126	28,006
All 417 Working Holiday	131,557	118,524	127,688	115,810	119,817
462 Work and Holiday					
First visa	13,308	13,700	14,081	14,796	15,852
Second visa	1,566	2,685	3,710	4,657	5,473
All 462 Work and Holiday	14,874	16,385	17,791	19,453	21,325
All Working Holiday Maker	146,431	134,909	145,479	135,263	141,142

Figure 4: Visa holders in Australia at December 2019

Value of the Program to the fresh produce industry: The value of the program to Australia's economy, including tourism, health care and agriculture sectors.

The fresh produce industry is reliant on the WHM program to supply labour for the majority of the harvest workforce. The roles in the harvest workforce are critical in both continuing the ongoing supply of fruit and vegetables to Australians but also underpinning regional economies and Australian jobs.

In commissioning Deloitte Access Economics to model the effect of changes to the harvest workforce on the Australian economy, it was estimated that the harvest workforce is responsible for 80% of the production of Australian fruit and vegetables; currently, WHMs make up 80% of the harvest workforce. The WHM program underpins the fresh produce workforce, which enables the long term, ongoing and full- time employment of Australians in more skilled and semi-skilled roles.

Work undertaken by Deloitte Access Economics commissioned by the AFPA¹⁰ indicates the economic impact of the reduction of WHM on the horticulture industry and broader Australian economy. This modelling estimates that the removal of WHM from the fresh produce industry would have a \$13 billion impact on Australia's GDP, or \$6.3 billion reduction in the value of the horticulture industry.

⁸ Department of Home Affairs: <https://www.homeaffairs.gov.au/news-subsite/Pages/2018-ov/working%20holiday%20maker%20visa%20program.aspx>

⁹ Department of Home Affairs (2019) Working Holiday Maker visa program report

¹⁰ Initial results Deloitte Access Economics 2020 *Economic impact of workforce changes to the Australian fresh produce industry* – available on request
nquiry into the Working Holiday Maker program July 2020



Removal of WHMs from the fresh produce industry will result in an estimated fall in jobs of 127,900 (headcount) across Australia's economy, with food manufacturing and retail in addition to fresh produce being the hardest hit. Further, the removal of the fresh produce industry's core workforce, WHMs, would lead to significant import substitutes of up to 20% and a 60% increase in the price of fruit and vegetables by kg for Australian consumers.

Critically, the fresh produce industry is an industry in growth. From 2013-2017, the fresh produce sector grew from \$7 billion to a \$9 billion industry¹¹. During this time, fresh product exports nearly doubled from \$654 million to \$1.179 billion. This strong growth underpins regional communities in which farms are located but to be continued must be matched with appropriate, reliable and productive source of harvest labour.

Impact of COVID19: The ongoing impact of COVID-19 nationally and internationally on the program.

The AFPA understands that from March 2020 to present, the number of WHMs in Australia has decreased from approximately 140,000 to approximately 80,000.

Based on industry analysis and economic modelling undertaken by Deloitte Access Economics, it is understood that the fresh produce industry employs approximately 52,000 WHM annually. This is in line with a labour demand study undertaken by EY that indicated that there are between 50,000-71,000 short term (or harvest) roles in fresh produce annually.

COVID19 has had a significant impact on the WHM program and therefore on fresh produce labour supply arrangements. COVID19 international border closures, both with respect to Australia and other partner countries, saw a significant portion of WHMs leave Australia early in the pandemic (March 2020). Though the number of WHM currently leaving Australia has significantly reduced, there is wide-spread concern in the fresh produce industry that there will be significant workforce shortages created by COVID19.

There is a short-term concern (September – December 2020) that the low number of WHM in Australia, coupled with Australia's domestic border closures and restrictions will culminate in significant workforce shortages during peak horticulture production periods. The medium-term concern for industry may pose an even greater threat; that is, the return of WHM to Australia in 2021 and beyond.

The fresh produce industry is reliant on WHMs, many of whom are only working in fresh produce due to the requirement to undertake this work to secure a second WHM visa and remain in Australia for another 12 months. It is likely that over the next few years due to COVID19 there will be fewer WHMs applying for visas, and therefore a significant reduction in those seeking second and third year visa extensions – this poses a substantial risk to the fresh produce industry.

In addition to the logistical impact of COVID19; border closures, fewer and more expensive international flights and mandatory hotel quarantine, the high rate of unemployment in Australia also poses a risk to the program. WHM are less likely to travel to Australia if they believe there is a shortage of desirable work to fund their holiday while in Australia. The reduction in the number of WHM as a result of COVID19 will have a significant impact on grower's confidence in securing a

¹¹Australian Fresh Produce Alliance (2019) Growing a healthier Australia
nquiry into the Working Holiday Maker program July 2020



workforce. Without workforce certainty growers are likely to reduce plantings and lower harvest volumes which will ultimately result in economic losses to fresh produce businesses, the regional community in which they operate and critically a reduction in the type and quantity of fresh fruit and vegetables available throughout the year for Australian consumers.

Regional Economic Impact: 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; and the capacity, if any, for Australian's made unemployed by COVID-19 to fill the labour shortage.

The fresh produce industry is a significant contributor to Australia's regional economies. Fresh produce businesses are large employers in these areas providing full-time, ongoing work for Australians. In addition to direct employment in regions, fresh produce businesses also support local small to medium sized businesses such as electricians, mechanics, accommodation providers, freight and logistics providers and a range of other trade and professional services. The industry's ongoing support of the regional economies is dependent on the ability to productively grow, harvest and sell fresh fruit and vegetables. These activities require a significant and stable access to a workforce, the WHM into the future may no longer offer this to growers.

Work undertaken by Deloitte Access Economics commissioned by the AFPA¹² indicates the economic impact of the reduction of WHM on the horticulture industry and broader Australian economy. This modelling demonstrates that the removal of WHM from the fresh produce industry would have a \$13 billion impact on Australia's GDP, or \$6.3 billion reduction in the value of the horticulture industry.

Removal of WHMs from the fresh produce industry will result in an estimated fall in jobs of 127,900 (headcount) across Australia's economy, with food manufacturing and retail in addition to fresh produce being the hardest hit. Further, the removal of the fresh produce industry's core workforce, WHMs, economic modelling predicts significant import substitutes of up to 20% and a 60% increase in the price of fruit and vegetables by kg for Australian consumers.

Historically, Australians and permanent residents have made up a small portion of the harvest workforce. This can predominantly be attributed to the nature and location of harvest work. Work undertaken by EY demonstrates that in peak season, regions such as the Sunraysia in Victoria require workers to fill over 11,000 short term roles.

Though there is scope to employ more Australians in these roles, and industry would welcome interest in these roles from Australians, this is not without its challenges. Using Sunraysia as an example, the peak season for harvest roles is short lasting approximately 3 months where a significant number of people are required. These short-term roles would require large numbers of people, to travel from metropolitan Australia to the Sunraysia, where they would need additional accommodation for only 3 months work.

It becomes challenging for industry to incentivize large groups of people, particularly during a pandemic where border restrictions must be considered, to move from their primary place of residence where they are relatively safe, to temporary accommodation to undertake physically demanding harvest roles. There are also challenges when considering JobSeeker payments, whereby

¹²Initial results Deloitte Access Economics 2020 *Economic impact of workforce changes to the Australian fresh produce industry* – available on request
inquiry into the Working Holiday Maker program July 2020



the wage earned picking fruits and vegetables after accounting for regional travel and regional accommodation is not significantly higher than the raised JobSeeker payment.

The AFPA has obtained data from member companies, other growers and labour hire companies that indicates from March 2020 to June 2020 a period during which unemployment increased significantly, these companies received 23,000 enquiries for work. Only 8% of these enquiries were made by Australian citizens and Permanent Residents.

The AFPA has been vocal on supporting Australians to enter careers in horticulture, with member companies flagging the need for skilled workers in their businesses. There is already significant scope for Australians to be employed in full-time, ongoing positions in roles such as supervisors, farm managers, product technologists, food safety specialists, machine operators and a range of other skilled roles. However, it is important to note that these skilled roles must be underpinned by reliable harvest labour sources which to date have included predominantly WHMs, Seasonal Worker Program and Pacific Labour Facility workers. Indeed, based on our data every permanent job performed by an Australian citizen or permanent resident in the industry is dependent on 3 harvest roles, usually performed by visa holders.

Relevance of Program conditions: 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.

The current visa conditions both encourage and ensure that WHMs work in the agriculture sector and the fresh produce industry. The WHMs conditions encourage work in the harvest workforce in the fresh produce industry, which underpins full-time, ongoing employment of Australians in a range of other roles in the sector.

The WHM as a source of labour for the fresh produce industry is not entirely fit for purpose. This program provides a volume of workers to industry but does not address productivity concerns. Many who work in fresh produce on this visa or undertaking this work for 88 days only as a mandated requirement. These workers are employed, complete their 88-day requirement, and then leave to continue traveling or working elsewhere. The consistent turnover of WHMs is problematic for fresh produce businesses as it means there are significant costs associated with training and onboarding only to have workers leave once they are competent in the role.

This is in contrast to the Seasonal Worker Program which not only has a longer period of employment (9 months) but also encourages workers to return to Australia, often the same business and similar role the following year. This enables ongoing training, increased proficiency, skills, and a greater level of productivity among this workforce.

There are a number of WHMs who travel to Australia on this visa, specifically to work in agriculture, or fresh produce. These workers are able to be employed by one fresh produce employer for 12 months, or multiple employers throughout the year as they follow Australia's harvest trail. These workers become more proficient and productive than other WHMs who only enter the industry for 88 days.

The best outcome for industry, would be enabling access to workers who want to work in fresh produce harvest roles, which is currently done through the SWP and a small number of WHM. Expansion of the SWP is one option that would decrease industry's reliance on the WHM, or the introduction of an additional visa category that addresses this issue. A separate visa category for



those wanting to work in agriculture and fresh produce would redirect a more productive workforce from the WHM visa types, which were not intended to provide a workforce to industry.

A harvest workforce for the fresh produce industry is vital for ongoing and increasing employment of Australians. Thought must be given to an agricultural workforce strategy which provides a visa, training and regional development framework allowing the fresh produce industry to continue employing significant numbers of Australians while also drawing on international workers through the SWP and WHM program during peak harvest times.

Economic Recovery: The extent to which the program can support economic recovery in regional Australia.

Fresh produce has a significant economic footprint across regional Australia where circa 30% of our nation's GDP is generated. In many regional areas fresh produce growers are the major economic presence and the direct and indirect employment they provide generates a significant economic multiplier effect. AFPA members provide employment for up to 22,000 workers across their various grower networks, with these jobs being overwhelmingly located in regional areas.

The WHM program is vital to the fresh produce industry and the regional communities in which it operates. The large influx of WHM into regional communities in line with the fresh produce businesses that operate there have significant flow on effects for local businesses such as restaurants and accommodation providers who rely on this seasonal trade. Further, the WHM program plays a vital role currently in fulfilling the fresh produce industry's harvest workforce requirements. Without these workers fresh produce businesses would operate at significantly reduced capacity and some may not even be able to harvest crops which will slow and potentially prevent economic recovery in some regions of Australia.

