



## **AUSVEG submission to Inquiry into the Working Holiday Maker**

**24 July 2020**

### About AUSVEG

AUSVEG is the National Peak Industry Body representing the interests of the Australian vegetable and potato industry. AUSVEG has member organisations in each state and is run by growers.

As the Peak National Body, our work includes industry advocacy, industry communication, export development and market access, biosecurity and a variety of other research and extension activities, industrial relations, training and development, migration and a wide range of grower needs.

AUSVEG welcomes the opportunity to provide a submission into the Inquiry into the Working Holiday Maker program by the Joint Standing Committee on Migration.

### Summary

AUSVEG supports the Working Holiday Maker program in its current format, as much of the industry has become reliant on it and have built their business structure around it.

However, growers have also developed their businesses to satisfy consumer expectations around availability of fresh produce, which is all-year round for most fruits and vegetables.

It is on that basis that growers should not have to rely on Working Holiday Makers as a singular pathway for its pickers and packers and should have a access to a more reliable, efficient and competent workforce, just like any other Australian business.

AUSVEG strongly believes this can be achieved with the addition of the two Skill level 5 occupations under the Horticulture Industry Labour Agreement.

\*For any further information of clarification on this submission please contact AUSVEG National Public Affairs Manager, [REDACTED]

### Introduction

AUSVEG has had a keen interest in Australia's migration policy as it is our firm belief that growers must *"be able to access an efficient, reliable and competent workforce for their business"*.



AUSVEG has intervened on a number of fronts to ensure that current training systems meet the changing skills needs of the industry and that the industry can access skilled labour through a variety of migration options where there is domestic market failure.

AUSVEG has concentrated its efforts in the workforce space on improving migration outcomes for the industry, be it through skilled visas, the Seasonal Worker Program, Pacific Labour Scheme and the Working Holiday Maker Program, particularly given the bulk of our industry is located in regional areas and expanding along with Australia's and the Asia/Pacific region's growing population.

Ideally, growers would be able to access their workforce locally through domestic channels; but, for various reasons, such as disinterest in working in the regions, and a lack of interest in working in the industry, growers have had no option but to turn towards migration as the main solution for their workforce needs.

The Working Holiday Maker program, Seasonal Worker Program and Pacific Labour Scheme are all pieces of the horticulture labour puzzle that various horticulture commodities rely on for their different labour requirements.

According to the Australian Bureau of Statistics, Australian horticulture crop production was valued at \$10.1 billion in 2017/18, making it Australia's third highest valued agricultural sector. The horticulture industry is a significant player in Australian agriculture and will play a major contributing role in the government's and industry's ambitious target for agriculture to increase its value to \$100 billion by 2030.

The industry noted the Prime Minister's support for the target at the Bush Summit in Dubbo on 18 July 2019, and that Agriculture Minister David Littleproud is supportive of the target.

According to ACIL Allen Consulting, the unadjusted projected farm-gate value of horticulture will be \$14.6 billion by 2030, a 33 per cent increase on its 2016/17 value and the highest percentage growth of any Australian agriculture sector. AUSVEG recognises this forecast as slightly conservative given wider Asia Pacific regional food shortages driving new export industries.

The horticulture industry, however, believes it can make an even greater contribution to that figure with access to a reliable and competent workforce.

## Working Holiday Maker Program

The Working Holiday Maker program has become a vital piece of the Horticulture labour puzzle, particularly for lower-skilled roles such as picking and packing.

The seasonal and casual demand requirements, especially during peak harvest periods, always vary considerably depending on climatic factors, the specific crops and the locations of the businesses, but have been largely satisfied by the Working Holiday Maker program, the Seasonal Worker Program and Pacific Labour Scheme.

Even with these programs in place, there have been some continuing issues with adequate deployment to a number of regions, resulting in some cases of crops not being fully harvested.



The workforce and skills gaps within the industry can be best presented within the following table, which relates to specific visa programs:

Harvest Period	Labour Gap	Suitable Visa Program
Less than 3 months	Lower-Skilled	<b><i>Working Holiday Maker ("WHM")</i></b>
3-9 months	Lower-Skilled	Seasonal Worker Program ("SWP")
9+ months	Lower-Skilled	Horticulture Industry Labour Agreement ("HILA")
12+ months	Lower-Skilled, Semi-Skilled & Skilled	Horticulture Industry Labour Agreement ("HILA")

The industry is supportive of programs such as the Pacific Labour Scheme, but it is still too early to assess the effectiveness of the program and any adjustments that may be required.

The horticulture industry clearly requires a more stable, reliable and competent workforce, especially in the higher-skill occupational roles. Currently, for businesses requiring a workforce for at least 12 months, there are few, if any, options. This creates serious inefficiencies and administrative issues for a range of businesses as they will look to use a SWP or WHM worker to satisfy their needs.

This often results in a very costly process, involving 'rolling over' existing SWP or WHMs for the nine months or 88-day period, which simply means growers have to spend additional time to adequately train new employees and set up new payroll systems.

This is an incredibly costly and burdensome administrative process and is a highly inefficient way to manage a workforce. The problem is that many businesses currently have no option given the difficulties accessing their labour needs.

### [A need for a more consistent workforce](#)

The 88-day component of the Working Holiday Maker program has been successful, particularly in helping ensure a seasonal workforce for horticulture.

However, it is out of necessity that a Working Holiday Maker will consider heading out to the regions and consider a job in horticulture. They must complete their 88-days before being allowed a second-year visa, or a further 88-days to be allowed to stay for a third year.

This is not a preferred workforce for our industry and should not be relied upon as the industry's core workforce for those lower-skilled occupations.

Essentially forcing an individual to go out to the regions is not the best message to send to a backpacker. It becomes problematic for a grower as it can lead to management issues or a lack of productivity, which also destroys grower confidence to reinvest and grow their business.

Labour is 60 per cent of the total cost of production on average for any horticulture business and it is imperative that growers get an efficient and reliable workforce to allow them to grow.



It is generally accepted that Working Holiday Makers are an inefficient workforce compared with that of the SWP, but industry has continued to adapt to whatever visa pathways are available to them to help fill their workforce gaps.

Vegetable growers operate year-round and do not have the necessary peaks and troughs that other commodities do. As a result, their labour needs are more consistent, meaning they require pickers and packers for 52-weeks of the year.

It is extremely common that, once a backpacker completes their 88-days, they cease their employment with the grower, choosing to continue their travel or relocate back to the city.

This can mean a vegetable grower can employ up to four different backpackers to complete the same task in a given year. As mentioned previously, this is highly inefficient with added time, cost, energy, administrative process to train and bring in new workers each 88-days or 9-month process under the SWP.

A solution to this issue for growers is to extend the recent Horticulture Industry Labour Agreement (HILA) to include two Skill Level 5 occupations to the agreement:

- Horticulture Process Worker
- Horticulture Field Worker

This allows growers to be able to access a consistent workforce for 12+ months and also be able to develop and upskill them within their business.

This would help improve grower confidence significantly and see horticulture make an even greater contribution that its forecast 33 per cent increase to Australia's target of becoming an \$100 billion industry by 2030.

### Impact on domestic employment

The impact adding that two the occupations to the HILA would have on the sector would also be significant in terms of domestic employment.

A recent survey by the Australian Fresh Produce Alliance (AFPA) found that for every three foreign workers employed, the industry employs an Australian full-time in more skilled and managerial positions.



### Australian Fresh Produce Alliance – Workforce Data

<b>WORKFORCE (NUMBER OF PERSONS)<sup>1</sup></b>				
Australian Citizen or Permanent Residents	Seasonal Worker Program	Working Holiday Makers	Other <sup>2</sup>	Persons Total
5,717	2,924	12,379	1,030	22,049
26%	13%	56%	5%	

<b>WORKFORCE (FULL TIME EQUIVALENTS)<sup>3</sup></b>				
Australian Citizen or Permanent Residents	Seasonal Worker Program	Working Holiday Makers	Other	Persons Total
5,717	2,249	3,177	412	11,555
49%	19%	27%	4%	

*\*1 Data provided by members of the Australian Fresh Produce Alliance at April 2019*

*\*2 Other category refers to employees who hold other visa types including New Zealand citizens and students*

*\*3 Data converted to FTEs based on following employment lengths converted to 12 months employment; Citizens: 12 months, SWP: 9 months; WHM: 3 months; Other: 2.5*

This should not be understated, in that without picker and packer occupations, the entire supply chain falls from factory workers, to transport operators, to supermarket and wholesale market staff, is at risk .

This is another reason why the industry requires a consistent workforce to continue to supply Australia and the world with fresh produce.

### Impact of COVID-19

The impact of COVID-19 on WHM and on the horticulture industry should also not be understated. There has already been about a 35 per cent decline of working holiday makers in Australia and that is likely to worsen as we get closer to Christmas, as well as leave Australia will a significant shortfall of workers in early 2021.

This again highlights the heavy reliance the horticulture industry has on backpackers and the need to have other available workforce streams.

AUSVEG is currently working with a number of industry bodies including the National Farmers' Federation Horticulture Council and the Australian Fresh Produce Alliance on collecting workforce demand information from growers. Industry is attempting to break that information down into



regional areas to best understand the workforce needs of industry, as well as fully gauge the impact COVID-19 will have on the sector. Determining the regionality of worker shortages will be critical to directing an effective response – whatever that may look like. A lack of existing survey data and an inability to track the location of working holidaymakers in-country poses a considerable barrier to assessing the best possible approach to bridging workforce gaps and ensuring that farms who rely on them are able to continue operating.

Feedback from our state members and growers indicates that while the immediate-term consequences of COVID-19 on workforce numbers are not entirely unmanageable, solutions are needed in order to prevent serious productivity shortfalls during peak seasons over the coming months.

## Recommendations

1. AUSVEG supports the retention measures to ensure current working holidaymakers do not voluntarily abandon the program and/or fail to return in subsequent years. For example:
  - a. The extension of some Government support programs to current visa-holders, in order to retain current working holiday makers and encourage future retention.
2. The addition of skill level 5 occupations to the Horticulture Industry Labour Agreement (HILA).
  - a. Horticulture Process Worker
  - b. Horticulture Field Worker