

## SUBMISSION TO JOINT STANDING COMMITTEE ON MIGRATION

### INQUIRY INTO THE WORKING HOLIDAY MAKER PROGRAM

#### MADEC AUSTRALIA

#### **BACKGROUND**

##### **MADEC**

MADEC is a community based, not for profit business that has been delivering employment, training and community development initiatives, primarily in Victoria, South Australia and NSW for 50 years. MADEC has a permanent staff of over 330 throughout Australia with the head office located in Mildura, Victoria.

MADEC has a number of employment related contracts with the Australian Government Department of Education, Skills and Employment (DESE), one of which is to operate the Harvest Trail Information Service (HTIS), which has the objective of providing information to government on horticulture labour issues as well as referring jobseekers to employers and vice versa. **Jobseekers on Working Holiday Maker (WHM) visas represent the majority fo people contacting the HTIS.**

Additionally, MADEC operates 11, region-specific, Harvest Trail Service offices located in areas of high horticulture labour demand, and once again, these are operated under DESE contracts. MADEC was successful in obtaining tenders to operate five additional Harvest Trail Service Offices in Tasmania, Victoria, NSW and Queensland from 1 July 2020.

MADEC are also actively involved as an Approved Employer in the Australian Government's Seasonal Worker Program (SWP), with over 1,800 workers from Pacific Island countries and East Timor currently placed with growers through MADEC Labour Hire. MADEC are also an approved employer for the Pacific Labour Scheme (PLS) and are a licensed labour hire provider in Queensland and SA, have an application pending in Victoria and are Staffsure certified with the RCSA.

##### **Harvest Trail Information Service**

The HTIS is a government funded service that helps growers find casual or temporary workers in the horticulture, grain, cotton and sugar cane industries. Since its inception 17 years ago the HTIS has received over 1.07 million calls from people looking for work, and filled over 500,000 vacancies for growers. There is no cost for growers or workers to access the HTIS.

The HTIS has three major components:

1. The National Contact and Communications Centre (NCCC), which provides information to jobseekers, growers and industry, and can refer workers to Harvest Trail vacancies, to a dedicated Harvest Office or other potential work sources. The NCCC is open from 8.00am-11.00pm Mon-Fri (AEST) and can be contacted on 1800 062 332.
2. Harvest Trail Website (HTW) - [harvesttrail.gov.au](http://harvesttrail.gov.au), which lists vacancies for harvest work. Vacancies can be listed on the website by the NCCC, individual Harvest Trail Offices (who

operate in specific horticulture regions under separate contracts with the Commonwealth Government), or directly by individual growers or business. The HTW is a component of the much larger jobactive website.

3. National Harvest Guide

<https://jobsearch.gov.au/documents/harvest%20guide%2020150225.pdf> This document provides extensive information on locations of harvest work in Australia as well as the types of crops in specific towns/areas, peak demand for labour and travel, tourist and accommodation information for each town and is available on-line.

## **THE HARVEST LABOUR MARKET**

### **How many workers are needed?**

It is difficult to determine the number of workers required to fill all of the seasonal vacancies in the horticulture industry, as seasonal positions can be of wildly varying duration from as little as three or four days, to basically ongoing for industries such as protected cropping and banana production. Additionally, some positions may be filled by three or four people or conversely, one person may undertake four or five different positions within a 12 month period.

A recent Ernst and Young report concluded between 50,000 and 71,000 roles would be needed between Apr and Dec 2020 (How will the COVID-19 pandemic impact labour in the horticultural industry, Ernst & Young Australia 2020). However, another recent report suggested a need for 130,000 workers annually (Towards a durable future – tackling labour challenges in the Australian Horticulture Industry. Joanna Howe, Stephen Clibborn, Alexandar Reillu, Diane van den Broak & Chris F Wright, 2019).

### **Where do the workers come from?**

#### ***Australian Residents***

Differences between agricultural industries, farm size and location shape the demand for labour, workforce make-up and recruitment experiences of farms. Large farms employ more workers, are less reliant on family and have more workers with technical skills.

Interestingly, a recent report (Department of Agriculture - Demand for farm workers: ABARES farm surveys 2018) concluded that Australian residents still provide around 50% of the labour on horticulture properties, with the ratio being higher for smaller farms.

It is reasonable to conclude that Australian workers fill the majority of skilled and semi-skilled, permanent positions, where they are available. It is useful to make a distinction between those skilled workers who fill supervisory, management and other long-term positions on farms, and the cohort of mostly overseas workers who perform largely unskilled or low-skilled seasonal or irregular work.

### ***Working Holiday Makers***

Most people working the 'harvest trail' are backpackers on WHM subclass 417 and 462 visas, which allow a 12 month visa extension if 88 days of specified rural work is completed, or a further 12 month extension if an additional six months of specified work is undertaken in the second year. There are no caps on issue of 417 visas, while 462 visas have individual country caps which are constantly reviewed and altered. 462 visa holders also need to have completed, or be completing tertiary studies prior to being granted a visa.

81% of the 17,385 callers to the HTIS for the 2018/19 year were visa holders, overwhelmingly 417 and 462 visa holders, with a few student and other visa holders. Australian residents make up the remainder of callers, with enquiries from this demographic initially spiking, then declining as a result of the COVID-19 outbreak.

### ***Seasonal Worker Programme***

An increasingly important source of casual horticulture workers is the Seasonal Worker Programme (SWP), which was introduced in 2012 following an evaluation of the Pacific Seasonal Worker Pilot Scheme (PSWPS) which ran from 2008-2012. If suitable Australian workers cannot be sourced, the SWP allows people from the Pacific and Timor-Leste to work on Australian farms for up to nine months, return in subsequent seasons and is an uncapped, demand driven program.

This program represents the first effort by an Australian government to explicitly open low-skilled work opportunities to Pacific Islanders since Federation. The initial PSWPS and now SWP was largely modelled on the success of New Zealand's equivalent RSE scheme.

After a slow start, the SWP is now growing exponentially and increased by over 3,000 workers in 2018-19 to total just over 12,000 participants. Indications are that similar growth rates were being achieved in 2019/20 prior to disruption of travel due to the COVID-19 outbreak. The SWP is dominated by participants from three countries. Vanuatu, Tonga and Timor-Leste comprise approximately 85% of the workers.

Growers have embraced the programme due to the certainty it provides in terms of commencement and departure times, reliability and productivity of the workers, less training needed when workers return, and the opportunity to select workers from different countries depending on the type of work to be undertaken. Perceived downsides of the programme are onerous administrative requirements and increased costs.

### ***Pacific Labour Scheme***

The Pacific Labour Scheme (PLS) enables people from the Pacific and Timor-Leste to take up low and semi-skilled work opportunities in rural and regional Australia for up to three years, and is a complementary program to the SWP.

The PLS only commenced on 1 July 2018 and has not seen a significant number of workers placed into horticulture positions. It will likely fill a niche gap for semi-skilled workers such as fork lift and tractor drivers.

### ***Horticulture Industry Labour Agreement***

From 1 January 2020, businesses in Australia's horticulture industry have been able to apply for the new Horticulture Industry Labour Agreement (HILA). The HILA increases access to skilled and semi-skilled migrant workers for the horticulture industry, where appropriately qualified Australians are unavailable. The HILA is not available for unskilled workers.

The HILA can be used by Australian employers for the following:

- Sponsor overseas workers for the Temporary Skill Shortage (TSS) (subclass 482) visa for a total of 31 approved occupations.
- Sponsor overseas workers for permanent residency under the a) Skilled Employer Sponsored Regional (SESR) (subclass 494) visa program with a permanent pathway to a Permanent Residence (Skilled Regional) visa (subclass 191) available after three years; or b) Employer Nomination Scheme (ENS) (subclass 186) visa program after a three or four year transitional period on a TSS visa—three years for approved Skill Level 1-3 occupations and four years for approved Skill Level 4-5 occupations.

### ***Illegal Workers***

A significant cohort of the horticulture workforce consists of illegal workers (also known as 'undocumented workers') who can be categorised as:

- Visa overstayers — when a visa is no longer valid because it has expired.
- Visa holders without a right to work — typically, these involve migrants on tourist visas that do not contain a right to work in Australia
- Visa holders in breach of a visa condition allowing a limited right to work — these are usually international students in breach of the restriction preventing them from working for more than 40 hours a fortnight during semesters.

Because they are employees with no legal work rights, accurate data on these workers is limited. However, a recent survey by the Victorian Farmers Federation (Harvest Labour a Case Study, VFF 2019) provided some illuminating information on the reliance on these workers by the table grape industry in the Sunraysia region of Victoria and NSW.

Key outcomes of the VFF survey which represented 23% of farming area in the Sunraysia region indicated that:

- 96% of the growers surveyed used a labour hire contractor to source labour;
- 71% of surveyed growers had knowingly or unknowingly had undocumented workers on their property;
- This was reflective of 28% of the workforce in the region.

The use of such large numbers of illegal workers is not indicative of all horticulture industries. However, it does indicate that their presence in some areas is significant, and that particular industries have developed employment models that incorporate use of illegal labour as a standard practice.

Justification for the use of illegal workers is often based on a lack of alternative workers being available. However, MADEC rejects that assertion as the Harvest Labour Service that operates in the Sunraysia region sees little demand from table grape growers – despite having screened, inducted, legal workers available.

Often illegal workers have lived in the community for many years, are productive and reliable and it is easy to see why growers value their contribution. However, it cannot be denied that growers are also gaining a distinct financial advantage as illegal workers have substantially lower overheads due to not receiving super or workcover services. They are also unlikely to complain about working conditions or piece rates as they have a fear of being uncovered if they report issues to government agencies.

### **Is there a worker shortage?**

#### ***Prior to COVID-19***

History shows that there have been periods of persistent shortages of seasonal horticulture workers and this was apparent during the early years of the HTIS contract which began in 2003. This shortage continued until shortly after the introduction of the WHM visa extension in 2005. This policy decision coupled with a downturn in the economies of many countries after the GFC (who were signatories to the WHM visa exchange program), saw a rapid increase in the number of initial and second WHM visa's issued, hitting a high in 2013 with around 266,000 WHM visa grants – though it needs to be noted that only about one in seven people granted a WHM visa will end up doing horticulture work. However, this still represents a significant pool of workers.

Following eight years of double digit growth in WHM visa grants, it is not surprising that numbers eventually started to fall and the HTIS identified this in 2015 when the number of new WHM visa grants reduced by around eight percent, and indicated that for the first time in around eight years, a reduction had occurred in what had been a plentiful and ever growing seasonal labour workforce. This prediction has now been borne out, with the total number of WHM visa grants dropping by 38,190, to 211,011 in 2018/19.

While this is a substantial decline, it must be remembered that these figures come off the high base in 2015 where there was a significant oversupply of WHM's looking to undertake horticultural work to obtain their visa extension. Analysis of some of the factors leading to the drop in numbers reveals the following key drivers:

- Improvements in the economies of several key sending countries such as Ireland and a high Australian dollar made potential WHM's less inclined to travel to seek seasonal work

- A small decline in WHM grants to countries such as South Korea and Taiwan have a disproportionate impact on the horticulture sector as people from these countries in particular work for a much greater portion of their time in Australia and are preferred workers by many growers
- A large amount of publicity surrounding exploitation of seasonal workers and the ongoing education program run by FairWork has resulted in a reluctance by many WHM's to undertake horticultural work or to accept positions that involve piece rate payment

From January 1 2017, changed taxation arrangements were introduced for WHMs. Known as the "backpacker tax" it saw the removal of the tax free threshold and introduction of a flat 15% tax rate. While the introduction generated fierce political and media debate, MADEC believe it is unlikely that this change alone had a significant impact on the numbers of WHM's coming to Australia as the trend seen in HTIS data toward lower visa grants commenced prior to discussion of changed taxation arrangements, and has remained essentially unaltered during and after the taxation debate. This view is not shared by some tourism and horticulture industry organisations who believe the change led to a significant decline in the number of WHM's travelling to Australia.

While the reduction in WHM numbers was of concern to the horticulture industry, MADEC rejects suggestions from some industry members that the situation is "desperate" or "dire". Rather supply and demand have in fact moved back to a more balanced position, particularly with the introduction of more than 12,000 SWP workers into Australia in 2018/19 (Minister for Employment, Skills, Small and Family Business House of Representatives Parliamentary Question - Question Number: 242 Question Date: 25 November 2019). Anecdotal information suggests that more than 14,000 SWP visas were granted in 2019/20, prior to the introduction of international travel bans in March 2020.

However, some recent shortages of workers in particular areas or industries indicates that supply is not spread evenly over the areas of need and is often linked to issues such as lack of suitable accommodation. The cherry harvest in Hillston, NSW is an example of how limited accommodation and a short season with high labour demand can result in worker shortages.

As part of their research activities, ABARES undertake a labour force survey every two years to provide an in-depth profile of labour demand, recruitment difficulties and future challenges that farmers face. The most recent survey was conducted in 2018 and involved input from over 2,400 agriculture businesses (Department of Agriculture - Demand for farm workers: ABARES farm surveys 2018).

The ABARES report questioned the extent of worker shortages and suggests that in comparison to other industries, the majority of horticulture growers actually find the unskilled workers they need relatively easily. This conclusion is in line with HTIS observations, but is at odds with the views of many peak industry bodies and the often repeated media rhetoric that there is a chronic shortage of horticulture workers.

The report also found that the use of contract workers by horticultural farms is widespread. Around 10% of horticulture workers were contract labourers with an unknown background. With a large

number of dodgy contractors operating in horticulture this finding is not unexpected, and it highlights the risk that some growers expose themselves to.

ABARES concluded that for horticulture farmers in particular, recruitment difficulties are reduced by the low skilled nature of the work, the use of contract labour, and access to backpackers.

Similarly in their report, Howes *et al* concluded that labour shortages were neither uniform or systemic and preferred to use the term “labour challenge” to describe the current labour supply situation and concluded - “we did not find a uniform picture within the industry, as labour shortages were neither absolute nor systematic. Instead, ‘labour supply challenge’ was a more accurate depiction of the labour situation facing the horticulture industry in Australia at the time we conducted the survey and regional case studies. The labour supply challenge was more pronounced in some regions than in others and more pronounced within some parts of regions than others. This challenge was particularly notable in regions that were more remote and found it difficult to attract WHMs, or regions that were not classified as eligible postcodes for the WHM visa extension. The preconditions for a labour shortage might be met in some of these regions, particularly if undocumented workers were no longer available. In contrast, in some regions, there was an oversupply of labour, arising from visa regulations and an ample presence of undocumented workers which distorted horticulture labour supply”.

The conclusions of ABARES and Howes *et al* are broadly shared by MADEC where we saw strong demand from backpackers to obtain horticulture work to secure visa extensions, and only isolated shortages of unskilled workers. Recruitment of sufficient skilled workers is difficult, but not an area serviced by the MADEC. A number of industry led initiatives have been implemented to alleviate skill shortages including the HILA and the PLS.

### **Post COVID-19**

The impact of the COVID-19 outbreak has been significant for workers and growers, with restrictions on international and domestic travel immediately ceasing the flow of inbound WHMs and SWP workers. Social distancing requirements have placed pressure on farms, and many accommodation providers have had to limit occupancy rates.

### **WHMs**

Since the onset of the COVID-19 pandemic in Australia in March, large numbers of WHMs decided to leave Australia, with data from Home Affairs showing that as at 21 June 2020, there were 87,459 WHM’s in Australia, representing:

- a 39% decrease from 29 February when there were 143,041 WHMs in Australia;
- a 35% decrease from 21 March when there were 135,258 WHMs in Australia;
- a 13% decrease from 21 April when there were 101,056 WHMs in Australia;
- a 7% decrease since 21 May when there were 93,716 WHMs in Australia.

The impact of these departures is magnified by the fact that no replacement WHMs have been able to enter the country to replace the departing workers. Any replacements are unlikely for some time and numbers will be slow to build up when international travel resumes. Fortunately many of the remaining WHMs have been able to obtain a Temporary Activity Subclass 408 COVID-19 visa,

allowing them to stay in the country for up to another 12 months. Because temporary visa holders do not have access to any benefits, many WHMs are actively seeking horticulture work.

### **SWPs**

Conversely there were still 6,938 SWP workers in the country at the end of May, representing only a 4% reduction since the end of March, as most of these workers did not have the opportunity to return to their home countries. With many of these workers now having received a 408 visa extension they have been relocated to fill assignments that could not be filled by incoming SWPs. These workers are becoming an increasingly important cohort as the WHM numbers decrease.

### **Australian Residents**

The number of unemployed Australians has also increased for this period when compared to the same time last year. There have been plenty of reports over time of the reluctance of local workers to take up short-term seasonal work in the horticulture industry, particularly long term welfare recipients. However, there is now a new cohort of Australian citizens and residents with a sound employment history and work ethic that find themselves without a job. It could be reasonably anticipated that many of these will consider seasonal work as a preferred alternative to unemployment. The major barrier to them taking up these opportunities is geography – the farm jobs by their very nature will be in regional areas, well outside of commuting distance from the cities and regional centres where most people live. And the cost of paying for accommodation at the work location, in addition to that of their usual residence, would make relocating for short-term work unviable. Few in this position would take up the seasonal work option.

Despite large numbers of WHMs leaving the country, a large proportion of the remaining cohort are seeking horticulture work, and MADEC through the this, and growers reported an immediate and significant spike in enquiries from backpackers looking for work at the onset of the pandemic. This was in addition to a noticeable increase in Australian workers who found themselves suddenly unemployed making similar enquiries. However, as many WHMs departed and when the JobKeeper Allowance was announced, the enquiries from WHMs and Australian workers rapidly declined.

**It is anticipated that there will be a significant shortage of seasonal workers for the horticulture industry later in 2020, particularly as the spring and summer production peaks start. While current policy settings around COVID-19 remain, the number of people available in the country to do this work will be insufficient.**

### **FACTORS LIKELY TO IMPACT THE HARVEST LABOUR MARKET**

The harvest labour market operates in a dynamic, rapidly changing environment and is capable of moving from oversupply to undersupply or vice versa in a relatively short period of time, primarily as a result of external circumstances. Uncertainty is likely to continue in the short to medium term as the impacts of the COVID-19 pandemic become more apparent. Factors likely to influence supply of workers in the short to medium term include:

- Continued reduction in WHM numbers, exacerbated by COVID-19 related travel restrictions
- Growth of, and access to the Seasonal Worker Program – depending on relaxation of international travel restrictions



- Licencing of labour hire contractors in Victoria, SA and Qld may lead to some businesses exiting the industry as they cannot meet the requirements or costs of the new legislation
- Reluctance of workers to undertake piece rate (payment depending on how much you pick or pack) due to perceived low rates and difficulty in getting second or third year visas signed off
- Changes which were made in 2019 to the Horticulture Award which require overtime payments for casual workers, potentially leading to growers employing more workers for shorter periods to reduce overheads and reduce payment of overtime
- High profile social media campaigns by people such as the Facebook group “88 Days and Counting” are creating negative perceptions of seasonal work and are actively working toward removal of the WHM visa.

#### **DO VISA REQUIREMENTS NEED TO CHANGE?**

Given the rapid change to worker supply/demand balance due to COVID-19, MADEC believe there is a need to **change parts of the harvest employment model, including WHM visas** to ensure:

- Sufficient reliable, productive unskilled labour is available to meet the needs of horticulture producers.
- Options are available for growers to choose different employment models depending on vacancy length and location.
- Robust systems are in place to prevent exploitation of workers and detection of illegal workers.

#### **CHANGES TO EXISTING PROGRAMS**

##### **Australian Residents**

With many Australian residents being made redundant due to the COVID-19 outbreak, every opportunity should be given for these workers to access horticulture jobs. The new Harvest Trail Service contracts have an emphasis on placing more Australian residents into horticulture work, and close cooperation with jobactive providers will assist with sourcing suitable workers. However, incentives are needed for employees and employers (who basically take all of the employment risk), not just HTS and jobactive providers for this model to be successful. Most Australian states and territories have also set up websites encouraging residents to undertake agriculture work.

However, it is unlikely that many vacancies will be filled in this way, as most horticulture jobs are in rural and remote areas and often require workers to relocate from large cities - a difficult task for people with families and commitments. Promoting horticulture opportunities to quite large groups of migrant workers that are often located in metropolitan areas may have some success.

While growers seek out Australian workers for skilled and long term positions, many growers have had negative experiences with having long-term unemployed Australian workers forced upon them, and these attitudes have become somewhat entrenched. Without a paradigm shift from all sectors, it will be difficult for many residents to gain horticulture employment. It is recommended that incentives are provided to workers and growers as well as providers to ensure large numbers of Australian residents take up seasonal work opportunities.

### **Illegal Workers**

MADEC does not support an amnesty for illegal workers, as alternative sources of legal labour are available. Significant resources need to be directed toward identification of illegal labour and prosecution of businesses that actively seek to promote this employment model, particularly labour hire contractors.

### **Seasonal Worker Program & Pacific Labour Scheme**

Continue to promote these programs to ensure ongoing growth. Any changes to reduce administrative requirements need to be carefully considered to ensure workers are not exploited. The main focus is to make these programs more flexible and reactive by:

1. As a matter of urgency, explore the option of introducing a travel bubble between Pacific Island countries and Australia to immediately introduce additional workers into Australia and repatriate existing workers who wish to return to their home countries.
2. Turning the Regional Pilot into an ongoing program, Australia- wide, to make it easier to move workers between farms and regions and increase the number of DESE SWP regional coordinators

### **Horticulture Industry Labour Agreement**

This new agreement enables approved businesses to sponsor skilled overseas workers when there is a demonstrated need that cannot be met in the Australian labour market and standard temporary or permanent visa programs are not available. The current agreement allows 31 specified skilled and semi-skilled occupations to be sponsored. MADEC advocates for changes to the HILA to:

1. Extend the occupation list to include Horticulture process and field workers
2. Explore the option of bringing workers into Australia from low risk countries with mandatory 14 day isolation at nominated locations.

The preference for using the HILA as opposed to a new Agriculture Visa is that the HILA is a demand driven program, which ensures workers are brought in to the country to fill available vacancies, rather than having a pool of workers on an Agriculture Visa who have no guarantee of work and would need to move around to find work - providing an opportunity for an oversupply of workers and potential exploitation when workers become desperate for work.

## **Working Holiday Visas – 417 & 462**

These visas will continue to provide a substantial amount of workers, particularly for shorter duration jobs (<3 months). The lure of a visa with the option of obtaining a first or second visa extension ensures this cohort will travel widely to undertake shorter duration work. WHMs provide a pool of workers able to be quickly accessed and are highly flexible in terms of recruitment periods. They also undertake their own travel and usually source their own transport and accommodation.

Despite industry concerns regarding poor motivation and commitment of WHMs, there are many examples of WHMs performing extremely well and more emphasis needs to be placed on recruitment and screening processes.

However, a major issue is that the poor performance of many WHMs is simply a reaction to unsatisfactory working conditions and low piece rates. The recent FairWork Ombudsman's report (A report on workplace arrangements along the Harvest Trail 2018), clearly identified many of these issues in their report, and outlined in some of their findings:

- Finding 1        Widespread non-compliance amongst investigated employers
- Finding 2        Misuse of piecework arrangements
- Finding 4        Negative impact where labour hire arrangements are used

Addressing these issues will go a long way toward improving the productivity and attitude of WHMs.

Changes to this visa category need to be implemented to ensure an immediate increase in the number of WHMs in Australia and a continued incentive to undertake specified work while they are in the country.

### **SUGGESTED SPECIFIC CHANGES TO THE WHM VISA CLASS**

1. Remove the requirement for 462 visa holders to have a tertiary qualification (or have completed two years of undergraduate university study), and make the visa requirements the same as for the 417 visa – effectively combining the two visas.
2. Continue to increase home country caps for 462 visas and allow additional countries to participate.
3. Explore the option to immediately allow WHMs from low risk countries such as Taiwan and South Korea to enter Australia with self-funded, Commonwealth supervised quarantine at point of entry, but with quarantine costs refunded upon completion of 88 days of specified work.
4. Make completion of 88 days specified work within the 12 month visa period a condition of granting a visa – until labour shortages cease or at least ease.
5. Reduce the cost of applying for initial or subsequent WHM visas.

More aggressive suggestions could be considered, especially with the short time frame available to Government.

For a limited time, remove all barriers to coming to Australia such as:

- offering visas at no cost
- subsidising airfares
- offering special charter flights at low, or no cost, heavily marketed in the source country for this specific purpose
- offering arrival quarantine at no cost (noting that even a reimbursement regime relies on trust and understanding of the offer and charging up-front fees remains a barrier)
- providing resources during any quarantine period such as;
  - English language lessons
  - Training for specific farm skills such as forklift driving, tractor driving or vine pruning
  - White Card training
  - Training of general value while in Australia such as Responsible Service of Alcohol/Gaming, Working at Heights, Harness Awareness or Traffic Control, that can be used after horticulture work is completed.

To encourage WHMs to work in horticulture immediately on arrival there will need to be some form of significant incentive to do so. For example, this could include a special offer that is only available to a visa holder who qualifies for a second year visa within their first six months after arrival.

Incentives could include:

- removing the taxable component of superannuation to enable access to the full amount as part of the Departing Australia Superannuation Payment
- access to superannuation while still in Australia at the end of the first year if qualified for a second year
- allowing the 88 days normally worked in the first year towards a second year visa, plus the 179 days normally worked in the second year towards a third year visa, to be accumulated in the first year to qualify for both second and third years
- subsidised or free transport both to and within regions where the work is available
- subsidised or free accommodation in the region where the work is available

## **CONCLUSION**

The harvest labour market is highly complex and conflicting views exist regarding the supply/demand balance of unskilled workers. With access to data sourced from the HTIS, MADEC strongly believes that prior to the COVID-19 pandemic, sufficient workers were available to quickly and easily fill most vacancies.

However, COVID-19 has fundamentally altered the supply side dynamics of worker availability, with significantly reduced numbers of workers able to arrive in Australia for at least the short term. If widespread international travel restrictions continue beyond 12 months, worker shortages are expected to be significant. The widespread employment of Australian residents appears to be the only option to mitigate these shortages and this scenario is beyond the scope of this submission.

Assuming that international travel recommences within 12 months (preferably with rapid introduction of a Pacific island bubble to quickly allow entry of large numbers of SWP workers), the

MADEC believes that a long-term, balanced supply of unskilled horticulture workers can be achieved by an integrated approach including significant changes to the WHM visas, including:

- 1. Removing the requirement for 462 visa holders to have a tertiary qualification and make the visa requirements the same as for the 417 visa;**
- 2. Continuing to increase home country caps for 462 visas and allow additional countries to participate;**
- 3. Exploring the option to immediately allow WHMs from low risk countries such as Taiwan and South Korea to enter Australia with self-funded, Commonwealth supervised quarantine at point of entry, but with quarantine costs refunded upon completion of 88 days of specified work;**
- 4. Making completion of 88 days specified work within the 12 month visa period a condition of granting a visa – until labour shortages ease, and**
- 5. Reducing the cost of applying for initial or subsequent WHM visas.**

Implementation of these actions should ensure that growers have access to a number of ethical options for employment of short, medium and long-term unskilled labour.