

27 July 2020

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

Via Email Only: migration@aph.gov.au

Dear Committee Secretary

**COMMONWEALTH PARLIAMENTARY INQUIRY INTO THE WORKING HOLIDAY
MAKER PROGRAM**

Greater Shepparton City Council is very grateful for the opportunity to lodge a submission to the Joint Standing Committee regarding the Working Holiday Maker Program. Please note that this submission pertains to circumstances post COVID-19 and that Council is aware of current mandates related to international travel into Australia.

Greater Shepparton is located in the Goulburn Valley in the Hume Region of Victoria in the north-east part of the state, approximately 180 kilometres North of metropolitan Melbourne and 72 kilometres South-East of Echuca on the Murray River. Greater Shepparton is recognised as the Food Bowl of Australia as the region is predominantly driven by agriculture which ultimately supports the significant manufacturing footprint that exists within our local government area. Approximately 25 per cent of the total value of Victoria's agricultural production is generated in this area and this key driver is pertinent to the success of the entire region as the flow on effects are relied upon throughout the entire economy.

It should be noted that Council has been concerned regarding the backpacker tax since its inception and had previously participated in a discussion which included a variety of agricultural representatives within the region who articulated that they would be directly negatively impacted by the tax. It was also their collective opinion that such a tax would have significant repercussions for not only the Greater Shepparton region but Australia as a country. Council's concerns were then forwarded via letter to the then Deputy Prime Minister in June 2016.

Disappointment had been expressed to Council regarding the fact that there was no consultation with agricultural/horticultural representatives within the region and locals generally felt that they did not have an opportunity (prior to the review being announced) to outline their concerns regarding this tax.

It is estimated that more than 10,000 backpackers visit Greater Shepparton annually and the horticultural industry in particular within the region has become very reliant on this inflow of visitation. Several of our local orchardists have highlighted that backpackers make up over 80% of their employment which is testament to how reliant they are on holiday makers to ensure their businesses remain sustainable and profitable.

It has been vocalised by orchardists within the region that by using other means, such as contractors to pick their fruit adds up to 25% of the total cost per fruit bin for their business.

The Government should understand that Australia has always been recognised as an attractive location and a place to work for backpackers. Australia's reputation overseas is critical as it ensures that backpackers continue to travel to Australia each year to support local industry.

It has been suggested that the backpacker tax was to increase revenue by \$540m however this amount has been determined by government based on an unchanged number of visitations.

Fruit must be picked at the optimum period to ensure quality and best value. Fruit picking during the optimum period however is placed in jeopardy with the continued decline in Working Holiday Makers visiting our region due to the attractiveness of other regions close to Melbourne, continued tax and superannuation issues, the stigma of roles in horticulture, media stories of mistreatment of backpackers across the country and now, further adding barriers in accessing this labour force are travel restrictions as a result of the global pandemic. The government has highlighted within several studies the great opportunity surrounding exports and specifically the demand in China however this cannot be truly capitalised on when picking seasons are potentially compromised due to a reduced labour force.

Working on orchards is often considered to be an arduous form of labour, particularly fruit picking. Excessive heat, humidity and long working days often isn't appealing to locals and the long term unemployed. Orchardists have demonstrated great concern regarding filling the roles that backpackers would ordinarily fill. It should also be noted that there are concerns regarding the potential of increasing illegal activity and also accepting cash in hand payments. It is Council's understanding that there are already significant challenges in managing the inflow of undocumented travellers and the government would be aware if this tax is compounding the issue further .

Growers in our region have expressed great concern in relation to the uncertainty surrounding the upcoming season and how they will pick their fruit given the current global pandemic in addition to the already declining rate of Working Holiday Makers to the region. Larger growers who can afford to hire under another longer term visa program may sustain themselves however smaller growers with sporadic picking periods of less than six weeks heavily rely on Working Holiday Makers.

The backpacker tax makes Australia less appealing for travellers and therefore less competitive worldwide. The tax rate at the time of introducing the backpacker tax was at least twice as high as tax rates in countries such as Canada and New Zealand who already compete with Australia in attracting backpackers. It should be noted that backpackers are currently being taxed as an Australian is taxed. It is currently unclear regarding what is trying to be achieved by continuing to increase taxes on Working Holiday Makers who are already on minimum wages.

Backpackers who visit regional centres within Australia are ultimately supporting the local economy and supporting Australia's tourism sector. Backpackers complete seasonal work and travel to their next destination where additional work opportunities exist which creates a very important and highly relied upon cycle.

Sectors/industries such as retail, hospitality and accommodation are highly likely to be affected as a result of less backpackers within the region while industries such as transport would also be affected should agriculture not perform.

As you are aware, business owners within the agricultural sector face many challenges within Australia. Climate change, natural disasters, water security (and the potential for additional water to exit the region to support environmental flow), the slow recovery from major drought, reliance on overseas markets, floods, fruit fly and now uncertainty regarding the sourcing of labour. This uncertainty is further accentuated by the current COVID-19 pandemic and travel restrictions.

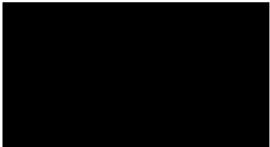
These challenges combined restrict potential for investment and expansion which limits economic growth. The Government has developed a strategy to triple horticulture by 2030 making it a \$30b industry however questions remain regarding how this will be achieved with a limited labour force.

It should also be noted that any changes to the backpacker tax should be effectively communicated as discussions with local orchardists have led Council to understand that at the time of the introduction of the tax there was significant lack of clarity overseas regarding the amendments due to the media and unclear communication.

It is Council's understanding that suggestions have been made regarding the reform of superannuation in relation to backpackers. Greater Shepparton City Council is of the view that there is great potential to progress with this reform and to enhance local spending by paying the amount up front rather than when backpackers return to their home country.

I once again thank you for the opportunity to highlight concerns regarding the Working Holiday Maker Program and should you have any further enquiries please contact the Director of Sustainable Development, [REDACTED]

Yours sincerely



Peter Harriott
CHIEF EXECUTIVE OFFICER

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