

**1 September 2016**

**Agribusiness Advisory Committee**

**Submission to the Australian Government Department of Agriculture and Water Resources regarding the Working Holiday Maker Visa Review**

*Please note the following are the views of the Agribusiness Committee and individual primary producers and not necessarily the views of the Swan Hill Rural City Council.*

**1. Background**

The Swan Hill region is known as the heart of Australia's food bowl and is home to one of the most productive and diverse agricultural sectors in Australia. Remplan<sup>1</sup> calculates the aggregated primary production and food manufacturing sectors as having a \$580M output in 2016.

Major agriculture products and commodities include:

- Irrigated horticultural – stonefruit, vegetables, nuts (almonds and pistachios), olives, citrus, grapes, pasture hay and rice.
- Broadacre cropping – grain including wheat, barley and vetch.
- Livestock – cattle and sheep.

Swan Hill Rural City Council (Council) has established an Agribusiness Advisory Committee (AAC) to recognise the major economic contribution of the agricultural sector to the region. The role of the AAC is to help guide Council decisions regarding the industry and advise on the role Council can play to further support and develop the sector for the benefit of the local economy and community.

In this instance, the AAC has consulted directly with individual primary producers on the subject of the Working Holiday Maker Visa, this is not a Council submission. In consulting with the local industry the following comments have been compiled:

**2. Present situation**

The horticulture industry in particular relies heavily on seasonal workers; they are a vital source of labour for farms in the Swan Hill region. The harvest season spans for most of the year:

- January to September – Grapes
- April to June - Olives
- May to January - Citrus
- May to February - Vegetables

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<sup>1</sup> Source: Remplan Economic Data

- September to February - Stonefruit
- February to June - Almonds / Pistachios

With the exception of olives, almonds and pistachios and some grapes, all crops have to be picked manually, therefore labour intensive. Even mechanically picked crops employ seasonal workers for operating machinery, packing and sorting.

It is impossible to accurately estimate the number of people seasonally employed in the Municipality, however anecdotal evidence indicates that several thousand seasonal workers are employed during the year, a mixture of overseas workers supplied by contractors, grey nomads and backpackers as well as a small proportion of local seasonal labour.

### **3. Reasons why Primary Producers employ backpackers (and overseas labour)**

Backpackers are much more flexible than local workers as they are not tied to a particular area and are prepared to move about for work even if it is for a few weeks.

In certain areas of Australia, like the Swan Hill region, unemployment is low and the unemployed people available for seasonal work seem to be reluctant. Most farmers have tried to employ local labour for harvest, however due to a variety of reasons this has not always been successful.

This is different for ongoing employment. Most agricultural enterprises in the region employ local people on a year long basis and most provide training and above award conditions.

Picking crops is an urgent business, when the crop is ready, it has to be picked in a timely manner or the quality deteriorates resulting in losses of millions of dollars.

The trend towards extensive planting of single varieties means that in many cases 200+ workers are needed to harvest the crops. In the Municipality, 550 people are registered as unemployed (5.6% unemployment rate)<sup>2</sup>. Even if each single one of these people was employed in harvest work it would not be sufficient.

For instance in December this year the five top stone fruit producers in the Swan Hill region will be employing between 100-150 pickers each. This is only five stone growers out of 134 registered stone fruit growers in the Municipality.

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<sup>2</sup> Source: Remplan Economic Data

#### 4. Likely effects of the “backpacker tax”

Many producers are concerned that the tax will deter young people to visit Australia. One producer said:

*“We are vegetable growers at Wemen mostly producing salad crops for various national salad packing companies.*

*Most of our produce is harvested by working holiday visa workers.*

*We employ 20-25 of them directly for about 6 months of the year. We are concerned that the talk of the tax will deter many of the young people who are planning to work with us to save money while also getting their 2nd visa (88 days). Most of our crew pay on average about 20 % tax (which they currently might get back) to raise that to 32% seems very unfair. These people are mostly doing jobs which locals avoid. And in our line of competitive business the benefit is going back to the consumer in cheaper food.*

*Should we have to charge the new tax I am sure we will find it difficult to find labour, I am also sure that the average consumer will not go hungry.*

*It is likely that we will find a greater number of illegal labourers being used.*

*I believe it should be a government priority to narrow the gap between the costs for legitimate business doing the right thing and those prepared to hide behind contractors to enable the use of illegal and mistreated labour.*

*I strongly believe that the working holiday visa is an excellent scheme to help unify and equalize the world, it is important we maintain our ability to competitively attract these youngsters.”*

Should the “Backpacker Tax” take effect at 32%, there is a real possibility that there will be a surge of illegal workers to breach the gap. The overwhelming majority of farmers much prefer to employ legal workers for ethical and practical reasons but when faced with a multi-million dollar crop going to waste through no available workforce, many could be forced to consider this option.

Most people interviewed supported a fair rate of taxation, at 19 or 20%. Most people did not believe it was necessary to supply overseas backpackers with superannuation contributions.

For further information please contact:

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