

2 September 2016

The Hon. Barnaby Joyce MP  
Deputy Prime Minister  
Minister for Agriculture and Water Resources

Dear Minister

**RE: WORKING HOLIDAY MAKER VISA REVIEW**

The tax rate of 32.5 per cent for non-resident 417 and 462 visa holders will have a detrimental impact on the Northern Territory seafood industry which already struggles with labour and skills shortages.

The seafood industry has already recorded a 45 per cent drop (see Background information) this year in the number of backpackers seeking work. This drop follows changes to extend the working holiday visa programme to the tourism and hospitality sectors in Northern Australia – reported changes to the tax rate may also have affected these numbers. If the tax rate change is implemented the seafood industry will likely see even more significant labour shortages in a sector already reliant on a seasonal and transient workforce.

Backpackers form an invaluable pool of workers for the seafood industry. Workforce challenges in the NT are exacerbated by a number of factors including and not limited to the small labour and industry base, competition from other sectors, high cost of living and the remote nature of the North.

Compounding this are the unique characteristics of working at sea, with some fisheries spending months at a time away from port. This reduces even more the pool of local workers prepared to spend lengthy periods of time away from family, while many backpackers are keen to embrace the challenge and adventure.

Any further changes to the working holiday visa programme that discourage workers from seeking employment in the seafood industry will have a detrimental impact on an industry already struggling with labour and skills shortages.

Attached is further background information and should you require any further information, please contact me on [REDACTED] or [REDACTED]

Yours faithfully



Katherine Winchester  
Chief Executive Officer

*Cc. The Hon. Luke Hartsuyker MP, Assistant Minister to the Deputy Prime Minister*

## **Background**

The Northern Territory fishing and seafood industry incorporates the wildcatch, aquaculture and trader/processor sectors. The wildcatch sector involves a range of fishing methods, including trap, pot, trawl, net and line. The size of fishing operations vary and employment of crew is between 0 – 15 people for a fishing operation (some owner/operators in the smaller fisheries employ no crew). Aquaculture includes Pearl and Barramundi farming while the trader/processor sector includes fish wholesalers and retailers.

The industry experiences a high turnover of crew for a variety of reasons, which can put businesses at risk and reduce productivity.

Feedback from industry in general is that the fishing industry throughout Australia is having difficulty attracting and retaining local people. There is a growing trend in businesses seeking experienced and committed crew from overseas, and many businesses also rely heavily on Working Holiday Makers (or backpackers) to assist them during seasonally active periods. NT Seafood Council members continue to report sourcing vessel crew and onshore workers as an ongoing problem.

Unless Industry can source additional labour, in a highly competitive labour market, there is a real chance that the potential of this industry will not be reached and, in fact, it may suffer from a protracted decrease in activity. This will lead to a decrease in potential return to the community through lower employment and taxation, reduced food security, as well as missing out on the health benefits associated with the consumption of seafood.

## **Report – Skills Needs Analysis for the NT Fishing and Seafood Industry**

A 2014 report commissioned by Agrifood Skills Australia and produced by C-Aid Consultants, *Skills Needs Analysis for the NT Fishing and Seafood Industry*, identified significant skilled occupational shortages across the fishing and seafood industry. These shortages are hampering the effective development of the industry and, if not addressed, could lead to a contraction in the industry.

The NT report looked at the fishing and seafood industry's three commercial-focused sectors, (wildcatch, aquaculture and seafood processing). The survey highlighted key priority occupations, both short term and longer term.

The issues leading to a shortage of suitably skilled or experienced workers are also leading to unskilled and entry-level occupational shortages. The report found that backpackers are a critical component of the current industry labour force, with all sectors reporting vacancies, and all reporting they would increase staff levels if appropriate workers were available. From the group of 30 businesses sampled, there were 164 unfilled positions, with 122 of those positions potentially appropriate for backpackers, including deckhands, cooks and aquaculture farmhands.

The sample group also indicated an additional 223 extra staff would be employed if appropriately skilled and qualified people were available – signalling a large capacity for the seafood industry to increase the numbers of both seasonal backpacker workers and more permanent workers if available.

A number of the recommendations made by the report concentrated on improving the backpacker element of the seafood industry workforce, including:

- providing a 'front door' for potential workers and employees, such as an online portal;
- refining and better using social media across industry;
- linking with existing employment connecting processes in the primary sector (such as Harvest Trail); and
- developing a transportable industry card similar to other industries (detailing relevant work experience in the sector).

### **The use of backpackers – NT Seafood Job Connection**

The NT Seafood Council office, being situated in the seafood industry ‘hub’ (close to seafood wholesalers and retailers, the main fishing boat marina and wharves, and associated marine businesses) has long been a target for backpackers seeking work in the seafood industry. Peak period for backpackers in the NT is between April and September due to good weather conditions, and this coincides with peak seasons for many fishing, aquaculture and agricultural activities.

Backpackers have commonly been employed on a seasonal basis in the seafood industry in lesser skilled positions including deckhands, farmhands (aquaculture), loaders, drivers and packers. Many of these jobs are obtained through backpackers visiting boats, seafood businesses and the NT Seafood Council office. The vast majority of backpackers seeking work in the seafood industry acknowledge the second year visa extension is the main driver of their interest in looking for work in the industry.

In July 2013, the NT Seafood Council started to formalise the job search process by asking job seekers to fill in a form aimed at collecting clear contact details and relevant experience. This information is then emailed out to industry contacts who then contact the job seekers directly if they need a worker. In 2014 the form was moved online (<http://www.ntsc.com.au/seafood-job-connection>) and this is how the vast majority now apply to work in the NT seafood industry.

Data is kept on all applicants, including whether they are residents of Australia or non-residents and how long they intend to stay in the NT. A very small number, around 2 a year, come from people outside of Australia looking for job opportunities in the NT. From this we can analyse the number of backpackers (and Australians) looking for work in the industry.

Calculating how many of those went on to work in the industry is difficult due to the transitory nature of the work and the travel plans of backpackers (they move on very quickly), but anecdotal evidence suggests at least 15% find work and there is now a number of seafood industry employers who rely heavily on this service.

The following table shows the total number of people completing the online NT Seafood Job Connection form, and which of those were Australian residents or backpackers during the January to August period from 2014 to 2016. The number of backpackers looking for work through NT Seafood Job Connection in 2016 is 45 per cent less than the same period in 2015.

<b>Time period</b>	<b>Total</b>	<b>Australians</b>	<b>Backpackers</b>	<b>% increase / decrease</b>
Jan – Aug 2014	71	0	71	
Jan – Aug 2015	89	9	80	+12.7 %
Jan – Aug 2016	58	14	44	-45 %

NT Seafood Job Connection data is kept on a calendar year basis, with complete data to date only available for the January to August period across the 3 years. In its inception year of 2013, data only covered the July to December period and so wasn't used here, though 29 backpackers and 2 Australians used the form in that year.

Considering the majority of backpacker activity occurs in the April to September period, the downward trend is expected to be similarly strong once the three full calendar years are able to be compared by.