

2nd September 2016



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Submission for the Working Holiday Visa Review

MADEC is a community based not for profit business delivering employment, training and community development initiatives throughout Victoria, South Australia and New South Wales.

Our vision is stronger communities and our mission is to develop and deliver innovative and responsive education training and employment solutions.

MADEC Values

- The upholding of trust, honesty and individual and organisation accountability in all we do and say
- The right of each and every person to be treated with respect and dignity
- The initiative and creative potential of individuals and the contribution they make to MADEC
- The professional growth and development of board members, management and staff that will enhance their skills, knowledge and experience
- The development and delivery of high quality services to our clients and customers through continuous improvements and organisational development processes
- The principles and practices of economic, social and environmental sustainability

Terms of Reference

- Relative international competitiveness
- Visa labour needs of the agricultural and tourism sectors
- Relevant unemployment policies
- Tax treatments for visa holders
- Protections for vulnerable workers.



Visa labour needs of the agricultural and tourism sectors

In our experience in managing the National Harvest labour Information Service Contract (NHLIS) the supply/demand balance for casual horticultural workers has moved back into balance over that past 12 months, following a period of significant oversupply 2-3 years ago. So any changes to current policies that will deter Working Holiday Makers (WHMs) from coming to Australia would likely lead to a substantial labour shortages in the Horticultural Industry.

A steady supply of WHM's who are prepared to do horticultural work is critical to the ongoing viability and future growth of the horticultural industry, so the debate about WHM visa numbers in relation to horticulture is essentially related to those wishing to obtain a visa extension which is the "lure" for horticulture.

In particular under proposed changes to the taxation regime regional growers will not have the supply of willing WHM's coming to the regional and remote areas for their peak Harvest times, this will mean that growers won't be able to harvest their fruit in the optimal time or will have to make the decision for to leave the fruit on the tree to rot.

The key feature that makes WHM's such a valuable source of labour to the Horticulture industry is their mobility and their willingness and need to move from harvest area to harvest area. If that incentive is removed as it would be if the proposed changes to how WHM's tax is treated, then this will most certainly add several challenges to regional areas in how they source, attract and maintain labour.

Throughout the various regions that MADEC operates a Harvest Labour Service (HLS) in excess of 9000 WHM's are placed annually into harvest positions in these areas, this far outweighs the number of local job seekers that take up these sorts of positions, thus showing how important the WHM's are to this sector.

Tax treatments for visa holders

The main purpose for the majority of WHM's when visiting Australia is to earn money to assist with their travelling and exploring our country. By raising the tax rate it reduces their potential income and makes working in remote areas less attractive.

Most WHM's have a good understanding of what they need to earn to fund their holiday and are quite specific about what work they will take on, most look for hourly paid work and avoid piece and contract rates, trends already are showing that WHM's are avoiding the harvest work in remote areas and are being very selective around what work they are choosing, hourly paid, 30+ hours and 3 months in duration as a minimum are their primary choices.

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If WHM's starting becoming even more selective about positions that they are taking, programs like the Seasonal Worker Program (SWP) will become even more popular.

The Seasonal Worker Program is steadily increasing in numbers and will provide a larger portion of the horticultural workforce in coming years. This program is ideal as grant numbers are specifically linked to work availability and worker supply currently exceeds demand, so this program avoids the issues of over/under supply which occur with the WHM visa. However the SWP does not provide a practical alternative to the many jobs requiring employment for periods less than three months for which the WHM visa workers are well suited.

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Protections for vulnerable workers.

Changes to the taxation rates will mean that WHM's are more likely to look for work that is higher paying and longer term to maximise their earning potential, or they may look for the work that is paid in cash! If this is the case then tis opens up unsuspecting workers to be manipulated and taken advantage of by unscrupulous employers.

The "cash economy" has always existed to varying degrees in most regions of Australia, and despite all of recent work to expose contractors who underpay and treat workers poorly through the various state "labour hire" enquiries, the introduction of the "back packer" tax has the potential to take all of this education and positive changes in the industry back to the drawing board.

When the numbers of WHM's reduces due to the introduction of a higher tax rate as everyone predicts, this will mean that growers will become more desperate for workers to meet their harvest demands in regional areas, so they will be more likely to use contractors who can promise to deliver enough labour to meet their seasonal demands, despite if they are paying wages correctly.

Growers are not experts in pay rates and taxes and visa legislation, so when an unscrupulous contractor promises to deliver enough labour to meet demands, most growers will accept it if the contractor say they are paying correctly even if they are not. The only real means of protecting the grower and the worker are through the Fair Work Office and the Harvest Labour Service contract.

Unfortunately the Fair Work Office is under resourced and can't be in across all regional areas every day, to police and monitor the hundreds of contractors that pay incorrectly and use illegal labour. The Harvest Labour Office is the other reputable avenue that can provide protection to growers and workers, but due to changes in 2015 -2020 Harvest Labour Service Contract the HLS are not able to work with labour Hire contractors or hostels that

operate as labour contractors.

The Harvest Offices run by MADEC over the past few years have introduced a Work Entitlement Card which is issued to workers after they have completed basic pre-employment training. This training includes OH&S and workplace induction which also incorporates having their work entitlements checked. The MADEC Work Entitlement Card includes; photo identification of the worker, the date they were inducted and what their work entitlements are in Australia. Many Growers are insisting that all workers, whether employed by Contractors or Labour Hire Companies must complete MADEC visa checks and induction prior to entering their property. . It is seen by growers as an important step in ensuring the legitimacy of the workers and the Contractor that they are using.

Regards

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