

Department of Agriculture and Water Resources
GPO Box 858
CANBERRA CITY ACT 2601

WORKING HOLIDAY MAKER VISA REVIEW

BACKGROUND:

The South West is the most populous and economically diverse of Western Australia's regions. It is recognised as a thriving geographic region with a pristine and attractive environment, friendly and resourceful people, high quality produce and a strong association with premium wine and food.

The region's agricultural sector is rich and diverse with strong national and international demand for its premium produce; its tourism product attracts a global audience and features in the top 20 of Australia's most visited regions, making it a significant contributor to the South West regional economy. These two sectors in particular are highly susceptible to seasonal fluctuations and have a strong dependency on the 'backpacker' workforce.

The South West is a high-value, export orientated economy. The South West Region's Gross Regional Product grew 26 per cent between 2009/1010 and 2014/15 and was valued at \$15.8 billion in 2014/15. The region's population (175,949 in 2015) is also growing at a significant rate; in the period 2010-2015 the region grew by an average annual growth rate of 2.4 per cent compared to the national growth rate for the same period of 1.5 per cent. According to WA Tomorrow (WAPC, 2015), by 2026 the population is expected to reach between 206,640 (Band C median population forecast).

Despite such a rapidly growing population, there remains a scarcity of the casual labour required to meet the seasonal demands of a burgeoning agricultural and tourism industry.

Relative international competitiveness:

The overall strategy to promote business prosperity in the South West is to compete in national and international markets based on premium quality product. This requires the South West to be recognised as a region of excellence and to use this as a basis for driving new investment and job creation.

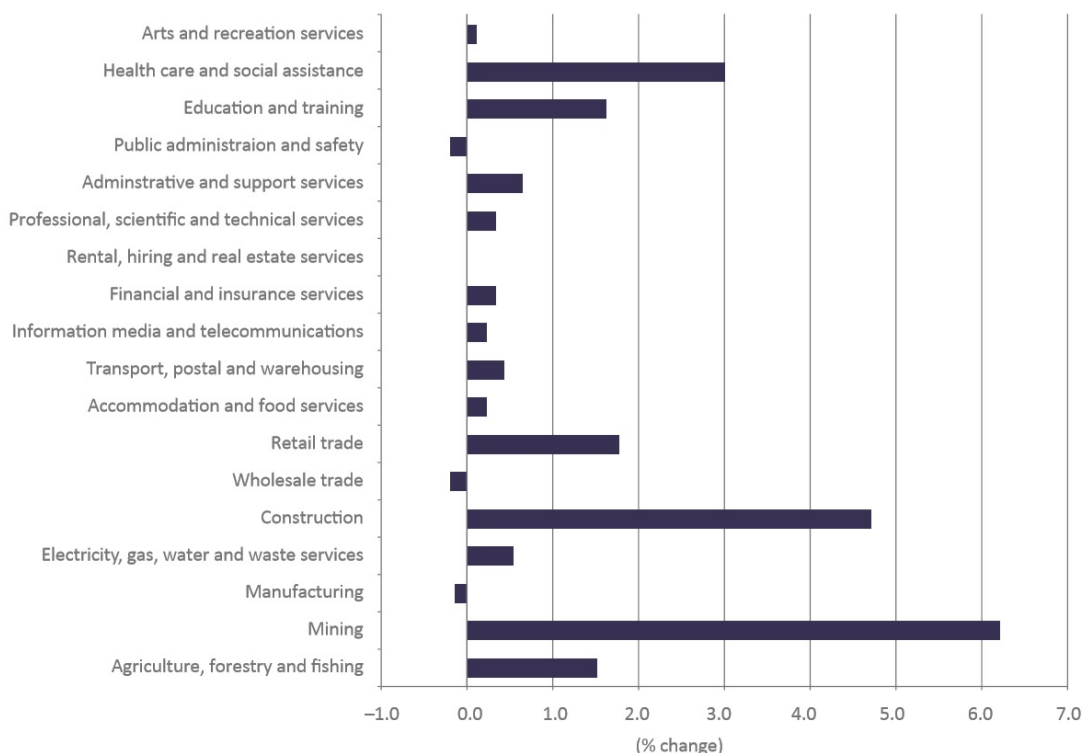
With forecasts indicating that demand for product from the South West will likely continue to grow in the areas of food, wine and tourism, it is imperative that we continue to attract itinerant workers whilst building the capacity of these sectors and ensuring that:

- a) infrastructure is in place that reduces the disadvantage of distance on the region's comparative advantage and

- b) our numerous industries and businesses are 'ready and capable' to service growth in these sectors.

To support this anticipated growth, the region is working to create real jobs growth to underpin a growing population; bringing new skills, money and investment into the region to support economic growth over and above that generated by incremental, natural economic and population growth. Naturally employers would prefer to engage locally domiciled residents; particularly given the investment in human capital, however due to the seasonal nature of both the agricultural and tourism sectors, it is imperative that the region continues to also attract casual labour from other parts of the world to aid in harvesting fresh produce and servicing the flourishing tourism sector.

The proposed changes to the working holiday maker visa will impact greatly on the region's ability to attract this foreign labour. As indicated in Figure 1, the Department of Education, Employment and Workplace Relations (DEEWR) projects employment in agriculture, forestry and fishing growing significantly in the next five years. This is a view supported by industry; growers/producers consulted for this submission have all advised that their current projected production growth (plantings) increases in range from 80-120% over the next 5 years, which will require a doubling of the current seasonal casual work force, whether sourced locally or from overseas. Similarly in the tourism sector, the past 5-year average annual growth rate for visitors to WA has been double Australia's average and Tourism Research Australia has forecast the annual growth rate over the next 10-years to outpace every other region in Australia (on par with Victoria), putting further strain on existing labour resources.



Source: Department of Education, Employment and Workplace Relations 2012

Figure 1: Projected employment growth by industry, 5 years to 2016-17 (South West)

Despite the fact that the South West offers an attractive lifestyle, lessening the necessity for foreign labour, both the agricultural and tourism industries are still struggling to engage workers, with employers in both sectors facing difficulty filling positions. Any policy that negatively impacts our region will significantly impede the regions ability to service existing demand let alone capitalise on the expected demand growth.

Visa labour needs of the agricultural and tourism sectors:

While the region has a clear dependence on seasonal employment, it has to date managed to attract large volumes of itinerant backpackers to undertake the work that the resident population does not have the capacity to fulfil. The South West workforce development plan 2013-2015 however explains that regions do not exist in isolation and, similarly, labour markets are not limited to a specific region. Workers are generally mobile and are often willing to move to a region with high attraction or to work somewhere else in a temporary capacity. If Australia at large fails to attract this itinerant workforce, the ability for the South West to attract seasonal workers will be hampered.

Tourism:

According to the Tourism Council of Western Australia, there are an estimated 4,000 tourism businesses in Western Australia, the majority of which are small to medium sized enterprises. As a result, tourism continues to be a major contributor to the South West economy and is directly linked to the State's long term prosperity. Measuring the economic impact of tourism however is challenging given the direct and indirect impact of tourism spending on the economy.

Estimates from Tourism WA and Regional Development and Lands suggest that tourism contributes over \$600 million to the South West regional GDP each year, making it one of the most valuable generators of economic wealth in the region after mining.

In 2012, total visitors nights in the region exceeded 4 million for the first time. In 2014 that number swelled again to 4.21 million with a further 15% growth to 4.93 million in 2015. Due to this astounding growth, there is an ever growing demand for flexible labour, especially in the South West where the massive influx of tourists each year simply cannot be serviced from within the available resident employment pool. As a result the tourism industry is hugely reliant on backpackers to fill the void and boost the capacity of the region. Additionally, if backpackers have a favourable work experience, they are likely to return as tourists in the future.

Any negative impact on the already tenuous inflow of casual foreign labour could potentially have a drastic impact on the industry's ability to service the needs of both domestic and international visitors.

Agriculture:

The South West region is approximately 24,000km² of which 67% is made up of State forest, national parks and regional parks and approximately 25% is occupied by agricultural and rural uses. The region has a diverse and important agricultural sector with horticulture, dairy and beef cattle contributing approximately \$600 million annually to the state's economy.

The major contributors to agricultural production in 2012/13 were fruit (\$131.5 million), vegetables (\$129.8 million), milk (\$129.8 million), cattle (\$75.4 million), and wine grapes (\$46.5 million). The region typically accounts for 91% of the total value of avocado production in Western Australia, 86% of the total value of potatoes, 76% of the total value of apple and pears, and 67% of the total value of wine grapes, all labour intensive seasonal products.

As a result, both harvesting and food processing in the South West rely heavily on foreign workers to fulfil the regional demand for casual and seasonal labour. Between 2001 and 2011, the South West experienced a significant decline in employment across the agriculture, forestry and fishing sector. This decline is largely attributed to substantial industry re-structuring due to Government policy changes and changing market conditions. Figure 2: Casual labour in the horticultural represents a sample of a number of horticultural businesses that use casual labour - it clearly identifies the industry's current reliance on casual labour. Although only a snapshot of 7 local businesses, the trend is reflected amongst horticulture enterprises across the region. Horticulturalists in particular fear the backpacker tax will be a significant threat to their ability to attract casual labour during harvest. Apples and Pear Australia Limited (APAL) is concerned that even a 10% drop in the number of backpackers in certain fruit-growing regions could effectively stop harvesting.

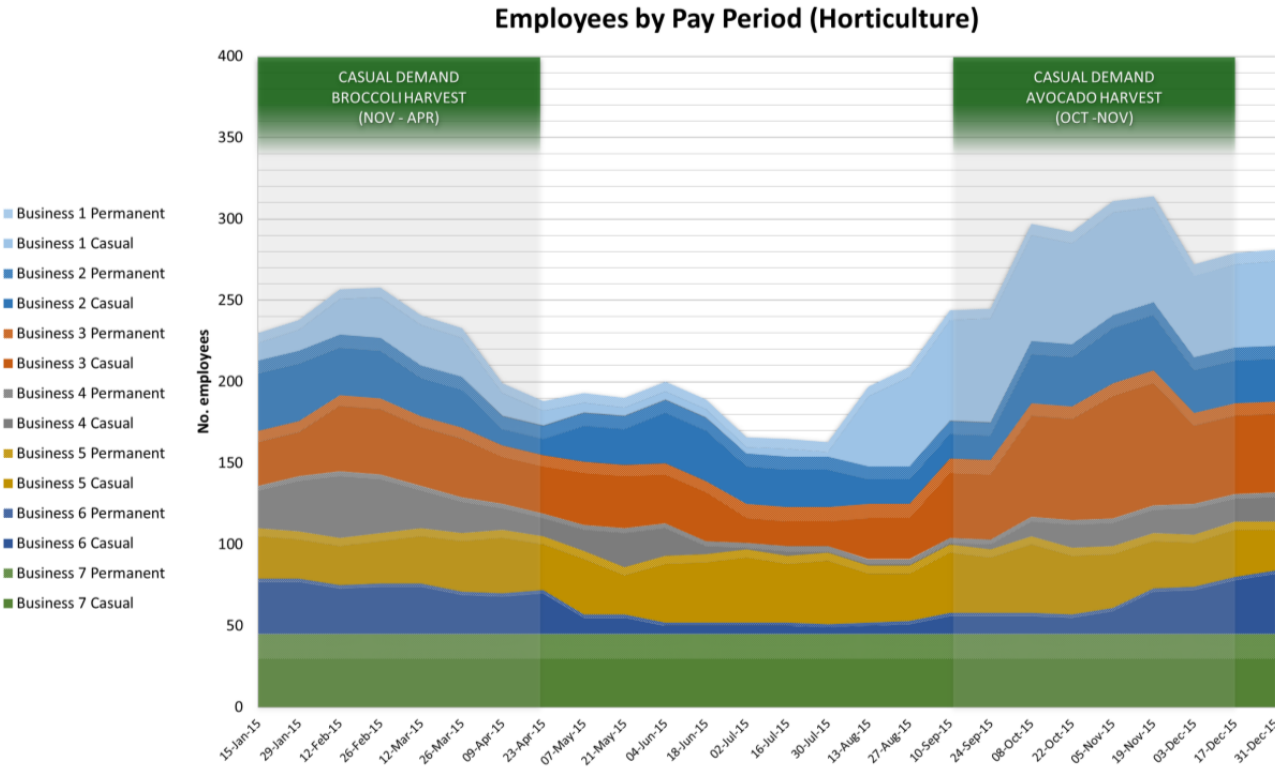


Figure 2: Casual labour in the horticultural industry

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ANNA OADES
ACTING CHIEF EXECUTIVE OFFICER

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