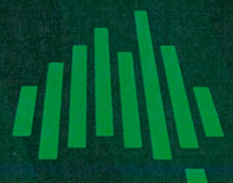


National
Farmers
Federation

Submission in response to
*Supporting Strong and Sustainable
Regions*

July 2024



The National Farmers' Federation

The National Farmers' Federation is the voice of Australian farmers.

We were established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

NFF Member Organisations



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Part 1. Executive Summary

1.1. Overview of Submission

Overseas workers are an indispensable part of Australian agriculture. Our members run seasonal and labour-intensive operations, located in areas where labour markets are thin. The remote, dispersed, cyclical/seasonal and oftentimes physically challenging nature of farm work necessitates a flexible, mobile and motivated workforce, a certain type of worker who is not always available in the thin markets in which our members operate. This creates a gap in the domestic workforce which the recruitment of overseas workers must fill to ensure the timely harvest of perishable goods.

The NFF calls for migration policies that are flexible and responsive to our labour market needs, while also supporting the domestic skills and labour agenda. Migration pathways are needed to provide reliable and sustainable workforce to businesses in regional areas. The future of our Regions depends on it.

We note that this review has not commenced with a well-defined understanding of what constitutes ‘regional Australia’. In our submission, that is a crucial — if fraught — initial step in the Review which is essential for developing the effective policies which are its ultimate objective. Regional migration should be focused on solutions which address complexities and variations in regional Australia. We need a program which works across different contexts and allows for tailored approaches that consider the unique characteristics and needs of different regions.

We are also at pains to stress the importance of Working-Holiday-Makers and Work-and-Holiday-Makers (collectively **WHMs**) to both the agricultural sector specifically and regional communities more generally. And while we agree that there are vulnerabilities which the program enables, we advocate for targeted, evidence-based solutions. We are strongly opposed to an indiscriminate approach which — in addition to driving problems underground — will create or exacerbate problems for agricultural and regional Australia. For that reason, we are strongly opposed to any changes to the Specified Work arrangements.

NFF looks forward to working with the government on sensible reforms that will support the agricultural sector's workforce needs, promote regional growth, and ensure the competitiveness and prosperity of Australian farmers.

1.2. List of Recommendations

1. Ensure business profitability and productivity are key objectives of the review.

2. Do not make any changes which will risk harming the farming and regional economies.
3. Provide more opportunity for consultation and input as the Review progresses and its focus becomes clearer
4. Use a clear and meaningful understanding of 'regional Australia' to guide the consultation and outcomes of the Review.
5. Enable a business in the Regions to engage a worker — with skills which they can positively demonstrate cannot be sourced locally — from overseas, irrespective of whether the occupation features on the Cores Skills List.
6. Develop systems which allow groups outside the major cities with clearly defined interests to partner with the Government in developing tailored visa solutions which suit their circumstances, needs and capacities.
7. The government acknowledge that the nature of WHMs and the visa settings make WHMs uniquely suited to the workforce needs of farming.
8. The government acknowledge that WHMs and the current settings of the WHM program make them/it irreplaceably important to regions and regional economies.
9. Rather than using a blanket, 'umbrella' term to drive policy development in this space, identify with precision the problems which are to be fixed.
10. Identify balanced, current, probative, and direct evidence to justify any significant change
11. The government does not make any changes to the Specified Work component of the WHM program.
12. The government take targeted action to address exploitation of WHMs — such as those steps which have been recommended in a range of different inquiries and studies — but does not make changes to Specified Work.

Part 2. Introduction

Overseas workers play a small but vital role on Australian farms. Many agricultural industries are labour intensive. Others are characterised by seasonal work or peak periods of labour and productivity demand. Whatever the commodity, most agricultural goods are perishable with a narrow window for market, a reliable workforce is critical to ensuring they make it through that window. Unfortunately, however, another defining feature of Australian farms are persistent labour challenges. While not unique to our members, the challenge is exacerbated by the fact that population — and therefore worker— density in the regions is much thinner and the sector has a wide geographical spread. That is, at least part of the difficulty finding a person to fill a station hand role in Roma is the fact that there are fewer people in Roma to take the job. Redressing this imbalance through use of foreign workers is hugely important to the sector. The goal for policy makers and for industry is to ensure that the migration program meets that challenge, while ensuring that Australia is recognised as a destination of choice for migrants. Settings should support workers. Intake should reflect immediate and future labour and skills shortages of business. And the program should be flexible and responsive to needs of both.

Of course, migration arrangements must support and complement the domestic skills and labour agenda, which will always deliver the backbone of Australia's workforce. But while the industry invests heavily in programs to recruit, train and retain skilled workers within Australia, closing the gap from the local workforce is unlikely ever to be fully realised.

Recruitment of overseas workers will always play an integral part in the Australian agricultural workforce. Migration policy settings must promote ongoing access to workers with the right skill mix, when and where they are needed.

On Friday, 21 June 2024, the Department of Home Affairs published a Discussion Paper, *Supporting Strong and Sustainable Regions: Review of Regional Migration Settings (the Discussion Paper)* which represents the first step in its planned review of regional migration settings (**the Review**). The Discussion Paper follows the independent Review of the Migration System and the Nixon Review into the Exploitation of Australia's Visa System, both of which published their findings in March 2023, and the Migration Strategy which was published the following December. It also follows several changes over the last 6 months (on the heels of those reviews) which include the introduction of a new skills migration system, changes to the numbers relating to visa caps in both permanent and temporary visa programs, and new laws aimed at addressing the mistreatment of migrant workers.

The NFF welcomes this opportunity to engage with the government on the regional migration system. The Discussion Paper and the review it foreshadows

have significant ramifications for the agricultural sector's workforce. We look forward to working with Government on the implementation of any sensible reforms which will make the system fairer, more flexible and adaptable, simpler for users, and promote the competitiveness and prosperity for Australian farmers. There is enormous potential for growth in Australian agriculture in the years ahead, but to fully realize that potential these challenges in the Australian agricultural workforce must be addressed.

Part 3. Opening Comments

The Discussion Paper describes five high level aims of this Review.

- (1) *Regional migration should support the unique skills needs of the regions.*

While the regions make a significant contribution to the social and economic composition of the nation, they are facing challenges — and opportunities — which will only be met with the workforce which migration can help deliver.

- (2) *Regional migration settings should support a fair go in the workplace.*

Migrant workers can make a valuable contribution to regional communities, but settings in the program which enable their exploitation must be reformed to design out the risk.

- (3) *Regional migration should be well-planned and support communities across Australia to experience the benefits of migration.*

While there are exceptions¹ regional migration settings have had little success to date² in developing regional communities. The system should be part of a holistic approach which considers broader social and infrastructure implications.

- (4) *Regional migration can support stronger connections with international partners.*

Existing programs play an important role, showcasing Australia to the world and deepening connections with international partners. The right settings are critical to this objective.

- (5) *Regional settings should help provide tailored approaches to migration without being overly complex.*

The regional migration system must balance the need for expediency and simplicity with the need for bespoke arrangements which may drive complexity.

In principle, the NFF agrees with all these conclusions and the aspirations which they support. That said, there is at least one other goal which the Discussion Paper has failed to highlight: the system must foster productive and profitable regional businesses. This is a concern which is as important as any of the other

¹ Referring (inter alia) to the experience of Karen refugees in Nihil.

² The Paper purports to quote the 2023 Migration Review, and while we accept that the quote appears to accurately reflect those reviewers' opinions, it is noted that the quote has no citation and cannot be actual found in the Review paper itself.

aspirations. Indeed, we would suggest that it is possibly more foundational. It should be at the fore of the list rather than, as it would currently appear, a collateral consideration at best.

We would also make the fundamental observation that the Review should not ‘overreach’ in terms of what it can achieve in isolation. Indeed, while all those aims are admirable and the NFF supports them as guiding principles for the Review, the recommendations and changes which are made in pursuit of those aspirations must be rational and proportionate. The Review should also be mindful of the limits on the extent to which migration settings can deliver results and the prospect of adverse and/or unintended consequences where changes are made. Indeed, in addition to the aims listed above — including, we would stress, business productivity and efficacy — being positive aspirations of this review, the review must also avoid anything which results in their antithesis. It must not generate change which promotes disharmony, less functional regions, less productive businesses, etc. This should be a primary concern for the review and its starting point: any changes must, first, do no harm.

To that point: as a threshold principle the reviewers and decision makers must bear in mind that the labour shortages³ will not disappear simply because the system is under review or is being varied in the hope of addressing other issues. That is, any transition or change which *risks* denying regions — not just farmers but the broader regional community as well — access to colleagues, family, friends and of course workers, needs to be handled very carefully. The change process itself — putting aside the actual changes which the process is making — creates uncertainty and flux which disrupts businesses. It requires a diversion of resources away from other efforts — such as growing the domestic labour pool — in trying to navigate change in visa options, requirements, outcomes. Migration pathways need to be stable for the businesses who will utilise it after exhausting other options.

Finally, and perhaps most fundamentally, we note that the submissions which follow will often return to a general concern we have with the Discussion Paper. While we recognise that it (the paper) is not a statement of policy and is meant to stimulate thinking, it also needs to set the parameters of the Review. We are concerned that it has not achieved that objective. It is good to encourage an open discussion, but that discussion won’t bear fruit if it does not have well-defined parameters. Significantly, the Paper fails to properly define some of the key terms upon which it seeks views and comments.

³ Which, while certainly remaining an issue, have alleviated somewhat in the recent years. Obviously, the impact of COVID and boarder clauses was massive, but attempting to ‘read around’ that event, thanks to progressive Federal government initiatives beginning in about 2018 the agricultural labour supply issues have been less pronounced.

- As we suggest below, asking for submissions on regional migration, without clearly defining ‘regional’ is like asking for directions without specifying the destination.
- The term exploitation refers to a plethora of criminal and/or objectionable and/or anti-social behaviours, and useful responses will differ depending on the specifics of the behaviour.

We will explore these concerns in greater detail below. While hopefully the uncertainty just reflects the fact that we are at the start of this Review process, we query whether it is a symptom of a broader lack of direction or clarity.

NFF Recommendations:

- 1. Ensure business profitability and productivity are key objectives of the review.***
- 2. Do not make any changes which will risk harm to farming and regional economies.***
- 3. Provide more opportunity for consultation and input as the Review progresses and its focus becomes clearer.***

Part 4. ‘Regional’ Migration

4.1. What is “Regional”?

Migration has and will continue to play a fundamental role in the growth and development of the Australian nation. And, as the ‘regions’ are very much a part of the nation, it necessarily follows that the system can and should play a part in developing ‘regional Australia’. That much is undeniable.

However, it is difficult to articulate a more cogent position without a clear understanding of what the term ‘regional’ means. Is a ‘region’ all of the nation outside a state capital and/or their local government areas or post codes? Is a region anywhere which is remote or rural within SA2 limitations? Is a region a place with lower population density? Or accessibility of services? Based on types of industry, or economic factors, or historic events, or cultural interests, or social norms, etcetera?

The answer to this question is a fundamental, first-principles issue which the review needs to resolve. Indeed, in our view, opening a review process and seeking submissions without an answer is tantamount to asking for directions without saying where we are going. The review should have started by defining ‘region’ before seeking to make actual changes or reaching any conclusions about what is best for the ‘regions’.

As the Discussion Paper indicates, the migration system *tends* to follow the government’s usual definition, which is not particularly discriminating: broadly including anywhere outside of Sydney, Melbourne or Brisbane within its definition of ‘regional’.⁴ The Regional Australia Institute is slightly more selective, as it would also exclude Perth, Adelaide and Canberra from the definitions, so that it covers ‘everything beyond the major capital cities ... – from remote Aboriginal and Torres Strait Islander communities, to inland and coastal towns and bustling regional hubs.’⁵ There are more definitions: tax offices, health services, education providers and administrators, and so forth, all have different understandings of what is and what it means to be ‘regional’. The reason is both incredibly obvious and complex. While the idea of ‘regional’ is deeply embedded into the Australian cultural imagination, it has no firm conception and changes regularly, not just with population fluctuations and economic pressures, but with cultural attitudes and

⁴ Of course, the definition is slightly more nuanced, including two categories within that ‘regional’ classification. But the Discussion Paper does not explain the rationale behind that tiering or explain how that may play out in practice.

⁵ <https://regionalaustralia.org.au/Web/Web/About-Us/What-is-Regional-Australia.aspx>

expectations, societal shifts and changes in both the way Australians (individually and collectively) see ourselves and the image we wish to project. And even if we have a clear understanding of what places are ‘regional’ according to one set of criteria — e.g. geographic — that does not necessarily mean they are regional for another purpose — e.g. social, cultural, and/or economic.

But if we stick to a purely geographic approach, which is probably the most obvious and common, the concept is still very difficult to pin down. At best, rather than being part of a binary — regional and not-regional — it is a loose descriptor, shading, or a gradation. It is a quality which can vary by degrees depending on distance (and other factors) from a major city so that, for example, a town can be a little bit regional, somewhat regional, or very regional. We know Sydney’s CBD is not regional. And it’s probably safe to say that the Northern Beaches and Western Suburbs are not Regional. While traditionally the NSW Central Coast, Newcastle and Blue Mountains would *probably* have been considered regional, today they can feel more like the outskirts of Sydney. Once you cross the Blue Mountains, or travel north of Newcastle or south of Wollongong, it starts to become clearer again i.e. those areas are almost certainly regional if you get far enough away. Until you hit more populated areas, which are not major cities but don’t necessarily ascribe to the usual ideas of ‘regional’ such as Goulburn, Wagga Wagga, and Port Macquarie.

And of course, even if by some semantic or demographic brilliance a taxonomy which adequately negotiates those complexities can be established, it still fails to address an even more central problem: that one ‘region’ is not the same as another. So, even within zones which are clearly regional (from a geographic perspective) there is little consistency across different regions: the character of Townsville is very different to Broome or Donnybrook or Cooper Peedy. Preparing one, simple and uniform program which services the needs of each of those regions would be a herculean task. The needs of Bundaberg are not the needs of Byron Bay, Broome, and Bacchus Marsh (assuming, of course that all those places are ‘regional’).

As the Federal Parliament’s Select Committee on Regional Development and Decentralization recognised in 2018:

regional Australia is not a homogeneous category defined simply by what is not a major capital city. Regions are diverse, each holding unique potentials and challenges, and regional development policy must be tailored to address this diversity.... As Professor Robyn Eversole informed the Committee: “Regional Australia is a cultural imaginary: in practice, every region is different.”³⁶ The Committee also recognises the complexities in identifying appropriate regional units to which policy

⁶ Regions at the Ready: Investing in Australia's Future: https://www.aph.gov.au/Parliamentary_Business/Committees/House/Former_Committees/Regional_Development_and_Decentralisation/RDD/Final_Report

responses can be developed, co-ordinated and managed. While some types of units—functional economic regions (FERs), local government areas or Regional Development Australia (RDA) Committees – may be appropriate for some purposes, they might not work for others.⁷

In other words, while the term Regional certainly has meaning within the Australian cultural context, it is more of a state of mind or a place in the national consciousness than it is a geographic location. That presumably, is the reason there are so very many different definitions of ‘region’ and ‘regional’, not just across different programs, but even within the one program area. The migration system itself has a plethora of different working definitions relying on different factors e.g. collections of postcodes, definition in DAMAs, ‘remote’ and ‘very remote’ areas, etcetera.

That abstract, nebulous nature of the term does not make for a good starting point to this Review. An ‘I know it when I see it’ strategy is not a sound basis for robust policy development. Indeed, we would argue that it is a fundamental flaw in the design of this review process to start from an assumption that there is a distinct and clear understanding of what is ‘regional’ — an assumption that such an understanding is even possible — and then seek to superimpose some form of taxonomy, designation, or ‘turn-of-phrase’ upon it. Developing a neat descriptor which best captures that understanding and enables the development of complex and important policy is fundamental to and should be the starting point of this process. Indeed, inviting submissions on what migration settings will suit ‘regional’ Australia is putting the cart before the horse. Shouldn’t we first identify, with precision, what is regional? Or, more to the point, at the most fundamental level: what is this review targeting and hoping to accomplish?

The Discussion Paper acknowledges this problem in asking ‘Could the definitions of regional be aligned across the various regional visas?’ The truth is that we doubt it. The diversity of definitions highlights the greater issue — that ‘region’ and ‘regional’ is a loose, descriptive notion not a concrete thing. There are lots of definitions of ‘regional’ and ‘not-regional’ Australia, but when developing a program which will service each and every one of those areas, a more flexible metric is required.

NFF Recommendations:

- 4. Use a clear and meaningful understanding of “regional Australia” to guide the consultation and outcomes of the Review.**

⁷ https://www.aph.gov.au/Parliamentary_Business/Committees/House/Former_Committees/Regional_Development_and_Decentralisation/RDD/Final_Report/section?id=committees%2Freportrep%2F024136%2F25543#footnote1ref at para 4.5

4.2. **An ‘Interests-Based’ Approach**

In our view, perhaps rather than undertaking the — herculean at best, futile at worst — task of establishing a functional definition for ‘regional’, one which is universally useful and meaningful, and then attempting to superimpose a system on it, a more tailored approach may be appropriate. Perhaps the best way to negotiate this problem is for this Review process, rather than reaching decisive outcomes, to develop a scaffolding which can support the elastic nature of the concept (‘regional’ and ‘regional needs’). Rather than implementing policy and law which may work for Region A but may be ineffective, counterproductive, or worse for Region B, this process should implement a flexible framework which allows for the creation of bespoke migration pathways: one which suits Region A and another which suits Region B and another for Region C, and so forth.

The Discussion Paper asks whether there should be a regional occupations list. In principle — without more decisive change — we would say that the answer is obviously yes. The skills and workforce needs of ‘regions’ are frequently different to those of capital cities. However, it follows from our discussion above, that it goes beyond a simple division of, e.g., city vs country. Indeed, the question prefigures a conclusion that there will be different needs for different areas. Given the lack of coherency in what defines a Region and the needs of a Region, as a start, a multitude of lists would be needed i.e. many skills lists, each one linked to a particular Region, identifying occupations which are in shortage in each and creating relevant eligibility criteria which apply to their circumstances.

One solution may be to dispense with the reliance on occupations lists for the Regions altogether (once it’s established what a Region is). If a business (outside a major city) can demonstrate that it has a skills-need or shortage in a particular occupation, and that need cannot be reasonably filled locally, then it should be able to engage workers from overseas. It would dispense with the need to identify a job on a list and create an additional step in its place: proving they are experiencing the shortage. Provided there are robust guardrails established to ensure the business is experiencing a shortage, the arrangement would, necessarily, address skills need specific to a (particular) Region.

But if migration is going to meet more than just job shortages but the broader needs of the ‘region’ and its people, each regional arrangement would need to vary more than just the work/skills of the migrant, but other components of the visa (e.g. sponsorship, family accompaniment, portability, entitlements, etcetera) may need to change to meet those specifics too. And, taken to its rational conclusion, it should not be limited to geographic zones — they should be open to any interest group that can demonstrate the needs and the capacity to manage a migration pathway.

In our submission, the outcome to this review should be, rather than establishing a ‘one-size-fits-all’ design for ‘regional Australia’, establish the framework for a system which services (more) clearly definable interests within the regions. A new framework which allows for the development of bespoke visa solutions which

address the special needs of interest-groups. Those groups may be based on geographic areas or on other defining criteria. The states may be a start. While on one view a state is defined by what are essentially arbitrary lines on a map, those geographical lines do create clear zones of responsibility within which many sort of laws, policies and funding arrangements operate, and those laws, policies and funding arrangements all inform the collective needs of and outcomes for the people, institutions and business they contain. For that reason, exploring arrangements which are based around states and territories, or other regional limitations seem like a good option.

But the groups which may apply for a bespoke solution should be broader. They would include ‘designated areas’ but would extend to allow for skilled ‘regional’ (e.g. beyond Sydney, Melbourne, Brisbane) visa solutions to be developed by any tightly drawn interests which are established on a needs basis and can demonstrate the capacity (or a strategy) to negotiate the complexities and manage the requirements which the visa establishes. Those ‘managing interests’ may be distinguished by, for example, geographic area, by industry, by economic or social criteria, or otherwise. But, importantly, they would all draw on the same visa framework. Although ‘designated’ areas — be they state, local government, or other region — should absolutely be able to make a case for a tailored visa arrangement and they can certainly make up an ‘interest group’ — it should be broader than that arbitrary limitation. Indeed, skills needs do not end at state borders nor do industries — or, very frequently, businesses. Interest groups, like skills needs, can cross regions and states, so the solution must enable cross-border solutions.

The Discussion Paper indicates that DAMAs have seen lower uptake; a result which the paper attributes to the inbuilt complexity which results from each DAMA having its own nuances and requirements and relying on managing bodies (the DARs) who have differing levels of experience, resourcing and capabilities, and may have greater responsibility to manage risk. Anecdotally, we hear that any complexity created by nuances is an issue more for the Department than the DARs. This is a suggestion which makes intuitive sense given that the DAR should know and be intimately familiar with the nuances of their particular DAMA, and nuance does not itself create complexity. Complexity results when there are competing and clashing nuances/differences; something which is not such an issue within a single DAMA as it is across the entire program of differing DAMAs. That is a complexity which the Department deals with, not the DARs. Nonetheless, if the problem does originate with the DARs — or anybody managing the visa product — then surely the solution is to ensure that the managing body has the required capabilities before their specific arrangement is approved. A new system could surely build in such requirements and/or the bespoke products of that system could be tailored so that they are not unwieldy for the managing body.

In our view, within necessary and appropriate administrative parameters, it should be the people who use the visa who play the larger role in the design of a visa’s features. Rather than a skills list, featuring sweeping declarations made by

someone who is far removed from the impact of those decisions and doesn't really understand the problems, the system should empower the communities (in the broad sense) who are in need. There should be provision for interest-groups (businesses, regions, industries, religions, cultural/ethnic representative groups, etc) to approach the Department to demonstrate the need for bespoke/special arrangements within the existing system.

Of course, in a sense, this is the current arrangement. This solution already exists with DAMAs, industry labour agreements, and the various types of skills lists feeding into various types of visas. But these are piece meal arrangements with no obvious unifying structure, with 'bolt on' features forced to work across different programs. We would suggest one visa pathway which a bespoke interests group can tailor to address their distinct migration needs. In addition to one system being inherently simpler than the multitude which currently exist and allowing solutions to be tailored to the unique needs of a 'region', the beauty of this idea, at least in principle, is that it won't disrupt existing arrangements, such as labour agreement and DAMAs, as they should be able to transition into a new system. Nor would it trip over the new 'skills in demand' visa pathways, which can exist as a true, national solution, rather than being mostly national but having regional 'bolt on' elements like regional occupations lists.

NFF Recommendations:

- 5. Enable a business in the Regions to engage a worker — with skills which they can positively demonstrate cannot be sourced locally — from overseas, irrespective of whether the occupation features on the Cores Skills List.***
- 6. Develop systems which allow groups outside the major cities with clearly defined interests to partner with the Government in developing tailored visa solution which suit their circumstances, needs and capacities.***

Part 5. The Risk of WHM Exploitation

5.1. General Observations

The Discussion Paper proposes the need to change regional visa settings to ‘mitigate exploitation risks, while ensuring regional Australia still gets access to the workers it needs’, indicating that the Specified Work⁸ component of the WHM visas increase vulnerability, as do language and cultural barriers, and remoteness of work. This follows the Independent Migration Review and the Migration Strategy which call the Specified Work component a ‘key driver of exploitation’.⁹ While the Discussion Paper acknowledges that WHMs undertaking Specified Work are an important contributor to regional industries and economies — the inference being that changes to the requirements should not be lightly made — it also observes that WHMs are not always the best source of labour for establishing ‘positive workforce outcomes.’ And while the paper confirms that the government will not be reducing the visa to a ‘one year visa’ it is very clear that changes to — including elimination of — the Specified Work component is under consideration.

From our perspective, there are three elements of this part of the Discussion Paper which will need to be unpacked:

- (1) The contribution of WHMs to regional Australia generally.
- (2) The importance of WHMs to agriculture as a source of labour; and
- (3) The risk of *exploitation* and how features of the WHM visa may contribute to that risk.

We note that while the risks identified by the Discussion Paper could apply broadly to all migrant workers¹⁰, the focus of much of the paper is specifically addressing the risk to WHMs and the studies which have commented on that risk. As such, in the interest of brevity we will confine our submissions to WHMs, noting that much of what we say has broader application.

⁸ That is the option for WHMs to apply for a 2nd year-long visa if they have worked 88 days in certain roles or industries including (but not limited to) agriculture in certain ‘regional’ areas, and then to apply for a 3rd year visa where they perform 6 months of Specified Work.

⁹ *Migration Review* page 89. *Migration Strategy*, page 87.

¹⁰ e.g. most migrant workers, including WHMs working at helpdesks, cafes, or petrol stations in Brisbane, face language and social barriers which may make them vulnerable to bad actors.

5.2. *Importance of WHMs to farming*

It cannot be overstated just how important WHMs are to the farming sector.

In regional areas, where production has traditionally been dominated by small-scale independent producers, populations are small, a fact which limits the supply of workers. Furthermore, domestic workers may be unwilling to leave their established social structures (for both them and family) for work. This severely limits the number of workers who are available to take up farm jobs, especially when the work may be occasional, short-term, for limited or irregular hours, and can be physically taxing. The seasonal nature of much of the work exacerbates these challenges, with some parts of the sector seeing significant spikes in demand for labour during peak times. This is a factor which will deter domestic workers who need ongoing work and regular income. The combination of these (and other) factors leads to a domestic workforce which is less available to farms, and results in regular and widespread labour shortages.

For at least the past two decade, WHMs have been part of the answer — perhaps the most crucial part — to this thorny problem. As the Review notes, the standard WHM visa is for one year. But WHMs can do a period of work in various regions and industries (**Specified Work**) in order to qualify for a second and third year. The Specified Work incentive is of utmost importance to the farming sector.

While the intervention of COVID-19 border closures in 2020 to 2022 complicate the statistics, both before and after that period the number of second and third year WHMs — those who must have done a period of Specified Work — was at record numbers.

- Just prior to the borders closing, in 2018/19, the number of 2nd and 3rd year visa holders was **43,219**, the second highest on record; and
- Despite COVID disruptions, the number of 2nd and 3rd year visa holders in 2023/24 was just 586 less at **42,633**.

The breakdown of WHMs who did Specific Work to acquire a second- or third-year visa are as follows¹¹:

¹¹ Note that as a result of the way in which Home Affairs present the numbers, the figures in the Table 1 only over a six-month period to December, whereas the figures cited in the preceding paragraph cover the entire year.

Table 1: Industries and Specified Work — 6 months to December 2019 and 2023

Visa Numbers and Industry of WHMs' Specified Work for 6 Months*				
	Six Months to Dec '2019		Six Months to Dec' 2023	
	Visas	Proportion	Visas	Proportion
Agriculture	15,813.00	76%	11,756	51%
Accommodation	1,490.00	7%	5,234	23%
Construction	1,430.00	7%	2,494	11%
Mining	214.00	1%	641	3%
Not Classified	1,872.00	9%	2,756	12%
Total	20,819	100%	22,881	100%

* Based on numbers of second- and third-year subclasses 417 and 462 visa granted by the Department of Home Affairs during the specified period as reported Working Holiday Maker visa program reports for 31 December 2019 and 31 December 2023.¹²

While the number and proportion of WHMs working in Agriculture has fallen significantly since 2019¹³ — probably due to Specified Work being opened to other sectors — in 2023 the vast majority of WHMs who undertake Specified Work still did so in agriculture.

It's clear that WHMs are as important as ever to the farming sector. The results of a workforce survey which the NFF recently conducted of its membership are consistent with this conclusion. The complete results are summarised at Annexure 1, but findings included the following:

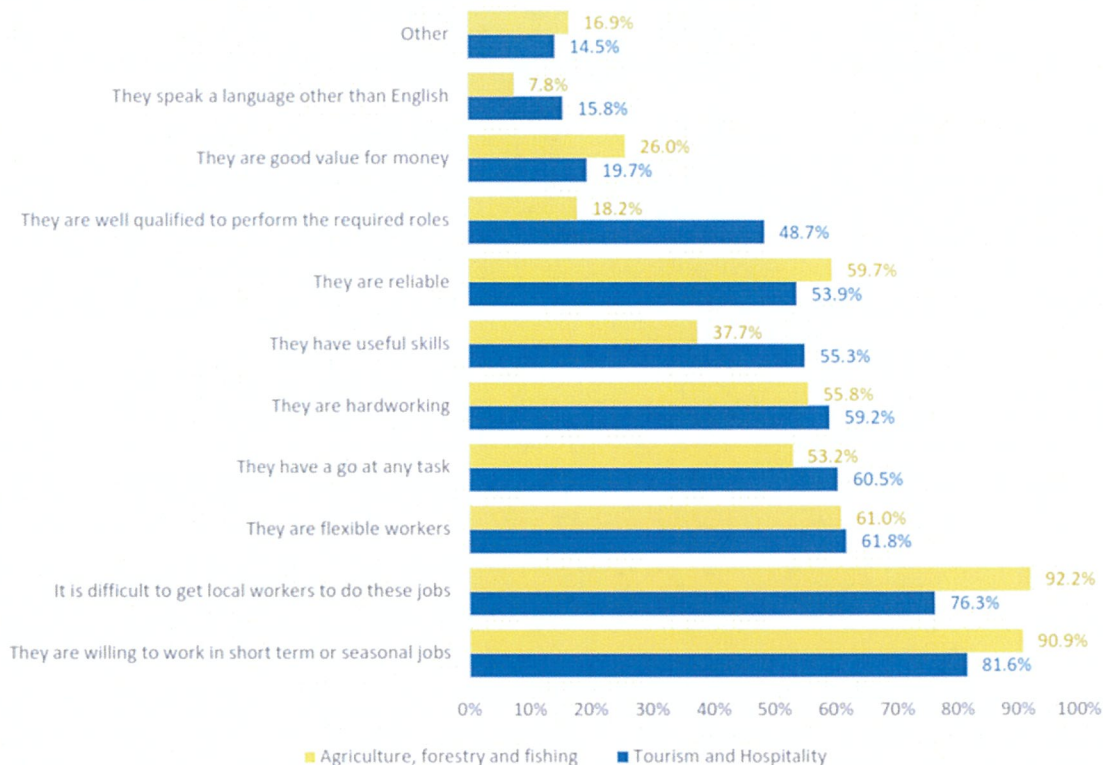
- Across **all commodities**, WHMs make up **one-third of the farm's workforce** during peak labour demand.
- Elimination of the Specified Work arrangements would force about **one-quarter of farms to reduce production** and increase pressure on workers and animal welfare.
- More than **three-quarters of farms** said that the elimination of the Specified Work arrangements would have a significant or catastrophic impact on their farms.
- More than half of farms may leave the industry if the Specified Work arrangements were eliminated.

¹² Available at <https://www.homeaffairs.gov.au/research-and-statistics/statistics/visa-statistics/visit>

¹³ And indeed, years before, when the proportion was steady at about 85%.

There are a multitude of reasons. WHMs are young, mobile, and motivated, incentivised and willing to try new things, and frequently traveling at least between major cities and tourist centres.

Figure 9-3: Reasons WHMs are important to employers



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Their mobility enables the WHMs to follow the work, adjusting to production and climate variability. They ‘have a greater capacity than domestic workers to move around the country and address regional shortages when they occur’.¹⁵ According to Tourism Australia, 43% of WHMs visit 3 to 7 locations as compared to just 29% of non-WHM tourists, and 19% of WHMs visit 8 or more locations as compared to just 8% of non-WHM tourists.¹⁶

It should be noted that, as the results above demonstrate, wage-costs are **not** a primary reason for the farm industry’s high regard for the WHMs. Of the eleven

¹⁴ Flinders University. (2021, July). *The Australia Experience: Perceptions of Australia's WHM Program* at page 89.

¹⁵ Aither. (1 August 2024). *Regional Impacts of Working Holiday Makers*.

¹⁶ Tourism Australia. (2019). *Working Holiday Maker Snapshot, December 2019*.
<https://www.tourism.australia.com/content/dam/digital/global/documents/whm-snapshot-dec-2019.pdf> (Accessed 1 August 2024).

options which agricultural employers were given for the importance of WHMs 'They are good value for money' was a distant ninth, far **less significant** than flexibility, ability, or skills and work ethic.

While concerns have been expressed about the quality of the work performed by the WHM workforce, those concerns can be overstated. According to the Discussion Paper WHMs:

can be less productive than other workers in the agriculture sector. Research has found that seasonal workers that came to Australia under a predecessor to the PALM scheme were 20 per cent more productive than Working Holiday Makers.¹⁷

However, those concerns should not be exaggerated. The results above confirm that the majority of farm employers see WHMs as reliable, hardworking, and willing 'to have a go'. And while the Discussion Paper may be correct as compared to PALM workers, when compared to the workforce generally, WHMs fare much better. In responding to the NFF labour survey, **83%** of farmers reported that their WHMs are **as or more productive** than typical workers and just 17% of farmers found them less productive than typical workers.

In addition, the work allows the WHMs to make connections with the broader Australia:

Backpackers travelling to Australia on a WHM visa hold a broad romanticized view of working and travelling that does not exist in the same way for domestic workers. Griffith University research found a high proportion of WHM respondents answered that they want to 'experience a new culture', 'look for a new challenge', 'experience an adventure', and 'combine work with travel'. These responses confirm working on an Australian farm for a short period would be attractive. Domestic workers do not hold the same sentiments. Respondents labelled "world class beauty and natural environments" as the top response when asked for reasons for considering a working holiday to Australia. Working in regional Australia allows WHMs to experience that natural beauty.¹⁸

As the COVID-19 pandemic showed, any changes or constraints on the WHM cohort as a standing pool of labour may be catastrophic for the sector. When borders closed in 2020/21 the number of WHMs in Australia fell by roughly 85%, creating an existential labour shortage and an industry-wide crisis:

Senate Estimates reported a labour downturn of 170,000 workers for agriculture and horticulture in 2022.¹⁹ The Australian Bureau of Statistics reported that 57% of

¹⁷ Aither, 1 August 2024. *Regional Impacts of Working Holiday Makers*.

¹⁸ Aither, 1 August 2024. *Regional Impacts of Working Holiday Makers*.

¹⁹ Gardiner, S., Pietsch, J., & Yang, E. C. L. (November 2022). *Creating a New Future for the Working Holiday Market: Implications for Australia*. Prepared for Tourism Australia. (Last accessed 17 July 2024).

Australian farms struggled to recruit labour, with the rate in Western Australia reaching as high as 68%.²⁰ AUSVEG found that the horticulture industry was short by 10,000 individual workers, which each fill multiple jobs over the course of the year.²¹

Similarly, the recent NFF farm workforce survey results include:

- All but two commodities reported that the impact of the elimination of the requirements for UK WHMs to perform Specified Work was *at least* significant, if not catastrophic.
- Almost two-thirds of the farm businesses survey anticipated the elimination of Specified Work in relation to all WHMs would be catastrophic.
- More than half of respondents indicated that they would consider changing commodities or leaving the industry if their access to workers was reduced.

This type of response is certainly not limited to NFF surveys. Flinders University, for example, recently found that ‘four in five employers from agriculture (81.8%) ... reported WHMs were very important to their business.’²²

As matters stand, Agriculture is reliant on WHMs as one of the major legitimate sources of seasonal labour available. The former government recognised this fact when it introduced a plan for a ‘dedicated ag’ visa’ to address shortages which would result when the UK WHM visa was changed to remove the Specified Work component. In scrapping that plan without any meaningful alternative, the current government placed enormous strain on the legitimate sources of labour that remain. And while we acknowledge there are a number of visa options for accessing overseas workers, none of those options is a complete answer to the problem for the sector. Importantly, the Pacific Australia Labour Mobility (**PALM**) program — which seems to be the Albanese government’s panacea to labour shortages in ag and beyond — is fantastic within its own space. However, it is limited by (1) the willingness of sending nations to participate (2) the limitations which the Federal government has imposed on employers engaging with the

²⁰ Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES). (2022). *Labour use in Australian agriculture 2022*. <https://www.agriculture.gov.au/abares/research-topics/agricultural-workforce/labour-use/2022> (Last accessed 17 July 2024).

²¹ Australian Vegetable and Potato Growers' Federation. (2022, August). *Food supply chain alliance highlight job shortages ahead of jobs and skills summit*. <https://ausveg.com.au/articles/food-supply-chain-alliance-highlight-job-shortages-ahead-of-jobs-and-skills-summit/>. (Last accessed 17 July 2024).

²² Flinders University. (2021, July). *The Australia Experience: Perceptions of Australia's WHM Program* at page 17.

scheme.²³ PALM works well for bigger corporate farmers with a steady and reliable production cycles and large turnovers — although even they may struggle with the program during the ‘shoulder’ season when work is less plentiful. However, it does not work nearly so well for smaller farmers whose labour need is less voluminous and/or reliable, and who have smaller profit margins to absorb the significant cost. For those growers, the flexibility of the WHM programs is indispensable. It is telling that

- despite the overall growth of PALM workers since 2020 (as a result of COVID border closures and the government’s prioritisation of that program) the number of WHMs remain at record highs.
- Recent changes to the program, which have made engaging with it more complicated and difficult for growers, have seen a sizable drop-off in usage.

In 2019 the National Agricultural Workforce Strategy (**the NAWS**) observed that ‘no single visa will be able to meet the diversity of workforce needs across the different sectors.’²⁴ The NFF agrees. Each of the visas plays a role, and it’s absurd to think that any one product will satisfy every labour need of a sector as disbursed and diverse as agriculture.²⁵

Furthermore, it must be stressed that, despite any conventional wisdom to the contrary, the WHM program’s importance is **not** limited to horticulture. While in sheer numbers — and media attention — fruit and vegetable growers may be the most reliant, WHMs are important to all farming commodities. In its 2021 report into the WHM program Flinders University noted that:

*Interview feedback from WHM employers strongly reinforced the message that WHMs fill a critical niche in the Australian job market, performing a range of jobs that otherwise would struggle to attract local labour. **Agricultural businesses ranged from citrus farms to broad acre cropping, glasshouse production to livestock farming and cattle breeding operations.***²⁶

A change to the program would cause problems across cotton, grains, red meat, dairy, seafood, etcetera. The gross numbers may not be as high in those other commodities, but when measured as a proportion of the workforce and significance to the industry, WHMs are critical to the **whole** of agriculture. While

²³ Including, inter alia, restrictions on the skills level of jobs, the upfront costs and fees, ongoing requirements for example length and type of engagement, and the overall administrative burden.

²⁴ *National Agricultural Workforce Strategy: Learning to excel*, National Agricultural Labour Advisory Committee, December 2020, at page 189

²⁵ Unless, that product is dedicated and designed according to the industry’s needs.

²⁶ Flinders University. (2021, July). *The Australia Experience: Perceptions of Australia’s WHM Program* at page 89. Emphasis added.

the NFF Workforce Survey found that the removal of WHM from the horticultural industry would lead to 379 average lost hours of labour per week per farm at peak season, significant losses would occur in other agricultural industries, including rice (448 hours), red meat (163 hours), timber (144 hours), cotton (133 hours), and grains (111 hours). Furthermore, it found that while WHMs made up 44% of the horticulture workforce during peak labour demand, in both cotton and red meat they made up more than 25% and in grains they made up more than 30%.

Any change would be catastrophic. It would pose a challenge, not just for our members and the agricultural sector, but to the nation, its terms of trade, food security, and the cost of living of the average Australian. Indeed, consumer should expect availability and prices of fresh meat and produce to be significantly more challenging if the WHM program was compromised and access to farm labour — i.e. changes to the Specified Work arrangements — are made without a proven and effective alternative in place.

NFF Recommendation:

- 7. The government acknowledge that the nature of WHMs and the visa settings make WHMs uniquely suited to the workforce needs of farming.***

5.3. Importance of WHMs to “regional Australia”³

The importance of WHMs to regions is not limited to the farming sector. It extends to the whole of the regional economies, where WHMs are a key source of worker and as customers/clients.

The NFF, Australian Tourism Export Council (ATEC) and the Backpacker & Youth Tourism Advisory Panel (BTAP) engaged Aither to provide a review and analysis of the economic impacts of WHM in regional Australia. The report of that review is at Annexure 2.

Aither found that while visitors within the WHM market — aged 15 to 29 years — makeup up just a quarter of all tourists visiting Australia, they contribute almost half of the total visitor spend and are one of the biggest contributors to the ‘leisure market’.²⁷ In 2023-24, WHMs will spend more than \$4.5 billion in

²⁷ Tourism Australia. (October 2021). *Working Holiday Maker infographic*. <https://www.tourism.australia.com/content/dam/digital/corporate/documents/ta-whm-infographic-october-2021.pdf>

Australia²⁸, and individual WHMs will each spend \$32,188 over their (on an average) 9.5 month stay.²⁹ Tourism Australia has estimated that 'WHMs contribute \$1.5 billion in labour income'³⁰ across the Australian economy, unsurprisingly their financial contribution to the accommodation, hospitality and entertainment sectors are paramount.

Table 2 Average WHM trip spend breakdown (\$2024)³¹

	Average WHM spend as a percentage of total spend	Average WHM spend in \$
Accommodation	30%	9,608
Food and drink	18%	5,525
Other expenses	14%	4,466
Entertainment	12%	3,964
Tourism	11%	3,494
Transport	10%	3,161
Bills	7%	2,301

The Specified Work requirement is vital for the industries of regional towns that rely heavily on the tourism and hospitality spending of WHMs in places where they work. WHMs are 'high-return tourists' for the regions: their stay in the Regions is longer than other tourists, and during their stay they support local businesses as employees. They then spend most of what they earn in the Regions:

23% of the WHM spend occurs in Regional Australia, injecting \$726m directly into the economies.³² Regional accommodation services have benefitted from this. When staying in remote and very remote locations, 25% of WHMs stay in hostels. Motels, pubs and private dwellings are converted to hostels and homestays for regional workers, revitalising existing spaces, encouraging longer term stays and improving tourist infrastructure in those regions. Tourism WA states that WHM spend on average \$5,900 per trip to WA, which is more than double the amount of other international tourists.³³

²⁸ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*. Inflation adjusted Australian June 2024 CPI.

²⁹ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*. Inflation adjusted Australian June 2024 CPI.

³⁰ Tourism Australia. (October 2021). *Working Holiday Maker infographic*. <https://www.tourism.australia.com/content/dam/digital/corporate/documents/ta-whm-infographic-october-2021.pdf>.

³¹ Aither, 1 August 2024. *Regional Impacts of Working Holiday Makers* page 11

³² Tourism Australia. (October 2021). *Working Holiday Maker infographic*. <https://www.tourism.australia.com/content/dam/digital/corporate/documents/ta-whm-infographic-october-2021.pdf>.

³³ Tourism Council WA. (April 2021). *Federal cap on backpackers devastating for regional WA*. <https://tourismcouncilwa.com.au/advocacy-research/media-releases/federal-cap-backpackers-devastating-regional-wa>.

Without Specified Work and the incentive to visit the regions, these contributions to regional areas will evaporate. Per capita, regional work-based locations would benefit more from the big spending habits of WHMs because they are likely to spend a high proportion of their time in the regions in which they work. It follows that while eliminating Specified Work may not affect the amount WHMs spend in Australia it will disproportionately affect regional destinations. The regions — and not just agriculture — would be the big losers if any change was to be made.

The direct impact of 20,000 WHMs choosing to work in cities rather than Regional Australia would result in a loss of \$203m in output (gross revenue) to the national economy and \$90m in value-add:

We estimate that it would decrease the demand for intermediate goods and services to these regions of \$200 million. This would also negatively impact the job market, with an average 939 direct jobs lost and a further 143 jobs lost through the supply chain.³⁴

Table 3 Economic impact of reduction of 120,000 WHMs in regions³⁵

Impact	Direct impact	Supply chain impact	Total impact
Output (\$m)	-149	-54	-203
Employment (jobs)	-939	-143	-1,082
Wages and salaries (\$m)	-43	-11	-54
Value-added (\$m)	-67	-22	-90

To put this in a local perspective, a loss of 1,000 WHMs from the electorate of Forest (South-West WA) would be approximately \$20.06m p.a. in output, a loss of about 94 jobs, \$5.6m in salaries, and \$9.1m in value-add.

³⁴ Aither, 1 August 2024. *Regional Impacts of Working Holiday Makers* page 21

³⁵ Aither, 1 August 2024. *Regional Impacts of Working Holiday Makers* page 21

Table 4 Economic impact of reduction of 1,000 WHMs in the electorate of Forrest³⁶

Impact	Direct impact	Supply chain impact	Total impact
Output (\$m)	-14.3	-6.3	-20.6
Employment (jobs)	-79	-15	-94
Wages and salaries (\$m)	-4.2	-1.4	-5.6
Value-added (\$m)	-6.6	-2.6	-9.1

Those losses would be felt most keenly in Accommodation and Food services and Arts and Recreation, but would be felt indirectly by all sectors across Forest's entire economy.

Table 5 Sector impact of a reduction of 1,000 WHMs in the electorate of Forrest³⁷

Sector	Direct impact (\$m)	Supply chain impact (\$m)	Total impact (\$m)
Accommodation & Food Services	-7.5	-0.1	-7.6
Arts & Recreation Services	-2.4	-0.2	-2.6
Retail Trade	-2	-0.2	-2.2
Transport, Postal & Warehousing	-1.4	-0.5	-1.9
Manufacturing	0	-1.2	-1.2
Electricity, Gas, Water & Waste Services	-0.5	-0.4	-0.9
Information Media & Telecommunications	-0.5	-0.3	-0.8
Rental, Hiring & Real Estate Services	0	-0.6	-0.6
Professional, Scientific & Technical Services	0	-0.6	-0.6
Administrative & Support Services	0	-0.5	-0.5
Construction	0	-0.5	-0.5

³⁶ Aither, 1 August 2024. *Regional Impacts of Working Holiday Makers* page23

³⁷ Aither, 1 August 2024. *Regional Impacts of Working Holiday Makers* page 23

Sector	Direct impact (\$m)	Supply chain impact (\$m)	Total impact (\$m)
Agriculture, Forestry & Fishing	0	-0.4	-0.4

Research demonstrates that similar impacts would be felt in

- Farrer, NSW — a loss of \$11.1m in output and \$4.9m in value add³⁸; and
- Flynn, QLD: a loss of \$10.2m in output and \$4.5m in value add.³⁹

The significance of this impact cannot be overstated. Specified Work pulls WHMs into regional towns, where they spend more time and more money. Eliminating Specified Work will mean that a much greater percentage of WHMs remain in major cities (Brisbane Melbourne and Sydney) and tourist hotspots (the Gold Coast) limiting their spending in Regional Australia.

Indeed, as ‘a cultural exchange visa’ it is important that the WHM see more than just the major cities. While the normal tendency of a WHM would be to remain in the capital cities and tourism centres, Specified Work gives them cause to travel to the regions, experience the broader Australia, playing a vital role in the regional economy as both workers and consumers. They also create further demand through word of mouth, sharing stories of their adventures with their friends and family. Without Specified Work that simply wouldn’t happen. The net loss to Regional Australia would be shattering.

NFF Recommendation:

8. The government acknowledge that WHMs and the current settings of the WHM program make them/it irreplaceably important to regions and regional economies.

5.4. The risk of exploitation.

The farm sector’s productive relationship with the WHM program — as an important source of workers and opportunity for cultural exchange and lasting

³⁸ Aither, 1 August 2024. *Regional Impacts of Working Holiday Makers* page 24.
³⁹ Aither, 1 August 2024. *Regional Impacts of Working Holiday Makers* page 25.

relationships — has been overshadowed by a much more unsavoury fact. The Discussion Paper indicates that

Several reviews have found that Working Holiday Makers are more likely to be exploited than other temporary visa holders.⁴⁰

As a general statement of principle, we do not take issue with this claim. We are more aware than most of the spate of inquiries and reports finding WHMs have been mistreated and worse.

However, if the review is to result in meaningful policy it will need to be more rigorous and precise in its statement of the problem. A term like *exploitation*, while useful in the general discourse, is imprecise and capable of signifying a plethora of different sorts of objectionable and/or criminal conduct. Indeed, a survey of the literature confirms that the term has been used very inconsistently and indiscriminately, referring to a range of different forms of objectionable and/or criminal conduct: coercion to remain at work; cash-in-hand payments; misleading promises about work availability; problems with accommodation; low (as opposed to illegal) pay rates; illegal underpayment; sexual harassment; bonded labour; health and safety concerns, and so forth. Again, the NFF accepts the evidence that all of these things have featured in the workforce of the agricultural — and especially horticultural — supply chains to greater or lesser extent. And all of it is intolerable. Indeed, they are problems plaguing the Australian labour market generally and experienced within the workforces of most Australian industries, not just in agriculture or Regional Australia. Whether they are more prominent in agriculture than in other industries is a live question.⁴¹

The media coverage is predictably focused on the sensational and negative. A 2021 study, which focused on the experience of Taiwanese WHMs but considered the portal of the WHM program more generally observe that:

Both the Australia and Taiwanese media are therefore extremely limited, in quantity and quality, in their coverage of the experience of WHMs, and are consistently negative in their depiction of that experience ('no news is good news'). These

⁴⁰ For what it is worth (which, we accept, may not be a great deal), we note that the Discussion Paper appears to cite three documents — which we return to later in these submissions — in support of this claim. However, it appears to be a stretch (at best) to state those papers conclude that WHMs are *more* likely than other visa holders to be subject of exploitation. In fact, on our review, not one of those documents took the claim that far. They certainly concluded that WHMs are subject to exploitation, but they do not go so far as to say that the exploitation was 'more likely' within that cohort than any other cohort of temporary visa holders.

⁴¹ According to response which the FWO gave to Questions on Notice at the September 2020 Senate Estimates hearings, the top five industries were: Accommodation (29%), Amination and Support Services (14%), Construction, (12%), Ag Forestry and Fishing (12%) and Retail Trade (8%).

findings again emphasise the need for a more comprehensive and detailed examination of the diversity of WHM experiences, especially in regional areas.⁴²

The positive stories receive far less coverage, despite the fact that they are a much more common feature of the program. We are aware of numerous anecdotes of farms forming lifelong relationships with WHMs, and WHMs finding love and making their life on farms and in the regions. These are not isolated experiences. They are in fact a much bigger part of the whole WHM narrative than the horror stories which consume the press. Unfortunately, however, good news doesn't make for good headlines.

Nonetheless, while we agree with the sentiments of the study quoted above that the record could be squared with more nuanced research and analysis, we also accept that it is largely irrelevant for present purposes. Any exploitation wherever it resides, needs to be addressed. That said, however, the administrative and regulatory response to one sort of problem may differ a great deal from the response to another. Cash-in-hand payments do not call for the same response as squalid accommodation conditions, illegal underpayments, bonded labour, or sexual harassment. In order to develop an appropriate response, the problem should be properly defined so that the solution can specifically target the issue, rather than introducing sweeping change which may indirectly address it — but probably in a way which just shifts the problem — while causing significant collateral damage. Thus, for example, while some parts in civil society may perpetuate the notion that eliminating Specified Work is the solution to exploitation of the workforce, the reality is that at best it would just push the problem from WHMs to other segments of society — to, for example, undocumented workers or student visa holders — while WHMs will lose some of their best experiences, and the farm sector and regional communities will lose some of their most valued contributors. The reality is that regulatory measures must be targeted to legitimately fix the problem without creating new problems.

The Discussion Paper fails to not allude to another nuance of the issue: the perpetrator of the exploitation. The point is often made that exploitation of the horticulture workforce is mostly perpetrated by labour hire operators. There is undoubtedly a lot of truth to this claim. Unfortunately, however, on occasion the farm may be a willing (or wilfully blind) accomplice to the conduct. On the other hand, the exploitation which is attributed to 'working on a farm' may in fact be far removed from a paddock or orchard. A farm may or may not, for example, have anything to do with unacceptable accommodation, or false promises of

⁴² Ju-Han Zoe Wang & John Connell (2021) Taiwanese Working holiday makers in rural and regional Australia: temporary transnational identities and employment challenges, *Australian Geographer*, 52:2, 191-207, DOI: 10.1080/00049182.2021.1916196

work or wages, or demand for money in exchange for placement. Instead, that may be perpetrated by a labour hire provider, a dodgy hostel, or sloppy 'jobs board' operator. While the exploitation is occurring to a member of the agricultural workforce, the source of the exploitation may (to greater or lesser degree) be elsewhere.

The point is that in order to identify fixes we need a robust understanding of the problem. The expression exploitation, while perhaps useful in some circumstances, is much too vague to serve as a basis for good policy. The nature of the exploitation — the specifics and their source — will vary from case to case, and targeted solutions for each of those cases is necessary if the problem is to be properly fixed without causing unwarranted and unnecessary harm.

Within that context, it is also worth making the observation that the last decade has seen significant reforms in this space. Just some of those initiatives include the following:

1. From 1 December 2015, a requirement for Specified Work to be paid work and for 2nd year visa applications to include evidence establishing that the paid work had in fact been undertaken.⁴³
2. The 2016 WHM reform package⁴⁴ which included, inter alia, the introduction of the requirements for employers to register with the Federal government to engage WHMs.
3. The *Fair Work Amendment (Protecting Vulnerable Workers) Act 2017* which increased penalties for employer contravention of workplace laws.
4. From 2017, the introduction in Queensland, Victoria, and other jurisdictions of state labour hire licensing regimes.
5. The introduction of the *Commonwealth Modern Slavery Act 2018* (and its NSW counterpart) which introduce requirements for businesses to *identify and address their modern slavery risks and maintain responsible and transparent supply chains.*

⁴³ Report of the Migrant Workers Taskforce, page 73.

⁴⁴ <https://ministers.treasury.gov.au/sites/ministers.treasury.gov.au/files/2019-05/104-2016.pdf>

6. The conduct of Fair Work Ombudsman (**the FWO**) investigation and enforcement activity targeting the agricultural sector and supporting migrant workers for at least the last decade.⁴⁵
7. Changes to the Modern Awards, including changes to the Horticulture Award such as:
 - a. In 2019, a requirement that all casual employees (pickers and packers) be paid overtime.
 - b. In 2022, introduction of a 'piece rates floor' — prohibiting the questionable but legal practice of pay rates below the minimum hourly wage — and extensive recording and reporting requirements.
8. The *Supporting Australia's Jobs and Economic Recovery Bill 2020* which, inter alia, increased penalties for underpayment.
9. From about 2020, the adoption by all major retailers, including Woolworths and Coles, of responsible sourcing and supply chain assurance frameworks.
10. The *Migration Amendment (Strengthening Employer Compliance) Act 2023* which criminalises coercive control and other forms of mistreatment of migrant workers.
11. The extensive industrial relations changes which the Albanese government made between 2022 and 2024, notionally to increase worker protections.

We note that the Discussion Paper effectively cites two independent inquiries in its observations regarding WHM exploitation: (1) The FWO's *Inquiry into the wages and conditions of people working under the Working Holiday Maker Program* published from 2016; and (2) the *Report of the Migrant Workers' Taskforce* which was published in 2019. It also cites the Migration Strategy which, while not making its own independent findings, within the context of WHM exploitation refers again to the FWO's 2016 inquiry and a separate paper published in 2019 by

⁴⁵ And provision of migration worker support services, some of which (according to response given by the FWO at the September 2020 Senate Estimates) include:

- Professionally translated in-language information available in 30 languages via the Language help section on the FWO's main website www.fairwork.gov.au and includes downloadable resources and videos.
- A website translator on FWO's main website, Coronavirus sub-site www.coronavirus.fairwork.gov.au and Horticulture Showcase at www.fairwork.gov.au/horticulture-showcase that automatically translates information into 36 languages.
- The recently redesigned Fair Work Information Statement has been professionally translated into 38 languages – it is currently being updated to reflect the 2020 Annual Wage Review. Updates also include a call out box advising employees they can find out more about their workplace entitlements and obligations during the impact of coronavirus at the FWO's coronavirus sub-site.

University of Adelaide academics, *Towards a Durable Future*⁴⁶. While we know there are other papers — with varying degrees of reliability and credibility — commenting on WHM exploitation, it is worth observing that much of that literature was developed prior to the introduction of most or all of the reforms summarised above. Given that volume of change — which was introduced more or less in response to the reports and to address the issues which they exposed — it is fair to ask whether those reports reflect the current circumstances and the need today? If decisions are to be truly ‘evidence based’ then evidence which reflects the situation today — not a decade, five, or even two years ago — must be sourced. If, as we have been assured by this and former governments, these changes were meant to drive change and improve the situation, then it would be fair to ask whether they have been successful before we introduce yet more, potentially very damaging, change in this space.

NFF Recommendations:

- 9. Rather than using a blanket, ‘umbrella’ term to drive policy development in this space, identify with precision the problems which are to be fixed.**
- 10. Identify balanced, current, probative, and direct evidence to justify any significant change.**

5.5. The “drivers of exploitation”³ and Specified Work

Notwithstanding our frustration with the lack of clarity or rigor in the consideration of this problem, we are at pains to stress that we agree that WHMs do experience some form exploitation (either as described above or otherwise) and the risk of any exploitation is unacceptable.

At page 11, the Discussion Paper identifies eight ‘factors that made Working Holiday Makers vulnerable to exploitation’, most of which concern the capacity of the WHM (and indeed all migrant workers) to know and maintain their rights. Putting aside an assertion relating to Specified Work which we return to below, those factors are:

- Cultural and language barriers.
- Suspicion of government.
- A lack of knowledge about Australian workplace rights and obligations.

⁴⁶ Howe J, Clibborn S, Reilly A, van Den Broek D and Wright CF (2019) *Towards a Durable Future: Tackling Labour Challenges in the Australian Horticulture Industry*.

- A lack of knowledge about where to find assistance.
- Lower English language proficiency.
- Work in occupations/industries that have higher rates of exploitation.
- Remoteness of work locations.

Again, we accept the contention that, just as these are all potentially features of migrant and migrant workers, they are all potentially features of WHMs or the WHM program and are factors which may render a WHM vulnerable to exploitation. As such, we would agree that changes are warranted to address these issues. The Discussion Paper observes that there have been a number of practical and reasonable recommendations made to government to address these problems. We would encourage the government to revisit them before taking further, untested action. Those recommendations are thoroughly well researched and considered, and followed their own extensive review and inquiry process. We will discuss some of the reforms which we think could sensibly address these problems below at Part 5.6.

The eighth factor which is identified by the Discussion Paper as contributing to a WHM vulnerability to exploitation is Specified Work:

[The] dependence on an employer to meet specified work requirements to be eligible for a 2nd and 3rd year visa increased vulnerability of Working Holiday Makers to exploitation.⁴⁷

The argument supporting this claim that Specified work is ‘a key driver of exploitation’ seems to be that Specified Work creates a sponsorship-like relationship which ties the worker to the employer, creating a power imbalance which the employer can then exploit to the workers detriment, with unacceptable and frequently illegal consequences.

The problem with that argument is that Specified Work in fact does not bind a WHM to an employer. The reality is that if a WHM wants a 2nd or 3rd year in Australia — and that is, of course, their choice ... many WHMs can and do choose to stay just the one year or less⁴⁸ — then they can find work with one of many thousands of businesses, in a range of different industries, across the vast majority of Australia.

According to the Department of Home Affairs’ website

The following industries and areas are approved for specified work:

- *tourism and hospitality in Northern or Remote and Very Remote Australia, from 22 June 2021*

⁴⁷ Discussion paper at page 11

⁴⁸ Noting that most international WHM programs offer just a one-year visa.

- *plant and animal cultivation in regional Australia*
- *fishing and pearling in regional Australia*
- *tree farming and felling in regional Australia*
- *mining in regional Australia*
- *construction in regional Australia*
- *bushfire recovery work in declared bushfire-affected areas carried out after 31 July 2019*
- *recovery work in flood, cyclone, or other severe weather-affected areas carried out after 31 December 2021*
- *critical COVID-19 work in the healthcare and medical sectors anywhere in Australia, after 31 January 2020*

And the regions where that work can be done — displayed in green on the map below — comprise most of the nation.



49

The only area on the map where the Specified Work cannot be done are those **small patches of white**: effectively, the five capital cities and their suburbs. In the face of these facts, the notion that WHMs are made vulnerable because they are limited in their Specified Work options — should they choose to take a 2nd or 3rd year holidaying in Australia — is very hard to accept. Indeed, the nature of the WHM as a workforce — in fact, one of the things which make them so suitable to agriculture — is that **they are highly mobile**. They can and do move employers quite frequently.

⁴⁹ <https://www.yha.com.au/contentassets/a9949e5461f540ad82d00016385a5f05/how-to-get-your-second-and-third-year-aussie-working-holiday-visa-1.pdf>, accessed 24 June 2024

It is also a something of myth to posit that WHMs are incapable of asserting their rights. As with any demographic, there are naturally variations across the group, and we recognise the problem of homogenising the WHM cohort who are probably one of if not the most diverse demographics in Australia. However, the majority of WHMs are driven, educated young adults. The 462-visa stream requires WHMs to hold tertiary education or equivalent, and numerous studies have confirmed, for example, that Taiwanese WHMs⁵⁰ are ‘educated and skilled’.⁵¹ To qualify for the WHM visa they must have financial means to pay the visa fee, purchase return flights, and have budgeted between \$60-\$100 per day. They will usually speak English — the **vast** majority come from nations where English is a major language or must prove they have a functional grasp of English. They travel and work in groups and have an extensive informal network of information sharing. They have the initiative, tenacity drive and gumption that it takes to move to (usually) the other side of the world and to create a new life, even if only temporarily. They are well organised, and there is an abundance of websites⁵², on-line forums, and social media communities⁵³ where experience, information and resources are freely shared. Blogs, social media, and informal mail groups are frequented by current and ex-backpackers, migration specialist, employers, community groups all sharing advice and answering questions. These valuable and useful resources are all examples of the informal scaffolding that is available to all WHMs, clearly illustrating the sharing of information and best practices. Against that backdrop, portraying WHMs as a cohort of indentured serfs is simply a caricature of the WHMs ... and the farmers who hire them. It is a huge disservice to portray them all as helpless, vulnerable, and forsaken, and easy prey for villainous employers. The internet is replete with articles and advice on how to backpack effectively and safely, groups offering support and providing instance to WHMs, giving warnings and guidance, and raising issues of misuse or abuse. It is, as much as anything else, a symptom of an informed and empowered workforce exercising their rights and ensuring that those workers who follow them will not be mistreated.

We agree that there was a major problem with the system between 2005 and 2015. At that time, the employer had no legal obligation to provide sign-off certifying that a WHM had performed Specified Work. Furthermore, the Specified

⁵⁰ Who are in the subclass 417 (work and holiday maker) stream.

⁵¹ See e.g. Ju-Han Zoe Wang & John Connell (2021) Taiwanese Working holiday makers in rural and regional Australia: temporary transnational identities and employment challenges, *Australian Geographer*, 52:2, 191-207, DOI: 10.1080/00049182.2021.1916196 at [g 200].

⁵² See https://www.google.com/search?q=how+to+australia+backpack&rlz=1C1GCEB_enAU1099AU1099&oq=how+to+australia+backpack&gs_lcrp=EgZjaHJvbWUyBggAEEUYOTIICAEQABgWGB4yCAGCEAAyFhgeMggIAxAAGBYHjIIICAQQABgWGB4yCAGFEAAyFhgeMg0IBhAAGIYDGAEGIoFMg0IBxAAGIYDGAEGIoFMgoICBAAGIAEGKIEGmoICRAAGIAEGKIE0gEJNjc4NmowajE1qAllsAIB&sourceid=chrome&ie=UTF-8

⁵³ For example, <https://www.facebook.com/groups/AussieBackpacking/>

Work did not, at that time, need to be paid work. Some employers took advantage of this ‘loophole’, treating certification of Specified Work as payment enough and/or threatening to withhold sign-off so as to impose illegal or unfavourable conditions on the WHM.⁵⁴ As the FWO observed in the 2016 report, that resulted in a power imbalance which the employer could exploit. However, as noted above, the program settings were changed in 2015 to address this issue. WHMs are no longer dependant on the will of employers to validate their claim. The employer is required to provide the WHM payslips under the Fair Work Act⁵⁵ and the WHM produces those slips when applying for their 2nd and 3rd year visas. As the Migrant Workers Taskforce observed in 2019:

Changed application requirements from December 2015 mean that employers are no longer required to sign off on the three months specified work requirement for second year Working Holiday subclass 417 or subclass 462 visa applications, reducing the power imbalance between worker and employer. In December 2015, the Government amended the requirements for specified work to require that visa holders must only undertake work that is paid in accordance with Australian workplace laws and awards (volunteer work was no longer permitted) and include pay slips (or payment summaries) as evidence that the work was undertaken. New information about workplace rights has been included on the Department of Home Affairs website, including being displayed prominently on visa grant letters.⁵⁶

It is not surprising then that most of the studies which are cited in support of the notion that Specified Work ‘drives exploitation’ are either (1) commenting on the situation prior to those changes or (2) relying on and citing reports which comment on that pre-2016 situation. For example, while the Discussion Paper cites a number of sources, all of them appear to lead — via a labyrinth of cross-citations and references— back to the FWO’s 2016 report of the *Inquiry into the wages and conditions of people working under the 417 Working Holiday visa program*.

We **fervently** discourage the government from considering changes to the Specified Work component of the WHM program. In our submission the claim that Specified Work is the ‘key driver’ of exploitation, does not withstand scrutiny. While Specified Work may be a factor in (some of) the vulnerabilities cited above, it is — at worst a secondary factor and — not itself a vulnerability. Changes to Specified Work would not, for example, mean that those WHMs — who must work to make a living income — will magically become familiar with

⁵⁴ *Inquiry into the wages and conditions of people working under the 417 Working Holiday Visa Program*, Fair Work Ombudsman, October 2016, at pg 10.

⁵⁵ Section 536. Indeed, arguably the requirement for the WHMs to produce the payslips to the Government is a secondary check of their employer’s compliance with section 536.

⁵⁶ The Report of the Migrant Workers Taskforce, page 71

their workplace rights. Or trust the Australian government and its support agencies. Or avoid mistreatment which they experience when not doing Specified Work. Or cease to visit — if the program continues to promote ‘cultural exchange’ — remote locations in Australia. It will not affect the criminal practices of dodgy labour hire providers. Or improve accommodation for workers in regional Australia. Nor will it expose employers who are comfortable underpaying — or fail to recognise that they are underpaying — their workers or treating them with contempt. What it would potentially do is drive dodgy labour practices ‘underground’ *and* penalise the majority of farm businesses who rely on Specified Work and treat their workers with respect. What it would do is compromise a program which provides farmers with a very important source of worker which they would not otherwise have *and* motivates WHMs to experience the rest of Australia *and* makes an invaluable contribution to the Regions.

Altering or eliminating Specified Work may indeed reduce the instances of exploitation within the WHM workforce as it would reduce the WHMs within the workforce. But the bad actors would find other sources of labour to exploit, and the principal consequences would be to cause major ‘collateral damage’ to good producers who ‘do the right thing’. That being the case, rather than making a sweeping change which will have a catastrophic impact on the agricultural industry and regional Australia the government should consider a targeted response to address the specific issues.

NFF Recommendation:

- 11. The government does not make any changes to the Specified Work component of the WHM program.**

5.6. Targeted Reforms

Our scepticism about the extent to which Specified Work ‘drives exploitation’ notwithstanding, there can be no doubt that the Australian community is concerned about the treatment of WHMs (and indeed all migrant workers). The NFF shares these concerns, especially as it relates to farmworkers. Stories of mistreatment are unacceptable to us and arguably give our members *more* reason for distress than the broader community. In addition to the intolerable social and moral implications, they cause a commercial imbalance which penalises the (vast majority of) legitimate businesses. Furthermore, they have a devastating impact on perceptions, and our social and political capital. It is the reason, obviously, that we are now having to resist a change many would agree constitutes a serious — perhaps existential — threat to most of the farming sector.

For those reasons, we are supportive of targeted and rational measures to address this problem — a support which we have expressed, in various forums

and inquiries for years — provided, of course, that the measures are tailored to and address the specifics of the exploitation.

Some such reforms which the government has introduced are listed above at Part 5.4. And as we expressed above, we are not sure there is yet reliable data to show those measures are not working. As discussed, many of the studies relied upon in the Discussion Paper consider the position before those reforms were introduced or had a chance to make an impact. Nonetheless, if further reform is needed then, rather than sweeping changes which may make for good headlines in the short-term but have catastrophic consequence for the industry and Regions in the long term, what we need are reforms which actually address the issue, penalise the wrongdoers (only), and deliver positive change. There have been a number of recent studies which have analysed the problem and made recommendations.

In particular, the National Agricultural Workforce Strategy (**NAWS**), a 350-page study following a 12-month long inquiry, include a range of excellent recommendations to address these concerns. Some of those recommendations include:

- A requirement that WHMs attend in-person information sessions prior to being employed — *Recommendations 23 and 24*.
- The Government develop an app promoting seasonal work with information on good accommodation, work rights, etc — *Recommendation 26*.⁵⁷
- The introduction of a national labour hire licensing scheme — *Recommendation 27*.
- A requirement that WHMs hold a tax file number prior to arrival in Australia — *Recommendation 23*.
- A register of employers which verifies they have not for breached relevant laws and deregisters those who have — *Recommendation 22*.

The NFF endorsed those recommendations, but none of them have been put into effect as yet. We would strongly support the government adopting them.

In addition, following its 2-year inquiry, in 2019 the Migrant Worker Taskforce published a 141-page report which made several recommendations including a requirement for COAG to address accommodation issues affecting migrant workers and — again — the introduction of national labour hire regulation.

⁵⁷ And we note with frustration the Federal Government's recent decision — without consultation — to cease funding the Harvest Trial Services, which were a short step away from this recommendation

Again, the NFF endorsed those recommendations. None of them have been put into effect, and we would support the government adopting them.

In 2020 the Federal Parliament's Joint Standing Committee on Migration issued two reports into its Inquiry into the WHM Program. That inquiry made 24 recommendations, including a number to address mistreatment of workers including the development of a Hotline (or App) to field and answer questions and assist WHMs to know their rights, and a FWO developed embassy liaison group to facilitate sharing of knowledge and concern about workplace issues and foreign citizens.

Again, these recommendations have not been put into effect. And we strongly support the government adopting them.

Indeed, despite the raft of changes cited above at Part 5.4⁵⁸ **not one** of these recommendations has been adopted. And yet the benefits of these practical measures are obvious. An instantly accessible tool like an app would appeal to and be used by WHMs for its practical services — job matching and accommodation options — while also feeding them important information about workplace rights and supports systems. A simple register of employers who are ineligible to offer Specified Work⁵⁹ — which could be housed on the App — would prevent WHMs from working with employers who are demonstrably 'bad actors' while retaining the incentive for WHMs to visit and experience regional communities and give legitimate farms access to the worker they need. A COAG mechanism by which the Federal Government can influence the state governments to take action to address some of the horror accommodation issues in regional Australia is long overdue. Active liaison arrangements with foreign embassies would give the Regulator a direct line to WHMs who are mistreated and empower the bodies they are most likely to approach for support.

Most frustratingly, however, we have been imploring the Federal government (both Labor and Coalition) to implement a national labour hire licensing scheme for **years**. A scheme which would penalise the running of or engaging with a discreditable or criminal labour hire service would go a long way towards addressing the problems in this space. And yet, despite an election promise in 2022, the Federal government has failed to take any meaningful steps. And while the various ministers continue to debate the system, the Federal government is contemplating other, less focused, and more radical 'measures' notionally to

⁵⁸ which are, for the most part just new laws or standards

⁵⁹ An initiative which at least has the legal framework in place with the *Migration Amendment (Strengthening Employer Compliance) Act 2023*.

address the same problem, but which will undoubtedly have shattering flow on effects for the Regions.

We agree that (some) WHMs are vulnerable and ‘exploited’. And so, we encourage the Federal government to take steps. However, rather than a dog whistle reaction that would eliminate a program which has proven invaluable to regional Australia, agriculture and indeed the WHMs themselves, it should take steps which will actually target those vulnerabilities and exploitation ... steps which have already been recommended to them in numerous inquiries of a course of years.

NFF Recommendation:

- 12. The government take targeted action to address exploitation of WHMs — such as those steps which have been recommended in a range of different inquiries and studies — but does not make changes to Specified Work.***

Part 6. Planning for Regional Migration

The Discussion Paper proposes that ‘better planning for regional migration will drive better outcomes for migrants and for the regions.’ It suggests that migrants who enter Australia on regional visas — i.e. visas with settings which require, incentivise, or enable moving to the regions — frequently do not remain in the regions once those features/incentives cease to operate. Indeed, where migrants elect to remain in a region, they do so not due to visa settings, but due to socio-economic factors and the specific opportunities which that region offers e.g. work availability/variety, infrastructure, community.

While we would leave more detailed commentary to the experts in this space, we agree that promoting migration to regional areas should be facilitated by necessary infrastructure which would accompany population growth, along with supports systems (linguistic, cultural, and social) for ‘new Australians’ which are frequently not available outside the major metropolitan centres. Investment to improve roads and transport is excellent. But for regional migration to succeed there must be greater efforts to address the well documented and recognised problems with telecommunications and access to health care in the regions.

And in many areas, there is the more fundamental problem of housing to accommodate new residents. The NFF has developed an accommodation policy which proposes a raft of tax incentives to encourage the construction of on farm accommodation and relieve a considerable amount of the pressure on regional communities. A copy of the policy can be found at Annexure 3.

Of course, new migrants will need community assistance which can only be provided by dedicated settlement and support service providers. In addition to ensuring that essential services are available in the regions, this would include assistance understanding and accessing those essential services which are available, such as banking, schooling, health care, legal support, etc. Finally, and although hopefully not necessary in most cases, work may have to be done preparing local communities for the presence of new arrivals to ensure social cohesion. While we are very supportive and in no way wish to discourage the government from promoting — and in some cases mandating — regional migration, we think a holistic, whole of government and community approach is vital.

Indeed, as we indicated above, in Part 4.2, in our view the most sensible approach would be to start at a place where clearly defined interests can approach the government for a bespoke, tailored regional visa solution which operates within the broader framework of Regional Australia, replicating and opening up the process of the Industry Labour and Designated Area Migration Agreements. In that way, far from creating the problems associated with migration, they will be charged with finding and ensuring — even delivering — the solutions ... the solutions which work for their region.

All of that being said, and without derogating from the need for decent support infrastructure in the Regions (whether to support migration or otherwise) we would also make the observation that if the governments — federal or state — cannot or will not invest in infrastructure to enable long-term workforce solutions — especially to address seasonal and cyclical labour needs — a reliance on a young and transient workforce like WHMs is the next-best-thing. Requiring agriculture (and other employers) to pivot off WHMs without providing the proper infrastructure to enable an alternative workforce will be disastrous not only for the business and the Regions, but for the migrants themselves. Indeed, anecdotally we hear that this is a consequence of the rapid expansion of the PALM scheme over the last 2 to 3 years.

The NFF applauds policy changes which sit comfortably with the broader aim of encouraging new migrants to settle in regional Australia. Given the historical predilection for migrants to settle in big cities, together with the research indicating that in the absence of migration, the population in many Regions will continue to decline even more rapidly than at present, strategies to enable and promote migration to Regional Australia is a must.

Part 7. Conclusion

The NFF thanks the Federal Government for the opportunity to provide this submission. We have identified critical areas for policy improvement and strategic initiatives that can foster a more sustainable and beneficial economic environment for the agricultural producers in our Regions.

There are several key themes to regional migration, all of which must be examined, understood and addressed in order to support the Regions in becoming strong and sustainable. These themes include addressing labour shortages, enhancing regional development, and contributing to Australia's overall economic growth. This review is a 'once in a generation' opportunity to ensure our Regions get the rights supports at the right time to enable their growth and sustainability. Labour workforce and the seasonal and cyclical support of our farmers is key to this growth opportunity.

This submission has been acutely aware of the unique characteristics, needs and flexible view of what is a 'Region'. This highlights the differences and challenges between regions, pointing out the need for targeted and nuanced setting to enable regions to embrace migrants and for migrants to settle in regions. Some of these challenges include inadequate infrastructure, limited access to services, and social integration issues. It is worth bearing in mind that there are notable exceptions to this when there is a concerted and unified, holistic approach to attracting, supporting and retaining migrants to the regions. We note that there will of course be other submissions to this Review from stakeholders, including local governments, businesses, and migrants themselves, providing valuable insights into the on-ground realities of regional migration. Their perspectives will underscore the need for more flexible policies and better support networks to ensure successful settlement and retention of migrants.

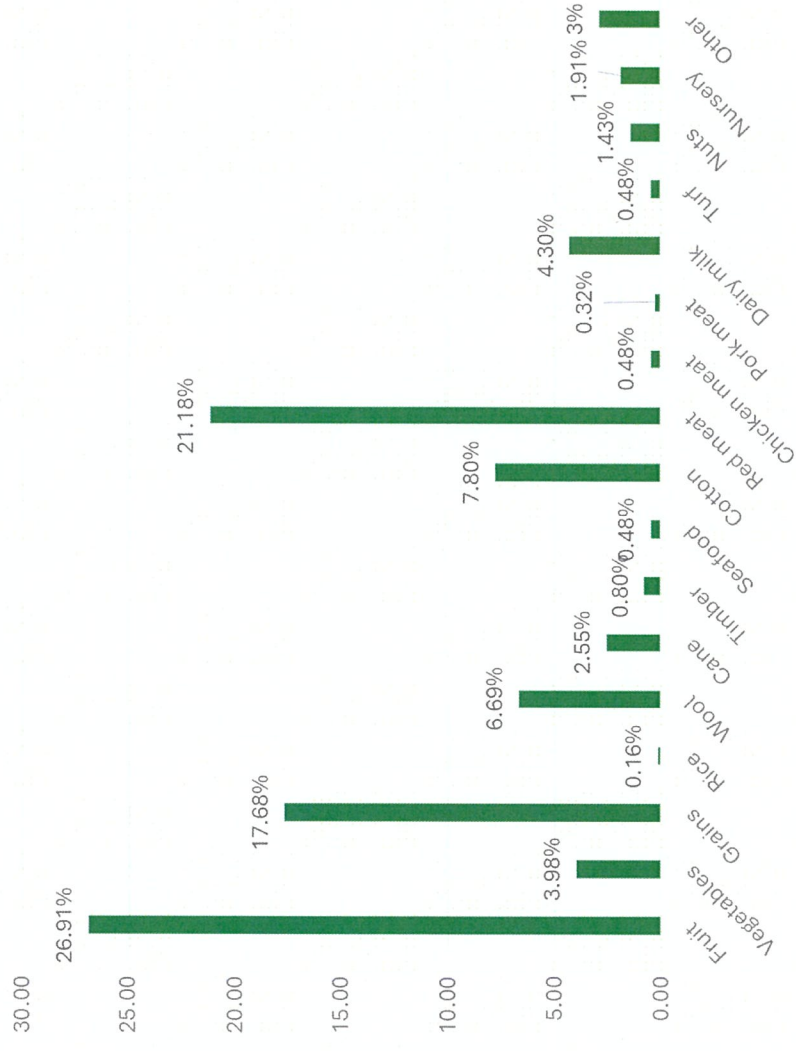
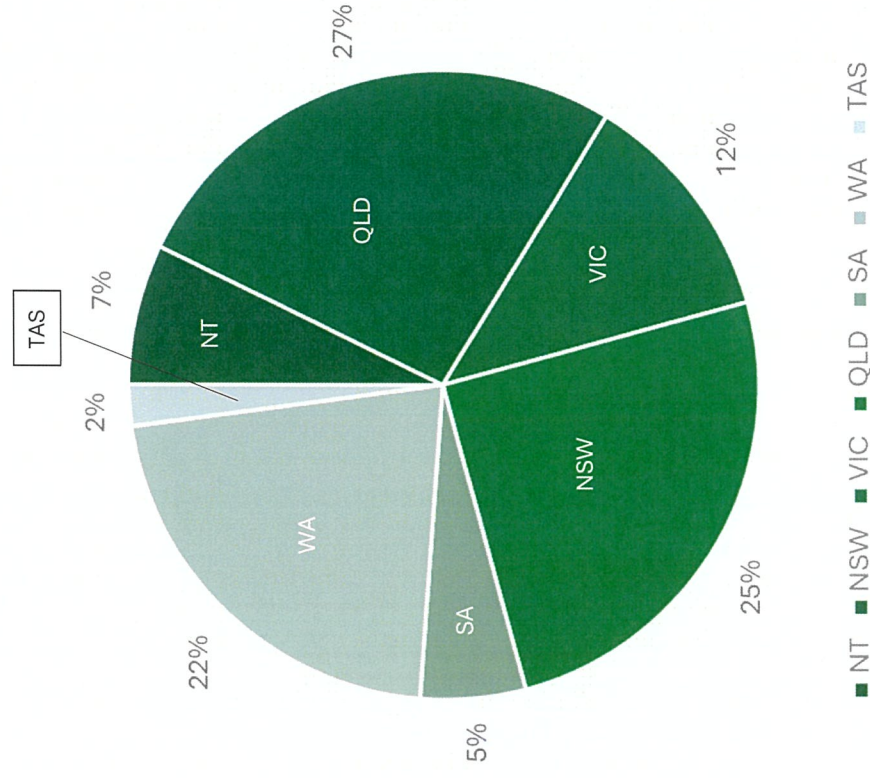
We have considered the WHM visa, and Specified Work, in particular. There are several irrefutable realities that confirm that WHM's are an important and (at least at present) irreplaceable source of labour for farmers in our regions. The NFF calls for migration policies that are flexible and responsive to our labour market needs. The remote, dispersed, cyclical/seasonal and oftentimes physically challenging nature of farm work necessitates flexible, mobile and motivated workforce, a certain type of worker who is not always available in the thin markets in which our members operate. Within that context, the importance of WHMs to both the agricultural sector and regional communities more generally cannot be overstated. While we would support and indeed demand targeted solutions to the exploitation (in all its guises) of WHMs, we very strongly oppose any changes to the Specified Work arrangements. The future of our Regions depends on it.

Annexure 1 — NFF National Farm Workforce Survey

National Farm Workforce Survey

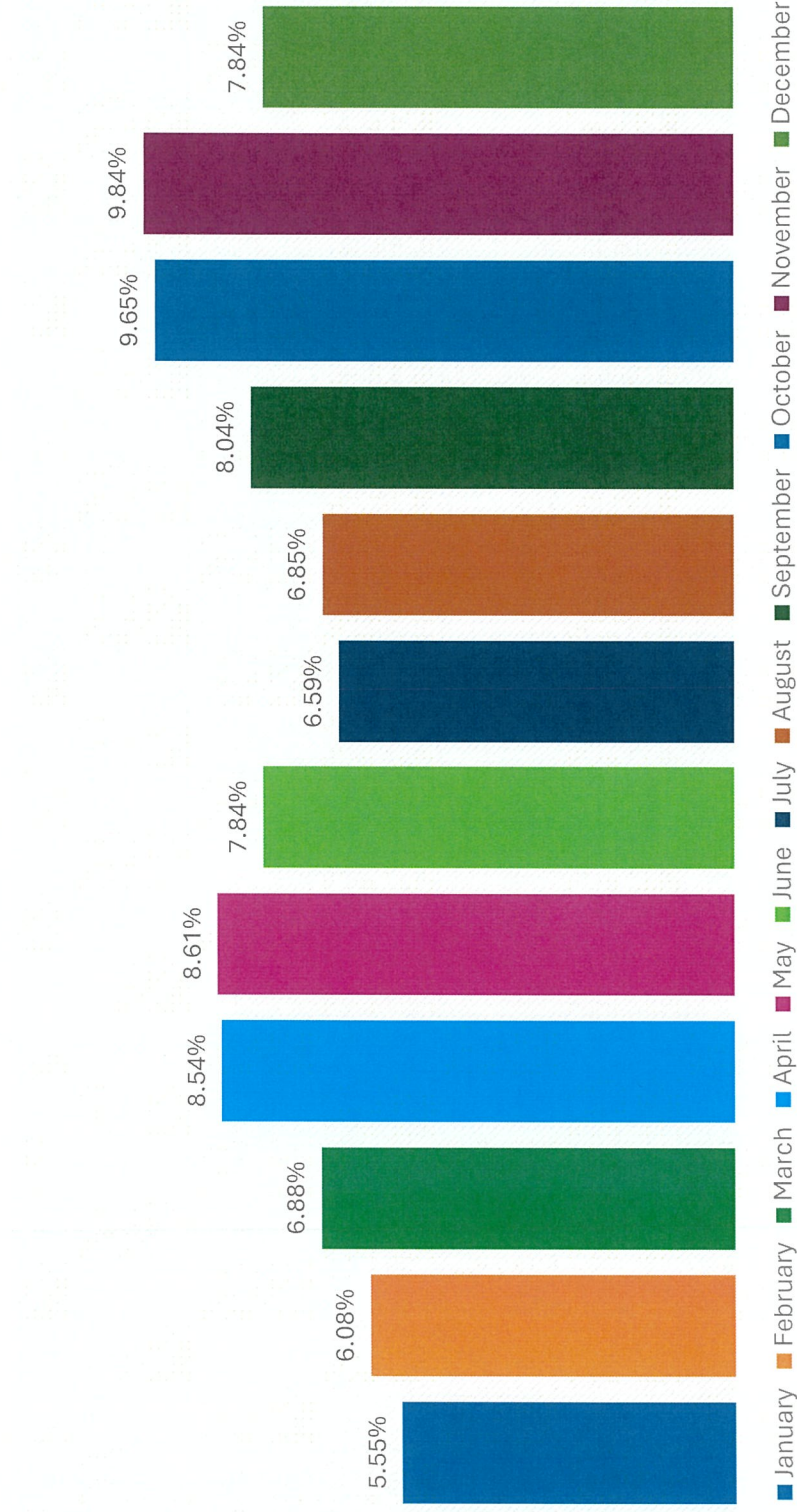
April 2024

Respondents to the Survey



Percentages represent the proportion of respondents from each region relative to the total number of respondents

Which months does the farm experience peak labour demand?



Percentages represent the proportion of each month's value relative to the total for the year.

A farm's total weekly working hours during peak labour demand (average, across all respondents)?



590 hours

A farm's total weekly working hours during non-peak labour demand (average, across all respondents)?



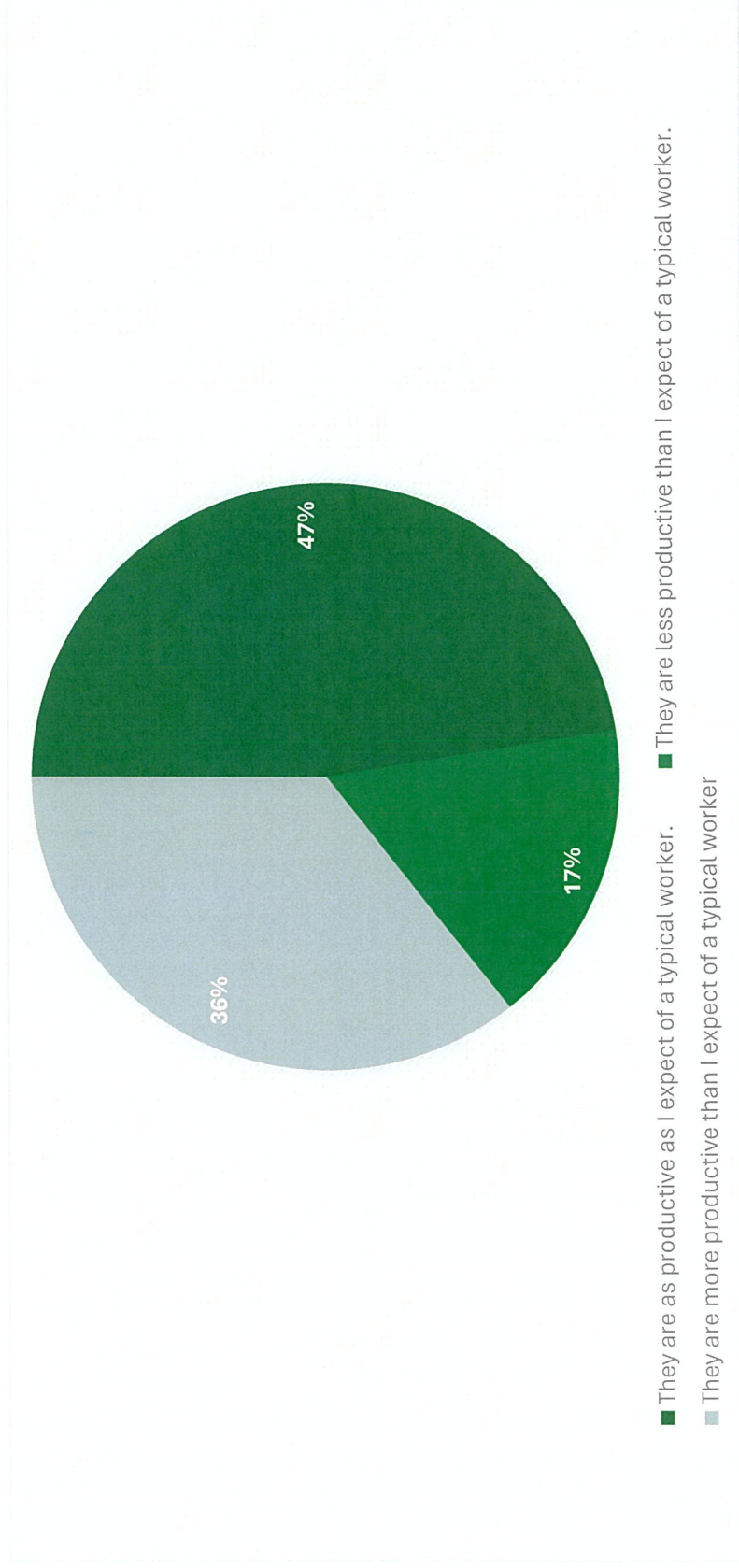
273 hour

As a percentage of your farm's total input costs, what (approximately) are your labour costs?

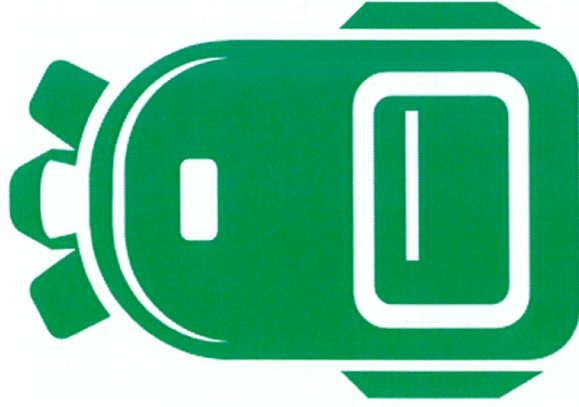


30.01%

What is the productivity/quality of work of the average Working Holiday Maker (WHM)?



What percentage of your total workforce are WHMs during peak labour demand?



All Commodities – 33.37%

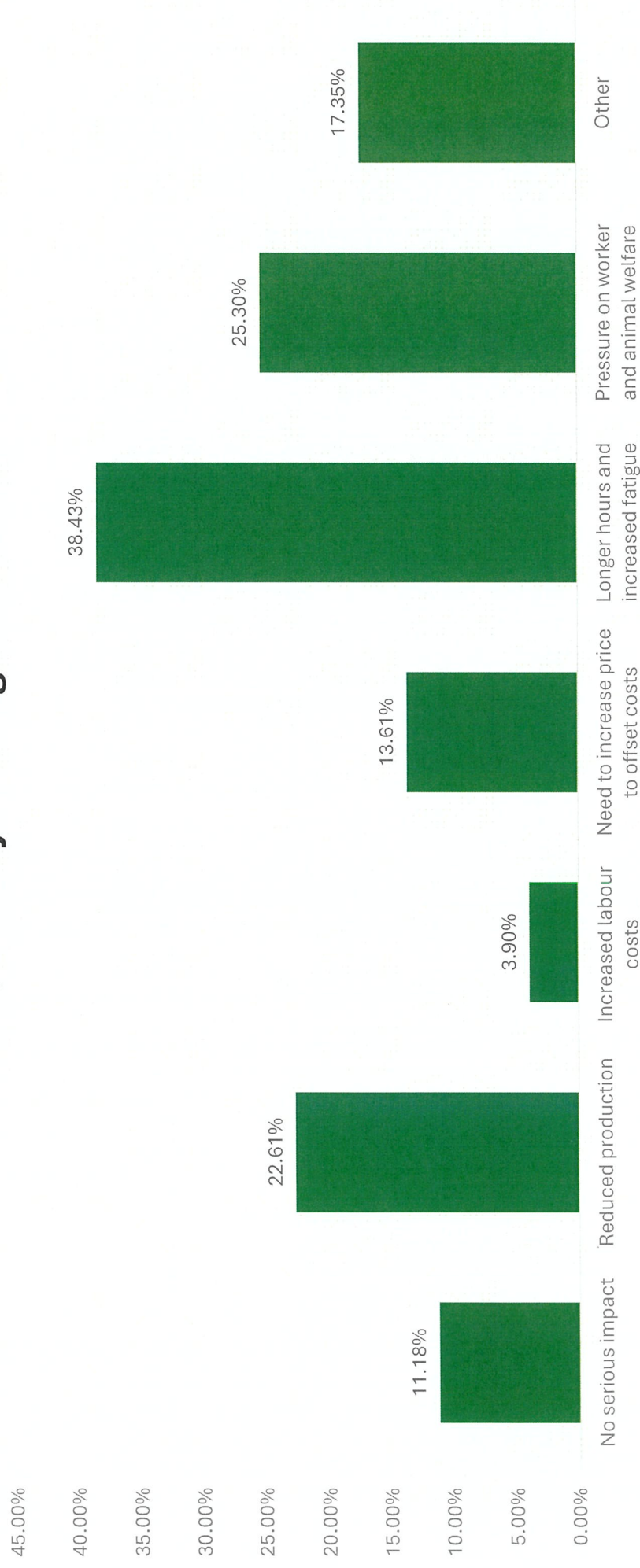
Horticulture – 43.88%

Red Meat – 26.01%

Grains – 30.64%

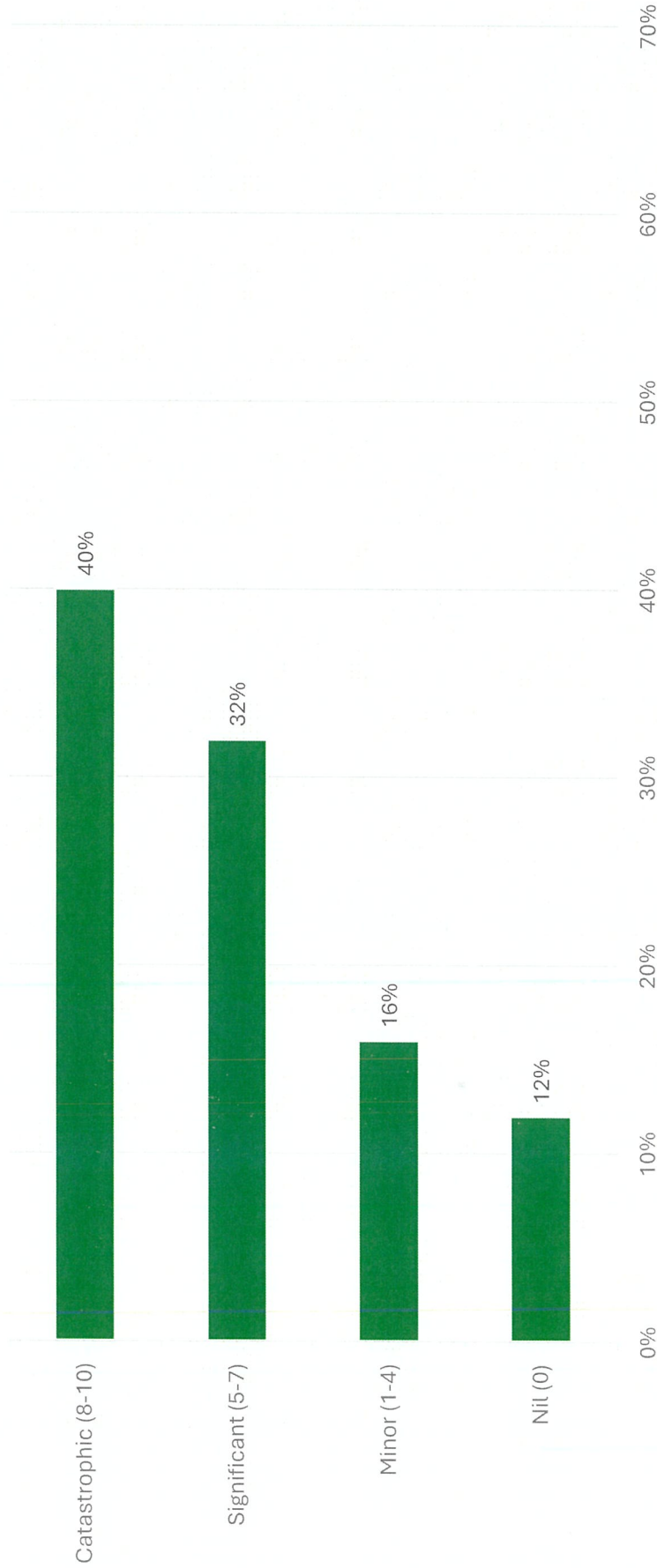
Cotton – 24.87%

How will your business be impacted by the elimination of the '88 days arrangements'*

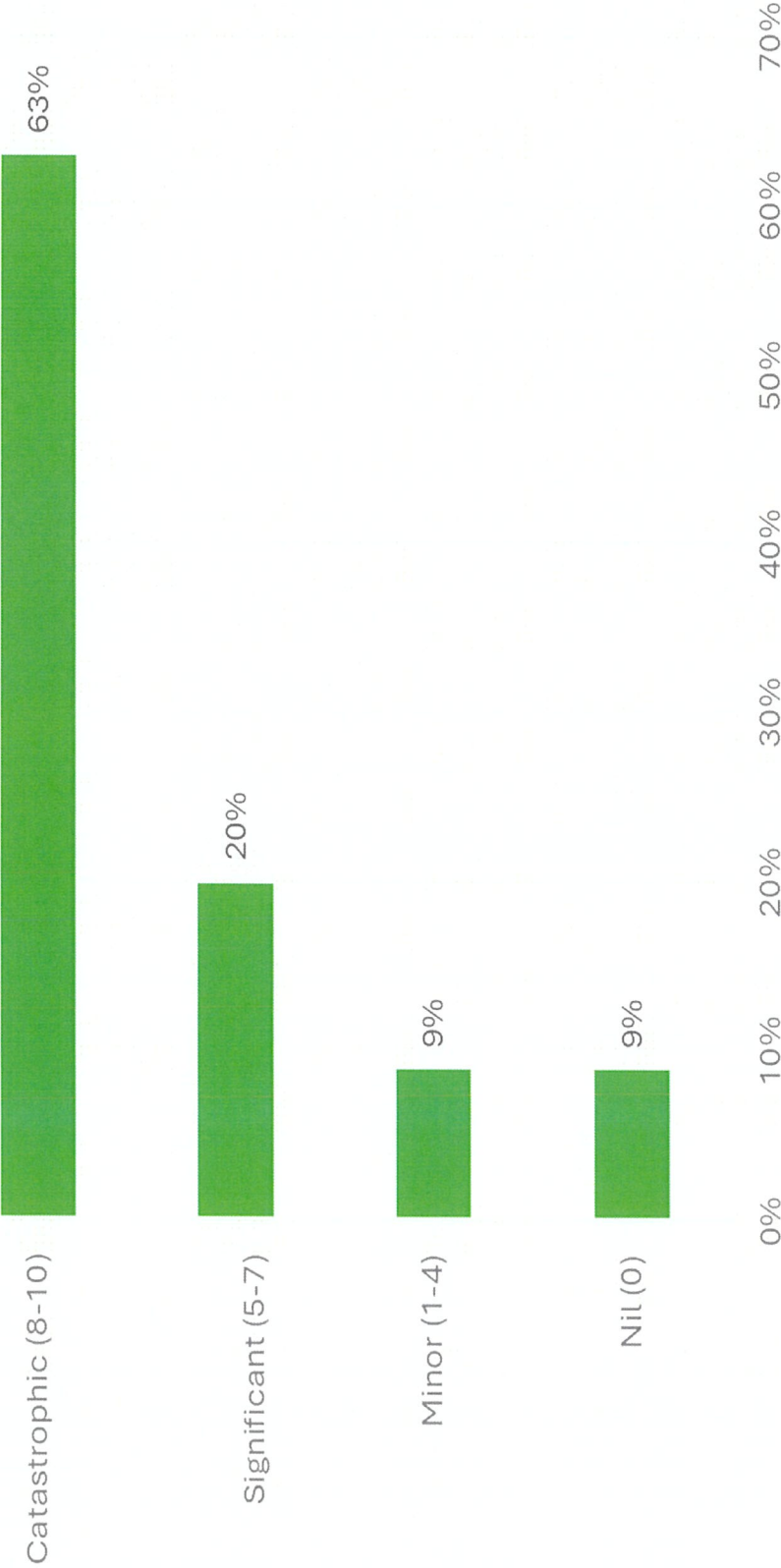


* Historically, backpackers have been able to work '88 days' on farms to qualify for a 2nd year visa. The government is considering changing these arrangements, so that backpackers are limited to a 1 year visa or may be entitled to 3 years by default. This follows the changes (effective from 1 July '23) allowing UK backpacker to automatically qualify for a 3 year visa whether or not they do "88 days".

What impact does the elimination of the '88 days' arrangements for UK WHMs have on your business?



How would the elimination of the '88 days arrangements' for all WHMs impact your business?

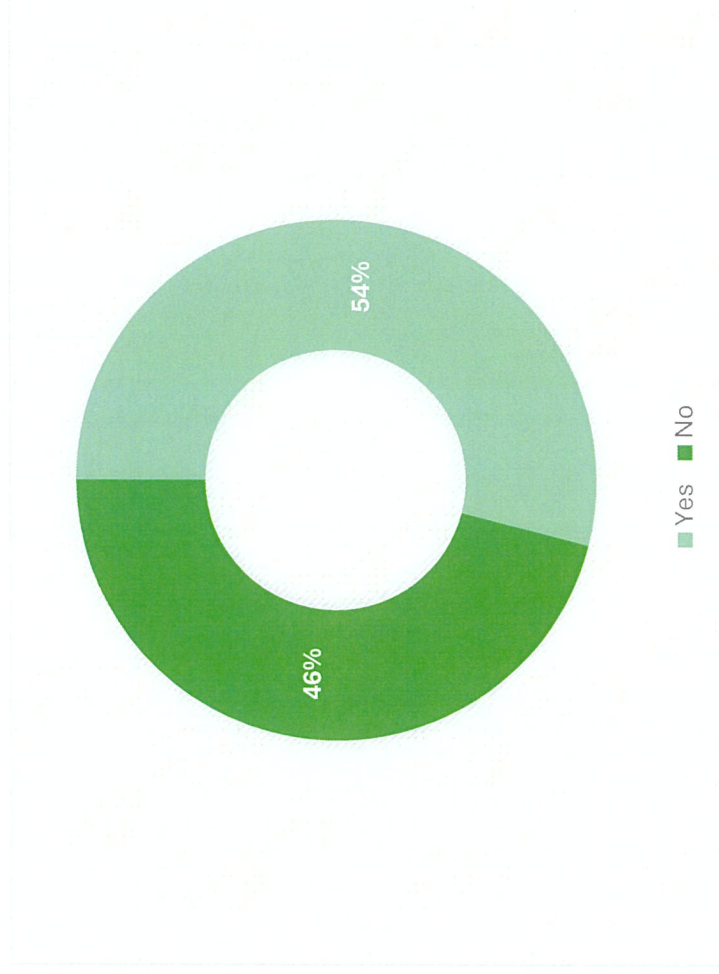


By commodity, impact of elimination of '88 days arrangements'.

Commodity	Impact of UK WHM Change*	Impact of '88 days' Change*	Average lost hours/week per farm (at peak) without WHMs
Horticulture	6.32	7.7	378.97
Wool	6.16	7.4	96.85
Timber	3.6	6.2	143.71
Red Meat	6	7.12	163.15
Cotton	5.63	7.12	133.02
Grains	6.23	7.53	111.47
Rice	10	10	448.00
Cane	5	6.18	35.01
Seafood	7	10	308.52
Chicken Meat	5	9	115.26
Pork Meat	4.5	5	2.80
Dairy Milk	5.07	6.92	26.78

* ranked from 0 to 10: 0 meaning "no impact at all" and 10 meaning "dramatic impact".

Would you consider changing commodities or leaving the industry if access to workers was reduced?



Yes
54%

No
46%

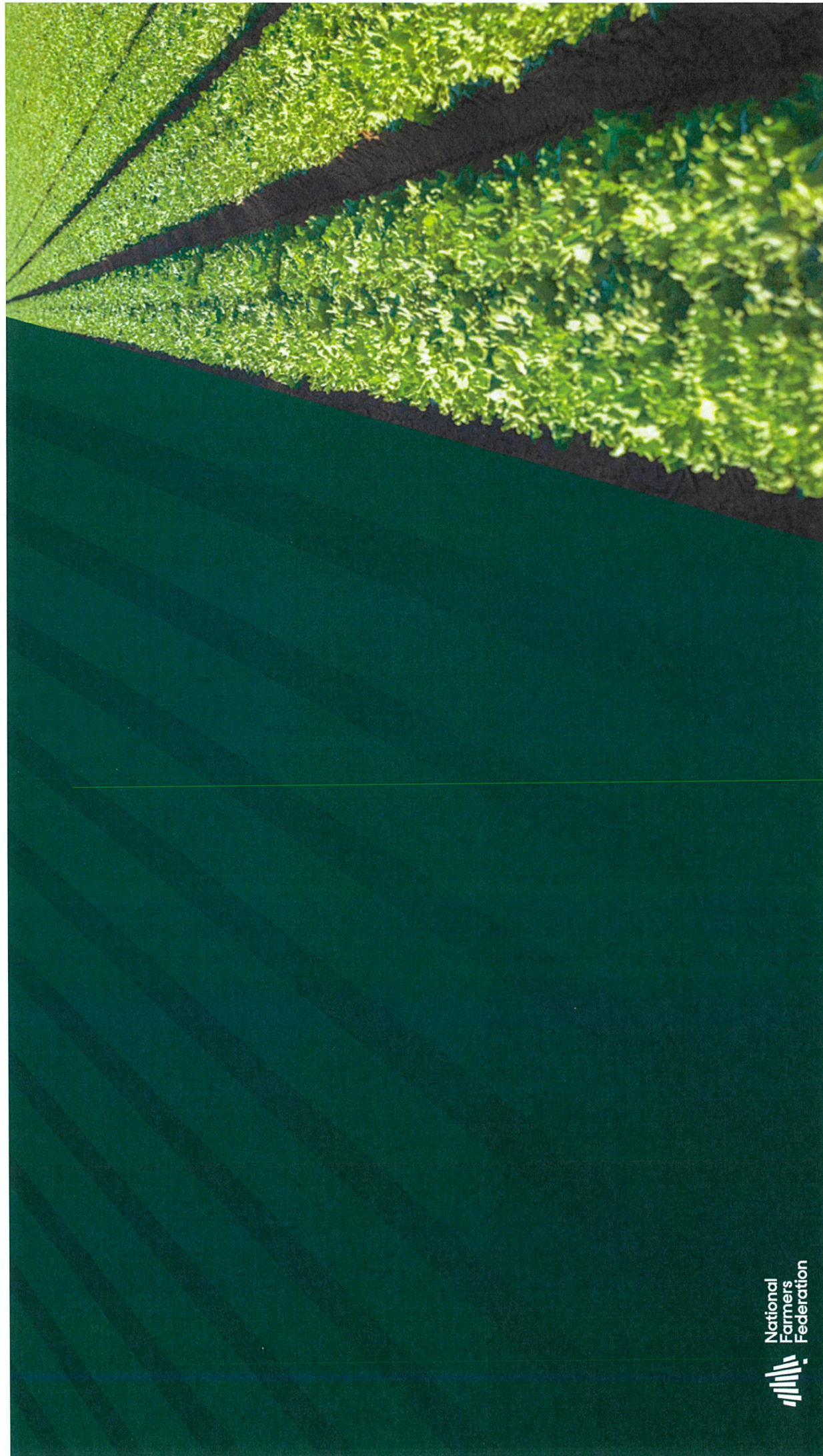
Use of 'skilled worker' visa categories by industry*

Sponsor Industry	Total Number	Rank	Proportion of Total Employment	Rank
Accommodation and Food Services	7,720	4	0.865%	5
Administrative and Support Services	270	18	0.063%	18
Agriculture, Forestry and Fishing	3,060	8	0.988%	3
Arts and Recreation Services	290	17	0.102%	17
Construction	5,210	5	0.389%	10
Education and Training	1,320	13	0.108%	16
Electricity, Gas, Water and Waste Services	840	14	0.524%	8
Financial and Insurance Services	2,220	11	0.393%	9
Health Care and Social Assistance	8,280	3	0.372%	11
Information Media and Telecommunications	4,640	7	2.472%	1
Manufacturing	4,860	6	0.526%	7
Mining	2,790	10	0.889%	4
Other Services	10,000	2	1.903%	2
Professional, Scientific and Technical	10,780	1	0.821%	6
Public Administration and Safety	30	19	0.003%	19
Rental, Hiring and Real Estate Services	310	16	0.157%	15
Retail Trade	2,950	9	0.225%	12
Transport Postal and Warehousing	1,460	12	0.196%	13
Wholesale Trade	720	15	0.192%	14

Agriculture, Forestry and Fishing industry is:

- **8th largest user of skilled visa workers**
- **3rd largest as a proportion of total workforce.**

* As at 1 November 2023, according to data made publicly available by the Commonwealth Department of Home Affairs.



Annexure 2 — Regional Impacts of Working Holiday Makers



Regional Impacts of Working Holiday Makers

A Final Report prepared for National Farmers' Federation, Australian Tourism Export Council and Backpacker & Youth Tourism Advisory Panel

1 August 2024

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1. Background and scope

Scope

Aither (a Ricardo company) was engaged by the National Farmers' Federation (NFF), Australian Tourism Export Council and Backpacker & Youth Tourism Advisory Panel to provide a review and analysis of the economic impacts of Working Holiday Makers (WHM) in regional Australia. This research will be used by NFF and project partners to develop and submit their submission to the Australian Government in response to a review of WHM arrangements, under the broader migration review and the follow up independent review instigated by the Federal Government.

Aither was asked to:

- Undertake a desktop review of relevant reports and analyse data provided by NFF and project partners
- Draw out key findings and their implications from the reports and data
- Deliver a concise and targeted report that provides clear and succinct findings from the review and analysis and presents cohesive arguments supported by data on the contribution of WHM.

Limitations

This report was prepared in a short period of time. It is a rapid and preliminary assessment reliant on the reports provided by NFF and their partners. It is not a comprehensive review of all current literature available on this subject.

The purpose of this report was not to evaluate all the costs and benefits of the proposed policy change. It answers one part of the policy change only, not all policy considerations.

Given the short timeframe to deliver this project we have used input-output multipliers to estimate the economic impacts of this potential policy change to selected regional economies.

The input-output data and tables used in this type of economic analysis is based on interdependent relationships between various economic industries or sectors in an economy. With this approach we can estimate the effect of negative and positive shocks on the economy and analyse the flow on effects across the economy. But it must be noted that there are several limitations to this approach. These include the potential for:

- Overstating impacts: Multipliers assume that any resources required (such as labour and capital) are unlimited and will not be drawn from other activities and sectors of the economy, thereby overstating the economic and employment benefits of the project.
- Fixed prices: As resources are considered to be unlimited, multipliers assume that their price is unaffected by changes in demand. Any unintended consequences, such as the crowding out of other activities or price increases for scarce resources are not captured.
- Fixed coefficients: Multipliers assume a fixed input structure in each industry and fixed ratios for production. This would imply, for example, that additional consumer expenditure from increased income would be allocated to average consumption patterns and, as such, would assume increased consumption of household necessities, such as food (rather than holidays or savings).

- Regional distortions: Multipliers that have been calculated from national IO tables are limited for analysing the impacts of projects in small regions. Interindustry linkages tend to be shallow in small regions since they usually don't have the capacity to produce the wide range of goods used for inputs and consumption, instead importing a large proportion of these goods from other regions¹.

Background

Australia has the most desired WHM visa program in the world, attracting over 200,000 WHMs every year to work, travel and live around Australia.² Starting in 1975, the WHM program aimed to attract travellers on temporary visas to bridge labour shortages and increase cultural and social exchange. WHMs are often skilled, with 63% of them working full-time in their country of origin.³ WHMs work and earn money, contributing to the labour market and economy. The Australian labour force and tourism industries get a boost, and WHMs get paid to travel. Globally, there are about 7 million potential WHMs.⁴

First year WHMs are eligible to work and travel anywhere within Australia. In 2005, the Australian Government introduced a pathway to a 2nd year. WHMs must complete 88 days' worth of work ('the 88-days') in regional Australia doing specified work during their first year to be eligible. Starting in January 2020, WHMs in their second year who completed 196 days' worth of work in regional Australia doing specified work are now eligible to stay for a third year.

Specified work includes plant and animal cultivation, fishing and pearling, tree farming and felling, mining, and construction. WHMs provide labour to these industries. In 2022-23, there were 224,431 WHMs. While not all work in regional areas, they fill the much-needed labour shortfalls that these industries experience. The WHM program also provides a platform for social and cultural exchange that benefits regional communities.

Figure 1 shows the number of WHM visas granted since 2013-14. In the pre-Covid years, the proportion of 2nd year visas granted steadily increased from 2016-17 (averaging ~20%). On average, 3rd year visas are provided to 2% of the WHM cohort. This program has proven to be an effective tool at encouraging WHMs to stay and work in the regions. These additional visa pathways target areas which need support to meet labour needs.

¹ Adapted from <https://www.abs.gov.au/ausstats/abs@.nsf/7d12b0f6763c78caca257061001cc588/fdd270c1482957f9ca257e6e0011ad5d!OpenDocument> (Last accessed 1 August 2024).

² Tourism Australia. (2021, October). *Working Holiday Maker infographic*. <https://www.tourism.australia.com/content/dam/digital/corporate/documents/ta-whm-infographic-october-2021.pdf> (Last accessed 17 July 2024).

³ Tourism Australia. (2021, October). *Working Holiday Maker infographic*. <https://www.tourism.australia.com/content/dam/digital/corporate/documents/ta-whm-infographic-october-2021.pdf> (Last accessed 17 July 2024).

⁴ Tourism Australia. (2022, November). *Global future of tourism demand research public report*. <https://www.tourism.australia.com/content/dam/digital/corporate/documents/future-of-demand/tourism-australia-global-future-of-tourism-demand-research-public-report.pdf> (Last accessed 17 July 2024).

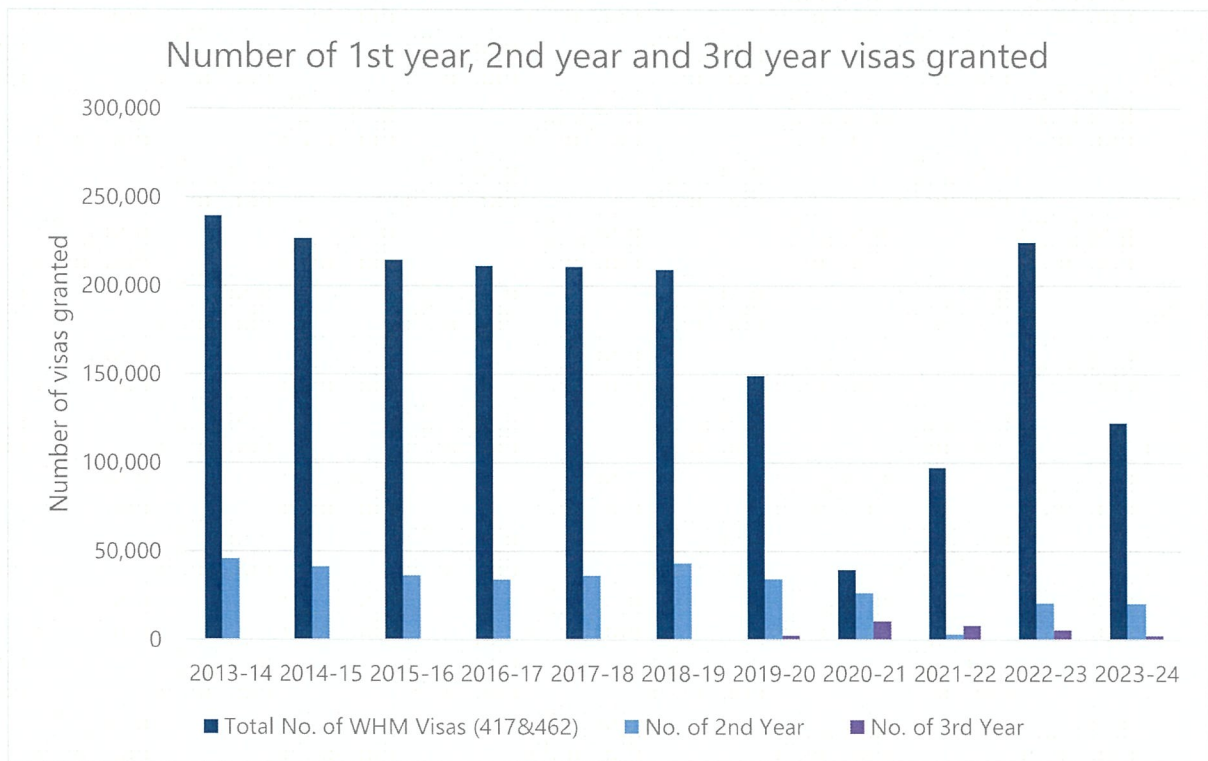


Figure 1 Number of visas granted⁵

⁵ Australian Department of Home Affairs. (December 2023). *Working Holiday Maker report*. Retrieved from <https://www.homeaffairs.gov.au/research-and-stats/files/working-holiday-report-dec-23.pdf> (Last accessed 17 July 2024).

2. WHMs impact on the tourism industry

Labour shortages are a significant issue for the regional tourism industry

The regional tourism industry suffers from seasonal labour shortages that WHMs help fill. Most tourism operators are also small or micro businesses, compounding the reliance on WHMs to fill labour requirements during peak periods.

The dependency of the regional tourism industry on WHMs is evidenced by ongoing recovery issues caused by border closures from the Covid-19 pandemic. Tourism Australia found the recovery for regional tourism businesses coming out of the pandemic has been a challenge, largely caused by a limited supply of labour.⁶ June 2023 tourism job vacancies across Australia were 176% higher than in 2019, with around 17,000 openings.⁷ This disproportionately impacts regional communities, where in some parts of regional Australia, tourism can account for six in ten jobs.⁸ The tourism industry has been working hard to recruit and fill the demand that exists post-pandemic. 65% of food and accommodation service providers reported that they were actively or had been actively recruiting staff. 52% of those businesses noted that they were having difficulty doing so.⁹ These rates were highest in inner and outer regional and remote areas, meaning regional small businesses will be the most affected to any reduction or removal of the 88-day requirement.¹⁰

WHMs supply crucial labour for regional tourism operators

The WHM program provides an inflow of young, motivated and mobile workers who are both able and willing to travel around Australia, filling roles that are otherwise unattractive to domestic workers. WHMs are incentivised to travel and work in regional areas with the granting of 2nd and 3rd visas if conditions are met. The authorities granted 20,483 2nd year WHM visas between July-December 2023. This shows that around 20% of WHMs spent at least 88-days working in regional areas.

Flinders University found that without this requirement to work in regional area, the tourism sector would be significantly affected. 169 employers from agricultural, tourism and hospitality industries were surveyed.¹¹ 91% reported the WHM program provides an essential workforce for their operations.¹² The 88-day requirement for regional work helps alleviate some of the pressure of this demand.¹³

⁶ Tourism Research Australia. (2023, October). *Tourism workforce report*. <https://www.tra.gov.au/content/dam/austrade-assets/global/wip/tra/documents/tourism-workforce-report-october-2023.pdf> (Last accessed 19 July 2024).

⁷ Tourism Research Australia. (2023, October). *Tourism workforce report*. (Last accessed 19 July 2024).

⁸ Deloitte Access Economics. (April 2021). *The value of tourism*. <https://www.deloitte.com/au/en/services/economics/perspectives/value-of-tourism.html> (Last accessed 17 July 2024).

⁹ Tourism Research Australia. (2023, October). *Tourism workforce report*. (Last accessed 19 July 2024).

¹⁰ Tourism Research Australia. (2023, October). *Tourism workforce report*. (Last accessed 19 July 2024).

¹¹ Flinders University. (2021, July). *The Australia Experience: Perceptions of Australia's WHM Program*. (Last accessed 17 July 2024).

¹² Flinders University. (2021, July). *The Australia Experience: Perceptions of Australia's WHM Program*. (Last accessed 17 July 2024).

¹³ NFF Employer Survey, April 2024. (Last accessed 17 July 2024).

WHMs provide a motivated and mobile workforce

Griffith University research found backpackers travelling to Australia on a WHM visa hold a broad romanticised view of working and travelling that does not exist in the same way for domestic workers. A high proportion of WHM respondents answered that they want to 'experience a new culture', 'look for a new challenge', 'experience an adventure', and 'combine work with travel'.¹⁴ These responses confirm WHMs are eager to work in diverse jobs in diverse locations around regional Australia. Respondents labelled "world class beauty and natural environments" as the top response when asked for reasons for considering a working holiday to Australia. Working in regional Australia allows WHMs to experience that natural beauty.¹⁵

WHMs have a greater capacity than domestic workers to move around the country and address regional shortages when they occur. Backpackers are attracted to the idea of moving around the country and are unlikely to maintain a fixed addresses for the duration of their stay.¹⁶

Flinders University found that WHMs visit 2.9 SA2¹⁷ locations on average.¹⁸ 84% of the 2,310 SA2 locations were visited by WHMs, including most rural and remote SA2s. 10% of WHMs visited Cairns, the most frequented regional area visited in 2019-20.¹⁹ Other popular regional areas for WHMs include Darwin, Bundaberg, Moreton Bay, Coffs Harbour, Yarra Valley, Sunraysia, Alice Springs, Townsville, and Mildura.²⁰

In any given year, WHMs can follow the work.²¹ This mobility ensures that the WHM workforce can react to any changes in variability across Australia's different industries and areas of higher labour demands. This is evident in the data. Figure 2 represents the diversity and sparsity of locations WHMs are willing and able to travel to. Tourism Australia data highlights 43% of WHMs visit 3-7 locations, while 19% visit more than 8 locations. Non-WHM youth visitors just 29% visit 3-7 locations, while only 8% visit 8 locations or more.²² This highlights the effectiveness of the WHM program as a motivator to travel, as well as reflecting WHMs mobility.

¹⁴ Gardiner, S., Pietsch, J., & Yang, E. C. L. (November 2022). *Creating a New Future for the Working Holiday Market: Implications for Australia*. Prepared for Tourism Australia. (Last accessed 17 July 2024).

¹⁵ Gardiner, S., Pietsch, J., & Yang, E. C. L. (November 2022). *Creating a New Future for the Working Holiday Market: Implications for Australia*. Prepared for Tourism Australia.

¹⁶ Gardiner, S., Pietsch, J., & Yang, E. C. L. (November 2022). *Creating a New Future for the Working Holiday Market: Implications for Australia*. Prepared for Tourism Australia. (Last accessed 17 July 2024).

¹⁷ Statistical Areas Level 2 represent communities that have social and economic interaction. They have an average population of 10,000 people. <https://www.abs.gov.au/statistics/standards/australian-statistical-geography-standard-asgs-edition-3/jul2021-jun2026/main-structure-and-greater-capital-city-statistical-areas/statistical-area-level-2> (Last accessed 17 July 2024).

¹⁸ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*.

¹⁹ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*.

²⁰ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*.

²¹ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*. <https://www.flinders.edu.au/content/dam/documents/research/aiti/the-australia-experience-perceptions-of-australias-whm-program.pdf> (Last accessed 17 July 2024).

²² Tourism Australia. (2019). Working Holiday Maker Snapshot, December 2019. <https://www.tourism.australia.com/content/dam/digital/global/documents/whm-snapshot-dec-2019.pdf> (Last accessed 17 July 2024).

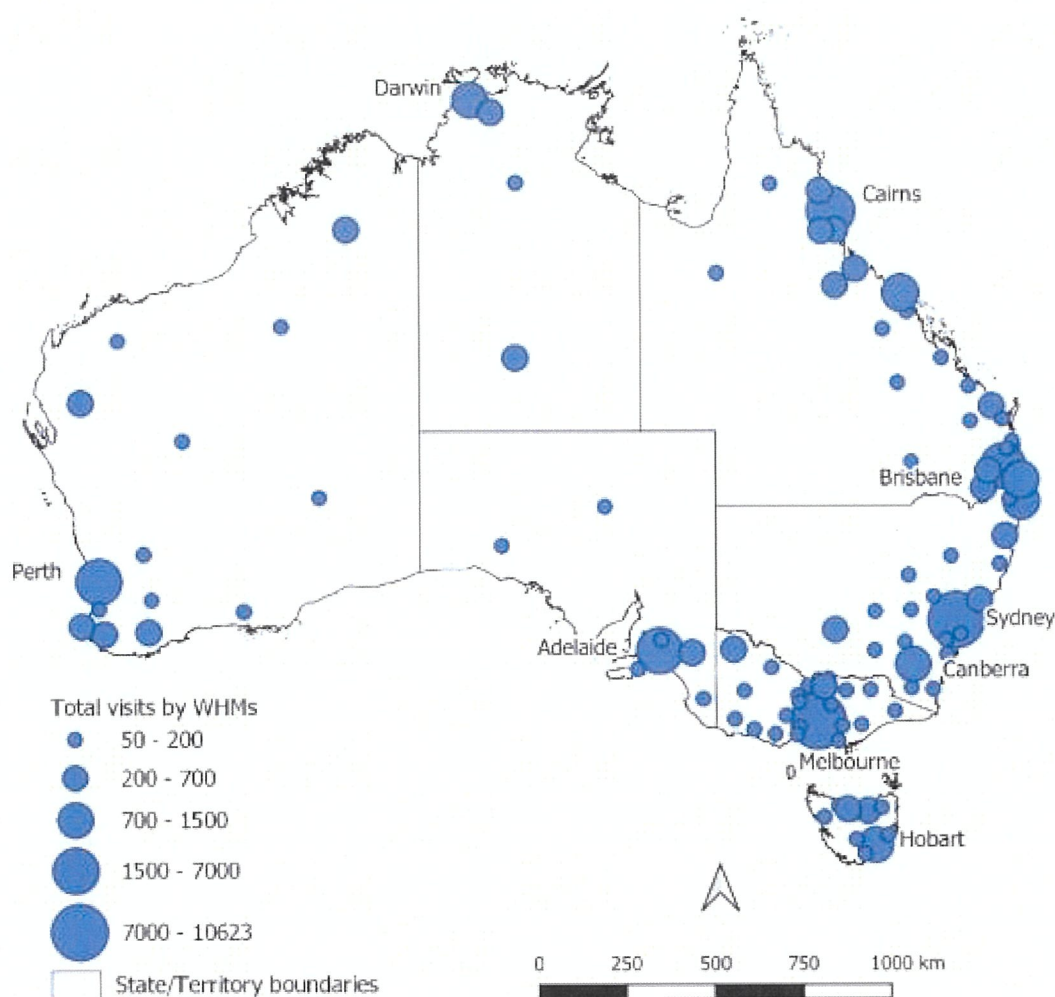


Figure 2 Areas visited by WHMs²³

The WHM program incentivises them to work and contribute to regions they would otherwise not visit

Australia's remoteness, unique wildlife, natural wonders, and low domestic population has meant that it is a popular destination for tourists who want to experience natural environments away from tourist hotspots.²⁴ Globally, Australia is regarded as a top destination for this kind of tourism, and this has created an important regional tourism sector, that is a pivotal part of Australia's tourism industry.²⁵

²³ Flinders University. (2021 July). *The Australia Experience: Perceptions of Australia's WHM Program*.

²⁴ Torrens University Australia. (2022). *6 reasons why tourism is so important to Australia's post-COVID-19 economy*. <https://www.torrens.edu.au/stories/blog/hospitality/6-reasons-why-tourism-is-so-important-to-australias-post-covid19-economy> (Last accessed 17 July 2024).

²⁵ Gardiner, S., Pietsch, J., & Yang, E. C. L. (November 2022). *Creating a New Future for the Working Holiday Market: Implications for Australia*. Prepared for Tourism Australia. (Last accessed 17 July 2024).

Work was the most common reason WHMs visited 25% of SA2s. It was the only reason 9% of SA2s were visited. These SA2s include regional areas such as Greater Darwin, Greater Adelaide and Greater Hobart.²⁶

WHMs contribute to tourism through their high levels of spending

WHMs stimulate economic activity in the regions they visit and work in. WHMs fill employment shortages and increase direct economic output in these regional areas. WHMs also increase economic activity across other industries in the supply chain such as accommodation, tourism, retail, cultural and recreational services and transport.²⁷

WHMs are considered high-return tourists. They often stay for longer periods of time, earning money and then spending a large portion of the money they earn.²⁸ They are known to spread themselves around the country to a greater extent (than other tourist groups), spending their money more widely.²⁹ Visitors aged between 15 and 29 years old make up 27% of all tourists visiting Australia but contribute 45% of total visitor spend. They are the second largest contributors to Australia's 'leisure market'.³⁰

Tourism Australia found for every 10 WHM visas granted, 1 full time equivalent Australian job is created.³¹ This factor is likely to be higher in regional areas. Regional areas in popular employment spots heavily rely on the financial injection that WHMs bring. Flinders University's 2019 report interviewed WHM employers to measure the extent of the impacts of WHMs in regional communities. "Most shops will tell you, they only make money during the harvest season - the rest of the year they just survive. These backpackers are very important to our small town - they earn good money, and they spend a fair portion of that here."³² Flinders University determined that 74.8% of employers believe WHMs bring an economic boost to the local area.³³

²⁶ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*.

²⁷ Torrens University Australia. (2022). *6 reasons why tourism is so important to Australia's post-COVID-19 economy*. (Last accessed 17 July 2024).

²⁸ Torrens University Australia. (2022). *6 reasons why tourism is so important to Australia's post-COVID-19 economy*. (Last accessed 17 July 2024).

²⁹ Reserve Bank of Australia. (December 2022). *The recovery in the Australian tourism industry*.
<https://www.rba.gov.au/publications/bulletin/2022/dec/pdf/the-recovery-in-the-australian-tourism-industry.pdf>
(Last accessed 30 July 2024).

³⁰ Tourism Australia. (October 2021). *Working Holiday Maker infographic*.
<https://www.tourism.australia.com/content/dam/digital/corporate/documents/ta-whm-infographic-october-2021.pdf> (Last accessed 17 July 2024).

³¹ Tourism Australia. (October 2021). *Working Holiday Maker infographic*.
<https://www.tourism.australia.com/content/dam/digital/corporate/documents/ta-whm-infographic-october-2021.pdf> (Last accessed 17 July 2024).

³² Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*.
<https://www.flinders.edu.au/content/dam/documents/research/aiti/the-australia-experience-perceptions-of-australias-whm-program.pdf> (Last accessed 17 July 2024).

³³ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*. (Last accessed 17 July 2024).

In 2023-24 it is estimated WHMs will spend \$4.68 billion in the Australian economy.³⁴ Individuals will spend on average \$32,188 over an average of 286 days (9.4 months).³⁵ Tourism Australia estimate WHMs contribute \$1.5 billion in labour income to the Australian economy.³⁶ Table 1 represents the breakdown of WHM spending in 2024 dollars.

Table 1 Average WHM trip spend breakdown (\$ 2024)³⁷

Element	Average WHM spend as a percentage of total spend	Average WHM spend in \$
Accommodation	30%	9,608
Food and drink	18%	5,525
Other expenses	14%	4,466
Entertainment	12%	3,964
Tourism	11%	3,494
Transport	10%	3,161
Bills	7%	2,301

Regional areas receive 44 cents of every tourist dollar spent in Australia.³⁸ Currently, 23% of the WHM spend occurs in regional towns, injecting \$726 million directly into regional economies.³⁹ Regional accommodation services have benefitted from this. When staying in remote and very remote locations, 25% of WHMs stay in backpackers and hostels. Motels, pubs and private dwellings are converted to hostels and homestays for regional workers, revitalising existing spaces, encouraging longer term stays and improving tourist infrastructure in those regions.⁴⁰

³⁴ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*. Inflation adjusted Australian June 2024 CPI. (Last accessed 17 July 2024).

³⁵ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*. Inflation adjusted Australian June 2024 CPI. (Last accessed 17 July 2024).

³⁶ Tourism Australia. (October 2021). *Working Holiday Maker infographic*.
<https://www.tourism.australia.com/content/dam/digital/corporate/documents/ta-whm-infographic-october-2021.pdf> (Last accessed 17 July 2024).

³⁷ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*. Inflation adjusted Australian June 2024 CPI. (Last accessed 17 July 2024).

³⁸ Deloitte Access Economics. (April 2021). *The value of tourism*.
<https://www.deloitte.com/au/en/services/economics/perspectives/value-of-tourism.html> (Last accessed 17 July 2024).

³⁹ Tourism Australia. (October 2021). *Working Holiday Maker infographic*.
<https://www.tourism.australia.com/content/dam/digital/corporate/documents/ta-whm-infographic-october-2021.pdf> (Last accessed 17 July 2024).

⁴⁰ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*.
<https://www.flinders.edu.au/content/dam/documents/research/aiti/the-australia-experience-perceptions-of-australias-whm-program.pdf> (Last accessed 17 July 2024).

Tourism WA states that WHM spend on average \$5,900 per trip to WA, which is more than double the spending of other international tourists.⁴¹ Survey respondents, from all but three countries, spent more than they earned on average while in Australia.⁴² With no 88-day requirement, these contributions to regional areas will dwindle, as the incentive to visit the regions declines.⁴³ Removing the 88-day requirement may not necessarily affect the amount WHMs spend across Australia, but it will disproportionately affect regional work-based destinations that rely heavily on their economic activity.⁴⁴ Per capita, regional work-based locations are likely to benefit more from the big spending habits of WHMs, because they are likely to spend a higher proportion of their time in the regions in which they work. The 88-day requirement pulls WHMs into regional towns, where they spend more time and more money.⁴⁵ The removal of the 88 days will see a larger proportion of WHMs remaining in capital cities and tourist hotspots, limiting their spending in regional areas.

⁴¹ Tourism Council WA. (April 2021). *Federal cap on backpackers devastating for regional WA*. <https://tourismcouncilwa.com.au/advocacy-research/media-releases/federal-cap-backpackers-devastating-regional-wa> (Last accessed 17 July 2024).

⁴² Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*. (Last accessed 17 July 2024).

⁴³ Australian Fresh Produce Alliance (AFPA). (July 2020). *Submission to the Australian Parliament's inquiry into the Working Holiday Maker program*. https://freshproduce.org.au/__static/3312227d59891c225a3b105085d1ed3a/final-afpa-submission-aph-inquiry-into-whm.pdf. (Last accessed 17 July 2024).

⁴⁴ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*. (Last accessed 17 July 2024).

⁴⁵ Torrens University Australia. (2022). *6 reasons why tourism is so important to Australia's post-COVID-19 economy*. <https://www.torrens.edu.au/stories/blog/hospitality/6-reasons-why-tourism-is-so-important-to-australias-post-covid19-economy> (Last accessed 17 July 2024).

3. WHMs impact on the agriculture industry

Labour shortages cause problems for the agricultural industry

Like tourism, labour shortages in Australia's regional areas are an enormous challenge for agricultural businesses that operate in these locations.⁴⁶ The agricultural sector in these regions has traditionally been dominated by small-scale independent producers, but is being increasingly corporatised. In regional areas with large agricultural industries, working populations are generally relatively small, which limits the supply of workers. Domestic workers are often immobile, reluctant or unable to move for work because of family, housing and established lifestyle. The work is often onerous and physically demanding. Working hours can be long and conditions harsh. Long hours and remote work are more conducive to live-in operations.⁴⁷ This reduces the pool of local workers with families or those that cannot move around for work.

The seasonal nature of the work furthers these challenges, particularly in industries like agriculture. Temporary and inconsistent work creates cyclical spikes in demand for labour that is unattractive for domestic workers looking for more secure positions.⁴⁸ The combination of these factors disincentivises the majority of the domestic workforce from working in seasonal agricultural roles, resulting in labour shortages, particularly in agricultural industries such as horticulture and grain crops.⁴⁹

Figure 3 presents the regional spread of demand for labour around the country for the horticulture industry in 2020. The supply of labour rarely meets this sector's demand requirements. Figure 4 highlights the percentage of horticulture farms in each state that had difficulties in recruiting labour. The businesses operating in these regional areas rely heavily on non-permanent overseas labour (like WHMs) to fill the shortfall in the labour market.

⁴⁶ Australian Fresh Produce Alliance (AFPA). (July 2020). *Submission to the Australian Parliament's inquiry into the Working Holiday Maker program*. https://freshproduce.org.au/_static/3312227d59891c225a3b105085d1ed3a/final-afpa-submission-aph-inquiry-into-whm.pdf. (Last accessed 17 July 2024).

⁴⁷ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*. <https://www.flinders.edu.au/content/dam/documents/research/aiti/the-australia-experience-perceptions-of-australias-whm-program.pdf> (Last accessed 17 July 2024).

⁴⁸ Flinders University. (July 2021). *The Australia Experience: Perceptions of Australia's WHM Program*. (Last accessed 17 July 2024).

⁴⁹ Horticulture Innovation Australia, Ernst and Young. (2020, September). *Understanding the demand for paid and unpaid work placements*. <https://www.horticulture.com.au/growers/help-your-business-grow/research-reports-publications-fact-sheets-and-more/st19040/> (Last accessed 17 July 2024).

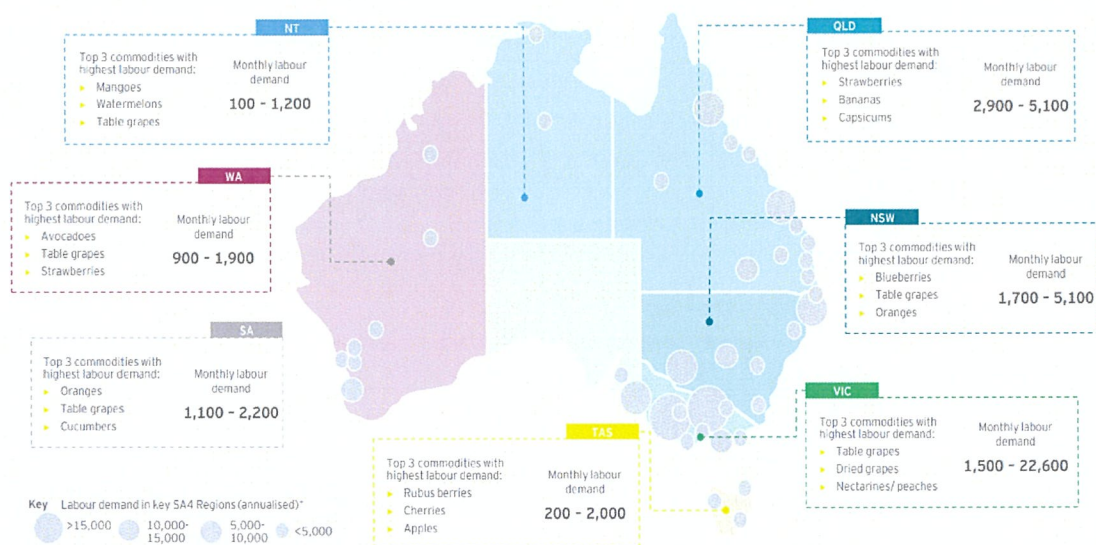


Figure 3 Regional agriculture labour demand (2020)⁵⁰

Percentage of horticulture farms that had "some" to "lots of" difficulty with recruiting labour

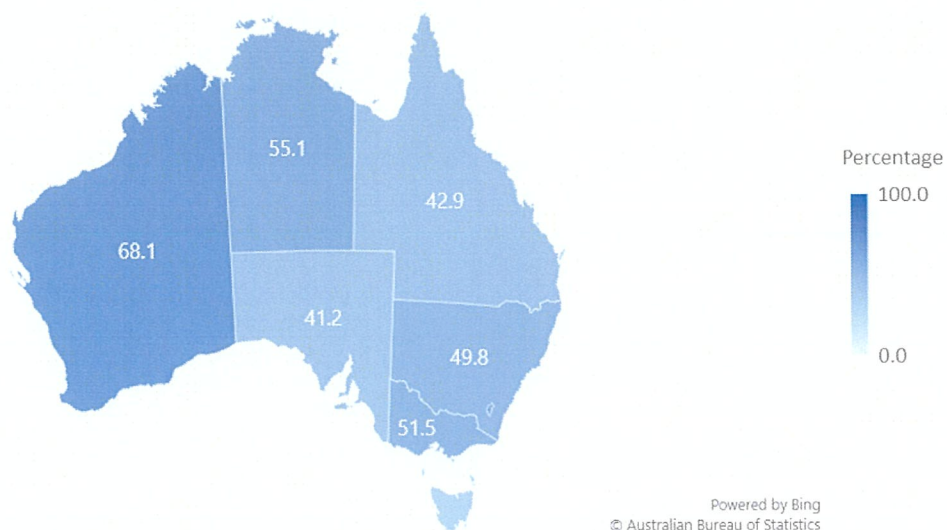


Figure 4 Percentage of horticulture farms that has difficulty with recruiting labour⁵¹

The Covid-19 pandemic illustrated the labour challenges for the sector, with travel restrictions creating a supply shock to the horticultural industry. The reduction in WHMs coming to Australia (due to international border closures) contributed to a sizable reduction in overall labour. Further supply challenges were created with the restrictions placed on the domestic labour force who were unable to

⁵⁰ Horticulture Innovation Australia, Ernst and Young. (2020, September). *Understanding the demand for paid and unpaid work placements*. <https://www.horticulture.com.au/growers/help-your-business-grow/research-reports-publications-fact-sheets-and-more/st19040/> (Last accessed 17 July 2024).

⁵¹ Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES). (2022). *Labour use in Australian agriculture 2022*. <https://www.agriculture.gov.au/abares/research-topics/agricultural-workforce/labour-use/2022> (Last accessed 17 July 2024).

travel between locations.⁵² Senate Estimates reported a labour downturn of 170,000 workers for agriculture and horticulture in 2022.⁵³ The ABS reported that across Australia, 57% of farms struggled to recruit labour, with the rate in Western Australia reaching as high as 68%.⁵⁴ AUSVEG found that the horticulture industry was short by 10,000 individual workers, each able to fill multiple jobs over the course of the year.⁵⁵ The food supply chain represents about 10% of Australia's GDP and was working at a limited capacity because of these labour shortages.⁵⁶

Figure 5 shows a 36,000-worker shortfall at its peak that occurred because of Covid-19. Farms were unable to fill the void in labour supply once overseas workers were not available. This is evidence of the effects a supply shock can have on the labour market and how the labour market was unable to recover. It also showcases how migrant workers, some of which are on WHM visas, help fill the labour shortfall.

The agricultural sector is concerned that removing WHMs incentives to work in regional areas will lead to similar negative outcomes on the labour force, restricting their output.⁵⁷

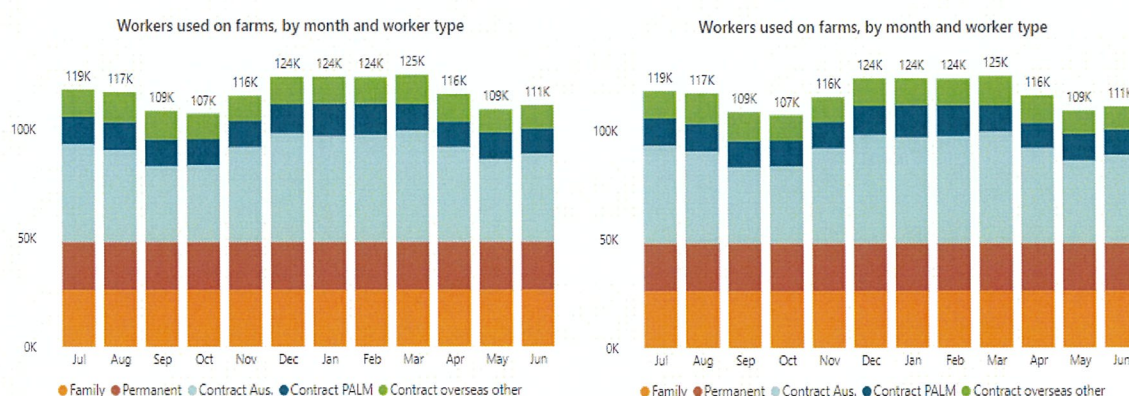


Figure 5 Comparison of types of workers used on farms across between 2019-20–2021-22⁵⁸

⁵² Australian Fresh Produce Alliance (AFPA). (July 2020). *Submission to the Australian Parliament's inquiry into the Working Holiday Maker program*. https://freshproduce.org.au/_static/3312227d59891c225a3b105085d1ed3a/final-afpa-submission-aph-inquiry-into-whm.pdf. (Last accessed 17 July 2024).

⁵³ Gardiner, S., Pietsch, J., & Yang, E. C. L. (November 2022). *Creating a New Future for the Working Holiday Market: Implications for Australia*. Prepared for Tourism Australia. (Last accessed 17 July 2024).

⁵⁴ Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES). (2022). *Labour use in Australian agriculture 2022*. <https://www.agriculture.gov.au/abares/research-topics/agricultural-workforce/labour-use/2022> (Last accessed 17 July 2024).

⁵⁵ Australian Vegetable and Potato Growers' Federation. (2022, August). *Food supply chain alliance highlight job shortages ahead of jobs and skills summit*. <https://ausveg.com.au/articles/food-supply-chain-alliance-highlight-job-shortages-ahead-of-jobs-and-skills-summit/>. (Last accessed 17 July 2024).

⁵⁶ Refrigerated Warehouse and Transport Association of Australia (RWTA). (2023, June). *Media release: National Food Supply Chain Alliance*. <https://www.rwta.com.au/rwtanews/media-release-national-food-supply-chain-alliance>. (Last accessed 17 July 2024).

⁵⁷ NFF Employer Survey, April 2024.

⁵⁸ Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES). (2022). *Labour use in Australian agriculture 2022*. (Last accessed 17 July 2024)

WHMs supply critical labour to the agricultural sector

Like the tourism industry, the WHM program provides incentives that encourage WHMs to work in the agricultural workforce. WHMs make up 14% of all farm worker jobs and can supply up to 80% of the fresh produce's peak season harvest labour force.⁵⁹ During peak labour demand periods, employers reported WHMs make up one third of the labour force for all commodities.⁶⁰ This proportion is higher for horticulture, which relies on WHMs to make up 44% of its entire labour force. Grains (31%), red meat (26%), and cotton (25%) all also rely heavily on WHMs during peak labour demand periods. The quality of labour provided by these workers is a further benefit of the WHM program. The NFF found that 83% of respondents believe that WHMs are as productive or even more productive than what is experienced from a typical worker.⁶¹

WHMs contributing to agriculture industries

ABS data reflects the significance of the Australian agriculture industry on the broader economy. In 2023, it produced 13.6% of goods and services exports, accounted for 55% of total land use, and added 2.7% to Australia's GDP.⁶² In 2022-23, the horticulture industry had a value of production⁶³ of \$16.3 billion.⁶⁴ Despite this significant contribution to the economy, the industry is still heavily reliant on WHM supplied labour. About 52,000 WHMs work in horticulture per year, or 36% of WHMs.⁶⁵ Horticulture is classified as a "specified work", and benefits directly from the requirement of regional work for visa extensions.⁶⁶

If the requirements for the visa extension were removed, the industry would not be able to attract the number of WHMs to work.⁶⁷ Reducing or abandoning the 88-day requirement would potentially disincentivise WHMs to work and live in the regions. The NFF found that the removal of WHM from the horticultural industry would lead to 379 average lost hours of labour per week per farm at peak season. Similar reductions would occur in other agricultural industries, including rice (448 hours), red meat (163 hours), timber (144 hours), cotton (133 hours), and grains (111 hours).⁶⁸

⁵⁹ Australian Fresh Produce Alliance (AFPA). (July 2020). *Submission to the Australian Parliament's inquiry into the Working Holiday Maker program*. https://freshproduce.org.au/_static/3312227d59891c225a3b105085d1ed3a/final-afpa-submission-aph-inquiry-into-whm.pdf. (Last accessed 17 July 2024).

⁶⁰ NFF Employer Survey, April 2024.

⁶¹ NFF Employer Survey, April 2024.

⁶² Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES). (2024). *Snapshot of Australian Agriculture*. Retrieved from <https://www.agriculture.gov.au/abares/products/insights/snapshot-of-australian-agriculture>. (Last accessed 17 July 2024).

⁶³ The final value of sales of the produced goods.

⁶⁴ Horticulture Innovation Australia. (2023). *Horticultural Statistics Introduction 2022-2023*. <https://www.horticulture.com.au/contentassets/3f91006fdf6940fab7d4753987e871af/ort-stats-intro-22-23.pdf>. (Last accessed 17 July 2024).

⁶⁵ Australian Fresh Produce Alliance (AFPA). (July 2020). *Submission to the Australian Parliament's inquiry into the Working Holiday Maker program*. (Last accessed 17 July 2024).

⁶⁶ Australian Fresh Produce Alliance (AFPA). (July 2020). *Submission to the Australian Parliament's inquiry into the Working Holiday Maker program*. (Last accessed 17 July 2024).

⁶⁷ Australian Fresh Produce Alliance (AFPA). (July 2020). *Submission to the Australian Parliament's inquiry into the Working Holiday Maker program*. (Last accessed 17 July 2024).

⁶⁸ NFF Employer Survey, April 2024

WHMs absence from the horticulture industry would cost the industry \$6.3 billion.⁶⁹ An estimated 127,000 jobs would be lost across the supply chain, reducing the Australian GDP by \$13 billion.⁷⁰ The ambitious targets set by the industry to increase production value by 33% by 2030 is heavily reliant on the contributions of the WHM labour force.⁷¹ It is anticipated by the agriculture industry that the labour supply would reduce considerably, if WHMs were no longer motivated with a visa extension to work in these regional areas.⁷²

The Covid pandemic period reduced the supply of WHMs travelling and working in Australia. The number of WHM visas granted decreased from 209,036 in 2018-19 (the last full pre-Covid year), to 39,586 in 2020-21.⁷³ The National Lost Crop Register reported that this reduction in labour supply led to a loss of \$45 million in farmgate value in 8 weeks between December 2021 and February 2022. \$33 million of that came from Queensland, a state which relies heavily on WHM labour.⁷⁴ Consequently, the consumer bears the loss in crop volume, with ABARES predicting it increased the price of fresh produce by 15-25%.⁷⁵ This outcome, were it to eventuate, would place further cost of living pressure on Australian households. Removing the 88-day requirement would similarly reduce the labour supply to these highly important agricultural industries. The evidence highlights how a reduction in labour not only impacts the industries themselves, but also the consumers.

As of 1 July 2024, WHMs from the UK are no longer required to complete the 88- or 196-day regional work to be eligible for a 2nd or 3rd year visa.⁷⁶ It is too early to assess the impacts of this change, but assessing the temporal data will help to understand the impacts those requirements have on regional economies. The current outlook from employers is not positive. The NFF survey report found that 72% of agriculture employers believe scrapping the 88-day requirement for UK passport holders will have a 'significant' to 'catastrophic' impact on their business. UK travelers make up 16% of all WHMs.⁷⁷

⁶⁹ Deloitte Access Economics. (2020). Economic impact of workforce changes to the Australian fresh produce industry. (Last accessed 17 July 2024)

⁷⁰ Deloitte Access Economics. (2020). Economic impact of workforce changes to the Australian fresh produce industry. (Last accessed 17 July 2024)

⁷¹ Horticulture Innovation Australia. (2023). *Horticultural Statistics Introduction 2022-2023*. <https://www.horticulture.com.au/contentassets/3f91006fdf6940fab7d4753987e871af/ort-stats-intro-22-23.pdf>. (Last accessed 17 July 2024).

⁷² Australian Fresh Produce Alliance (AFPA). (July 2020). *Submission to the Australian Parliament's inquiry into the Working Holiday Maker program*. https://freshproduce.org.au/_static/3312227d59891c225a3b105085d1ed3a/final-afpa-submission-aph-inquiry-into-whm.pdf. (Last accessed 17 July 2024).

⁷³ Australian Department of Home Affairs. (December 2023). *Working Holiday Maker report*. Retrieved from <https://www.homeaffairs.gov.au/research-and-stats/files/working-holiday-report-dec-23.pdf> (Last accessed 17 July 2024).

⁷⁴ Liveris, J. (February 2021). *National lost crop register surpasses \$45 million in losses*. ABC Rural. <https://www.abc.net.au/news/rural/2021-02-09/national-lost-crop-register-surpasses-45-million-in-losses/13132274> (Last accessed 17 July 2024).

⁷⁵ Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES). (December 2020). *Agricultural forecasts and outlook: December quarter 2020*. https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1031121/0 (Last accessed 17 July 2024).

⁷⁶ Australian Department of Home Affairs. (2024). *Arrangements for UK passport holders under the Working Holiday Maker program*. <https://immi.homeaffairs.gov.au/what-we-do/whm-program/latest-news/arrangements-uk-passport-holders> (Last accessed 17 July 2024).

⁷⁷ Australian Department of Home Affairs. (December 2023). *Working Holiday Maker report*. (Last accessed 17 July 2024).

Employer sentiments reflect positive views on the WHM program

Employer sentiments reflect wider concerns over the removal of the 88-day requirements and the reduction in the supply of labour. Many believe it will change the way they can operate. Figure 6 presents farmers thoughts on the elimination of the existing 88-day WHM visa requirements. 83% of employers surveyed believe abandoning the 88-day requirement for all WHM visa holders would be 'significant' to 'catastrophic' to their businesses. 54% of respondents would consider changing commodities or industries if the ability to attract labour was further reduced.⁷⁸

How would the elimination of the '88 days arrangements' for all WHMs impact your business?

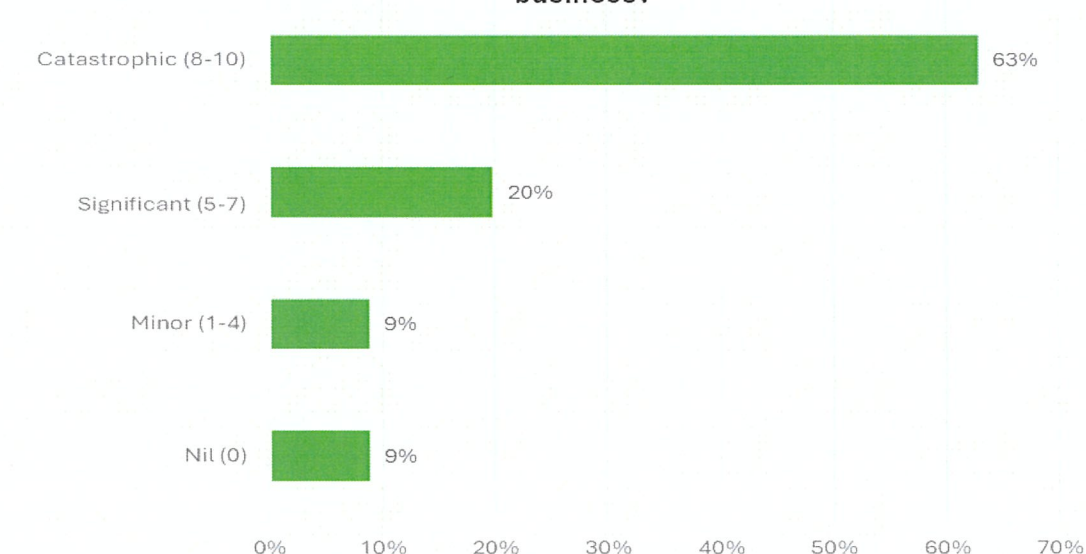


Figure 6 Employer sentiments⁷⁹

Farmers also responded with how they expect the change will affect them.

How will your business be impacted by the elimination of the '88 days arrangements'*

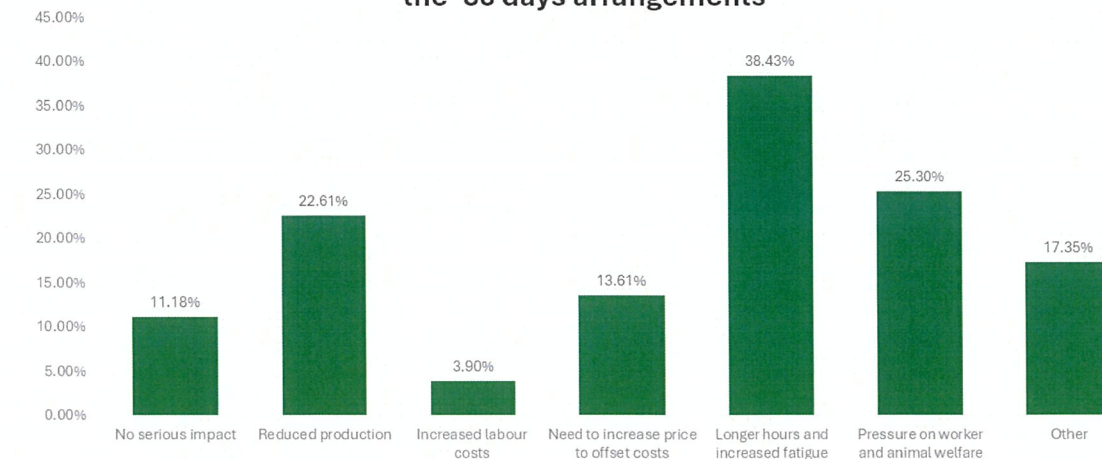


Figure 7 highlights how the potential removal of the 88-day requirements would impact their businesses. 38% believe they would need to work longer hours and endure increased fatigue, while

⁷⁸ NFF Employer Survey, April 2024.

⁷⁹ NFF Employer Survey, April 2024.

23% believe they would be forced to reduce production. 14% indicate they would need to increase prices to offset increased costs. Just 11% of employers believe it would have no serious impact on their business.

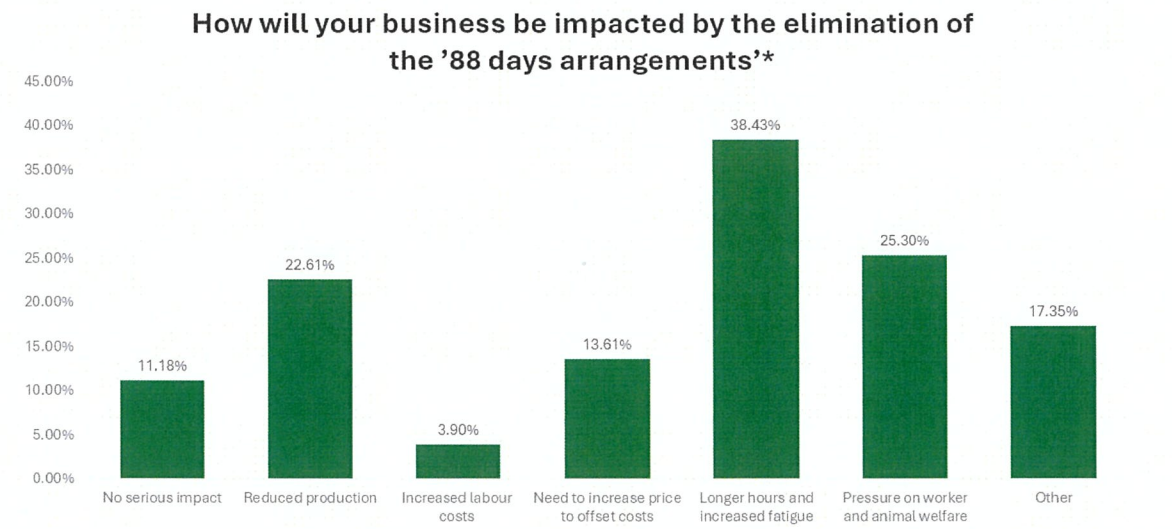


Figure 7 Employer sentiment on the elimination of the 88-day arrangement⁸⁰

⁸⁰ NFF Employer Survey, April 2024.

4. Economic impacts of WHM to regional economies

REMPPLAN modelling

To provide an accurate estimate of the economic impact of the loss of WHMs jobs to a region, we have estimated the value-added impact using REMPLAN⁸¹. The modelling provides an estimate of the first round and supply chain impacts resulting from the loss in direct output if WHMs were to be lost to the region.

The following assumptions were made:

- 88 days of work at \$29.33⁸² an hour for 7.6 hours a day
- an implied tax rate of 15%
- 1,000 WHMs are lost to a region
- 44% of earnings are spent in the region⁸³
- the allocation of income spent is distributed as per Table 1 above
- “Consumption” induced impacts (commonly referred to as Type 2) are not reported.

Table 2 describes the sectors and value of the impact, modelled for the loss in economic output if 1,000 WHMs were lost to a region.

Table 2 Sectors impacted by the loss of jobs in a region over one year

Sector	Description	Amount impacted (\$m p.a)
Arts & Recreation Services	Covers tourism and a component of entertainment eg. live performances	-1.3
Accommodation & Food Services	Includes all short-term accommodation related costs plus food and beverage services eg. preparation and serving of meals and alcoholic beverages	-3.9
Retail Trade	All retail trade activity, including on-line shopping	-1.0
Transport, Postal & Warehousing	Covers transportation of passengers and freight by road, rail, water or air	-0.7

⁸¹ REMPLAN is an input-output model used to estimate the economy-wide impacts from a change in output. Whilst REMPLAN is an approximation of how the impacts of jobs losses may manifest across the local economy, we believe this tool is a useful approach in the timeframe (and given the uncertainty and potential complexity of estimating specific impacts in more detail). Data is sourced from the Australian Bureau of Statistics (ABS).

⁸² Minimum hourly rate in horticulture (adult casual level/grade 1 employee) from 1 July 2024.

⁸³ A conservative estimate based on a typical WHM expenditure over the duration of their travel in Australia

Sector	Description	Amount impacted (\$m p.a)
Information Media & Telecommunications	Includes all phone and internet related costs	-0.3
Electricity, Gas, Water & Waste Services	Includes all related bill activities for electricity, gas, water, sewage and the treatment and disposal of waste materials	-0.3

The following impacts are explored for each region:

- **Output** – a direct decrease in output (gross revenue) caused by the reduction in demand for intermediate goods and services. The flow-on supply chain effects (in terms of local purchases of goods and services), as servicing sectors decrease their own output and demand for local goods and services.
- **Employment** - the decreases in direct and indirect output would typically correspond to the loss of jobs in the economy.
- **Wages and salaries** – the decrease in direct and indirect output and the corresponding loss of jobs in the economy, will see a decrease in the wages and salaries paid to employees in a region.
- **Value-Added** - represents the marginal economic value that is added by each industry sector for the region. It serves as the major element in the calculation of Gross Regional Product (GRP) / Gross State Product (GSP) / Gross Domestic Product (GDP) for a region.

Results and discussion

The economic impact that WHMs make to a region is widespread. The potential loss of WHMs from these regions, if the 88-day requirement is removed, would be significant. Table 3 sets out the approximate direct impact of 20,000 WHMs choosing not to work in rural regions⁸⁴ (for 88 days) and the supply chain (industrial) or second round impacts of this⁸⁵. We estimate that it would decrease the demand for intermediate goods and services to these regions of \$200 million. This would also negatively impact the job market, with an average 939 direct jobs lost and a further 143 jobs lost through the supply chain.

Table 3 Economic impact from a reduction of 20,000 WHMs in the regions

Impact	Direct impact	Supply chain impact	Total impact
Output (\$m)	-149	-54	-203
Employment (jobs)	-939	-143	-1,082
Wages and salaries (\$m)	-43	-11	-54

⁸⁴ Estimate is calculated using similar multipliers to that of Forrest, noting that these impacts will be different across regional areas depending on the main economic drivers in each location.

⁸⁵ We would expect this reduction in the labour force to be partially offset from other sectors and regions in the economy. This highlights one of the limitations of this modelling approach.

Impact	Direct impact	Supply chain impact	Total impact
Value-added (\$m)	-67	-22	-90

Further to this we would expect there to be even more wide-ranging impacts, as evidenced during the pandemic, when there was a supply side shock to the labour market. The supply and cost of labour has considerable impacts on a business's profitability and sustainability, especially for labour intensive industries like horticulture. If producers are not able to find the labour resources, then broader business decisions will need to be made. Whilst many larger growers are turning to automated technology to reduce their reliance on labour, this is beyond the financial capability of many of the smaller producers, where it is just not economically efficient or possible to change their production methods, without the appropriate scale.

A shortage of workers leads to a loss of farm productivity and profitability. This loss of production causes upwards pressure on prices for consumers. For every dollar value-added within these industries in the regions, an additional 30 cents is created throughout the broader economy.

When tourism businesses face labour shortages and are forced to restrict their offerings, the flow on effect into the local economy can be significant. For each dollar spent by a tourist in the Federal Electorate of Flynn (see below), it is estimated that typically \$0.53 is spent on accommodation and food services, \$0.12 on transport, postal & warehousing and \$0.10 on ownership of dwellings.

Regional impacts

In this section we explore the economic impacts of the loss of 1,000 WHM jobs in three regions across Australia.

Federal Electorate of Forrest

Table 4 and Table 5 describe the economic impacts of the loss of 1,000 WHMs to the Federal electorate of Forrest.

Table 4 Economic impact from a reduction of 1,000 WHMs in the electorate of Forrest

Impact	Direct impact (\$m p.a.)	Supply chain impact (\$m p.a.)	Total impact (\$m p.a.)
Output	-7.5	-3.3	-10.8
Wages and salaries	-2.2	-0.7	-2.9
Value-added	-3.4	-1.4	-4.8

Table 5 Industry sectors most impacted from a reduction of 1,000 WHMs in the electorate of Forrest

Sector	Direct impact (\$m p.a.)	Supply chain impact (\$m p.a.)	Total impact (\$m p.a.)
Accommodation & Food Services	-3.9	-0.04	-3.94
Arts & Recreation Services	-1.3	-0.12	-1.42
Retail Trade	-1	-0.10	-1.10
Transport, Postal & Warehousing	-0.7	-0.26	-0.96
Manufacturing	0	-0.63	-0.63
Electricity, Gas, Water & Waste Services	-0.3	-0.24	-0.54
Information Media & Telecommunications	-0.3	-0.16	-0.46
Rental, Hiring & Real Estate Services	0	-0.34	-0.34
Professional, Scientific & Technical Services	0	-0.30	-0.30
Administrative & Support Services	0	-0.25	-0.25
Construction	0	-0.24	-0.24

Federal Electorate of Farrer

Table 6 and Table 7 describe the economic impacts of the loss of 1,000 WHMs to the Federal electorate of Farrer.

Table 6 Economic impact from a reduction of 1,000 WHMs in the electorate of Farrer

Impact	Direct impact (\$m p.a.)	Supply chain impact (\$m p.a.)	Total impact (\$m p.a.)
Output	-7.5	-3.6	-11.1
Wages and salaries	-2.2	-0.7	-2.9
Value-added	-3.4	-1.4	-4.9

Table 7 Industry sectors most impacted from a reduction of 1,000 WHMs in the electorate of Forrester

Sector	Direct impact (\$m p.a.)	Supply chain impact (\$m p.a.)	Total impact (\$m p.a.)
Accommodation & Food Services	-3.9	-0.04	-3.94 ⁸⁶
Arts & Recreation Services	-1.3	-0.12	-1.42
Retail Trade	-1	-0.10	-1.10
Transport, Postal & Warehousing	-0.7	-0.26	-0.96
Manufacturing	0	-0.63	-0.63
Electricity, Gas, Water & Waste Services	-0.3	-0.24	-0.54
Information Media & Telecommunications	-0.3	-0.16	-0.46
Rental, Hiring & Real Estate Services	0	-0.34	-0.34
Professional, Scientific & Technical Services	0	-0.30	-0.30
Administrative & Support Services	0	-0.25	-0.25
Construction	0	-0.24	-0.24

⁸⁶ The impacts across each region are very similar as the multipliers derived in REMPLAN are almost identical.

Federal Electorate of Flynn

Table 8 and Table 9 describe the economic impacts of the loss of 1,000 WHMs to the Federal electorate of Flynn.

Table 8 Economic impact from a reduction of 1,000 WHMs in the electorate of Flynn

Impact	Direct impact (\$m p.a.)	Supply chain impact (\$m p.a.)	Total impact (\$m p.a.)
Output	-7.5	-2.7	-10.2
Wages and salaries	-2.1	-0.6	-2.7
Value-added	-3.4	-1.1	-4.5

Table 9 Industry sectors most impacted from a reduction of 1,000 WHMs in the electorate of Forrest

Sector	Direct impact (\$m p.a.)	Supply chain impact (\$m p.a.)	Total impact (\$m p.a.)
Accommodation & Food Services	-3.9	-0.04	-3.94
Arts & Recreation Services	-1.3	-0.12	-1.42
Retail Trade	-1	-0.10	-1.10
Transport, Postal & Warehousing	-0.7	-0.26	-0.96
Manufacturing	0	-0.63	-0.63
Electricity, Gas, Water & Waste Services	-0.3	-0.24	-0.54
Information Media & Telecommunications	-0.3	-0.16	-0.46
Rental, Hiring & Real Estate Services	0	-0.34	-0.34
Professional, Scientific & Technical Services	0	-0.30	-0.30
Administrative & Support Services	0	-0.25	-0.25
Construction	0	-0.24	-0.24

Limitations

The input-output data and tables used in this type of economic analysis is based on interdependent relationships between various economic industries or sectors in an economy. With this approach we can estimate the effect of negative and positive shocks on the economy (in this case job losses) and analyse the ripple effects across the economy. But it must be noted that there are several limitations to this approach. These include the potential for:

- Overstating impacts: Multipliers assume that resources required for the project such as labour and capital are unlimited and will not be drawn from other activities and sectors of the economy, thereby overstating the economic and employment benefits of the project.
- Fixed prices: As resources are considered to be unlimited, multipliers assume that their price is unaffected by changes in demand. Any unintended consequences of a project, such as the crowding out of other activity or price increases for scarce resources, are not captured.
- Fixed coefficients: Multipliers assume a fixed input structure in each industry and fixed ratios for production. This would imply, for example, that additional consumer expenditure from increased income would be allocated to average consumption patterns and, as such, would assume increased consumption of household necessities, such as food (rather than holidays or savings).
- Regional distortions: Multipliers that have been calculated from national IO tables are not considered appropriate for use analysing the impacts of projects in small regions. Interindustry linkages tend to be shallow in small regions since they usually don't have the capacity to produce the wide range of goods used for inputs and consumption, instead importing a large proportion of these goods from other regions.

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Annexure 3 — NFF Agri-Accommodation Accelerator



Agri-Accommodation Accelerator

Farmers are not real estate agents or property investors. However, they must now bear the added responsibility of sourcing new accommodation solutions to gain access to a workforce. Whilst many handbrakes disincentivise the investment in and distort efficient use of on-farm accommodation an appropriately designed assistance program for on-farm accommodation solutions may be a useful tool to reduce the pressure on residential housing markets distorted by the seasonal workforce requirements. Farms offer a unique opportunity to immediately add to the housing supply without the requirement of releasing new land.

1. Concessional Access to Farm Management Deposit (FMD)

Approximately \$5 billion dollars are currently held within FMDs across the country in all agricultural commodities. The NFF proposes that the withdrawal of funds up to \$50,000 for the purposes of building on-farm worker accommodation should be exempt from taxable income on withdrawal for this purpose.

This will allow farmers the choice to access to their own capital to simulate immediate and desperately needed investment in on-farm accommodation.

2. Accelerated Depreciation Scheme

On-farm accommodation was not eligible under the previous rounds of tax-deductible depreciation assistance.

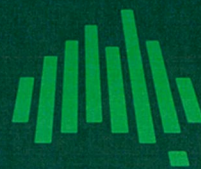
The government is proposing an increase in the tax deduction depreciation rate of build to rent dwellings from 2.5% to 4% to stimulate residential housing markets. The NFF is calling on the government to increase this rate to 10% for farmers to incentives utilizing existing land and encourage farmers to be a part of the housing solution.

3. Expanded Fringe Benefits Tax Exemption

The remote area FBT exemption currently excludes certain primary producers based on arbitrarily drawn geographical restrictions. This create inequalities between those who can access the exemption and those who can't. Understanding and interpreting the complex criteria also acts as a barrier for many farmers. Both problems discourage employers from providing accommodation for their workers.

The NFF is seeking the removal of geographical restrictions on FBT to ensure that any agricultural business which meets the eligibility criteria for the concession – in the case of housing, *that its provision is a necessity* – should be eligible for the concession, regardless of its remoteness.

This would further encourage farmers to provide accommodation for their employers by removing an additional tax that currently disincentivizes them from doing so.



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