

The importance of 417 and 462 visa holders to your sector

Almost all our customers are 417 visa holders, occasionally 462 visa holders. Intention is to do specified horticultural work to enable a second year visa. Proportion of 462 visa holders is far less than overall proportion of 462 to 417 visa holders.

Visa holders come to work, invariably their first question on the phone is about the work situation, no work possibility, no customer.

Without these visa holders we would not have a business.

We operate 2 backpacker hostels, offering a total of 75 beds, with a nightly rate of \$30 and a weekly rate of \$150.

We have relationships with many growers in the area, with some of the larger corporate business in horticulture, packing and nurseries and with horticultural contractors.

They call us looking for workers in varying numbers at varying times of the year and for various durations, ranging from 1 person for 1 day to a number of people for many weeks and in the same cycle year after year.

This predictability makes it possible for us to have more people staying when we expect it to get busy and less when it is quiet and still meet the labour requirements of our growers.

We provide transport to work for our backpackers, and obviously liaise with the growers if people are sick, late etc. A worker can generally be replaced at short notice if there is a performance problem.

We can performance manage in partnership with the grower.

We also operate as a contractor whereby we invoice a grower for work performed at a specific price and pay wages and statutory payments from this amount.

This is a growth area for us as we diversify. This FY we expect to pay at least \$600k in wages.

In short, they rely on us having a supply of workers rather than recruiting themselves.

Growers tell us they prefer backpackers as they turn up for work and are available when required. Conversely for casual seasonal work they find locals unreliable and unmotivated and often after cash hand payments so they can continue to receive Centrelink benefits.

In general backpackers will only be employed to perform low skilled jobs as most have little or no experience of outdoor work. Growers tend to have permanent local employees to assist them and use backpackers to supplement the peak high volume activity

All horticultural work requires the ability to understand and follow instruction, a level of skill to carry out the task, concentration and an ability to work in hot and tiring conditions. There is a need to be reasonably fit, to have no existing injuries and to put up with often poor supervisory practices and poor working environments.

Because most backpackers are working to achieve enough days to apply for a second year visa they put up with these conditions.

Our business would not exist without these visa holders and I do not see a source of replacement labour which could fulfil the range of requirements our backpackers provide.

Estimates, but based on our experience.

There are around 900 beds in council registered backpacker hostels in Mildura. Based on our performance, we estimate 450 visa holders working every day, 365 days of the year, earning approx\$90 per day generating around \$16m before tax. Approximately \$5m of this would be spent on accommodation, leaving \$11m discretionary.

This is spent on food, drink, entertainment, clothes,transport and saved. It supports the local economy and generates local jobs.

The impact of tax on working holiday makers

Backpackers coming to Mildura do so to work to gain enough days of specified work to obtain a second year visa. Money is a secondary issue, although all expect to earn enough to save money to fund further activity in Australia.

Australia is an attractive destination because of the diversity of landscape, the ease of travel and the world class iconic attractions.

It is also a convenient place to earn money to facilitate further travel, especially in Thailand and Bali. A number of backpackers spend 1 or 2 years in Australia and then go to New Zealand for work, or v/v.

Backpackers are generally aware of the current tax arrangements but only from once they start working. They are also aware there are proposed changes but it is not a topic of general conversation unless prompted; no one has initiated a discussion about it.

A backpacker tax at 32% would deter backpackers from choosing to work come to Australia to work as they would quickly learn they will not earn enough after tax to be able to survive financially.

Suspect backpackers would choose to stay in the cities and work in easier hourly paid jobs, rather than move to the country to take on less popular farming work. Then they would only stay in Australia for a year.

Currently 13% on every dollar earned is deducted from pay. Occasionally 33% approximately is deducted, usually by larger companies who regard the visa holders as non-residents for tax purposes.

The resulting impact of the tax on your sector

We would expect a significant drop in customers staying at our 2 hostels, to the point that we could be out of business. Already an issue with a lease and we also have a loan .

We would expect it to be impossible to find backpackers willing to work in jobs where they are paid at piecework rates, as they generally struggle to make much money in the first place, let alone after a punishing tax rate. These are typically the jobs that use high numbers of 417/462 visa holders in Mildura.

2 bins of oranges for the picker, 1 for the Government, 2 boxes of grapes for the picker, 1 for the Government, 40 minutes of every hour for the worker, 20 minutes for the Government, 2 vines for the worker, 1 for the Government.

May be able to source migrant labour via local migrant support services, we have explored this, but whilst this may enable us to supply workers, we will not receive the revenue for accommodation which is what our business is built on.

Employers call us to see if we have available workers and we match them to their needs with regard to boys, girls, possible length of stay, work ethic, general background learnt from them staying with us, previous work history, reliability.

Expect it will be very difficult to find workers for piecework roles, high volume picking, pruning

We would expect to push cash in hand work.

Oranges \$25 per bin before tax, same as last year. Doesn't change if more or less oranges. Approx 1 bin every 70 mins to make hourly rate equivalent. Generally no backpacker makes this rate ever, and in many cases may pick a bin every 2.5 hours currently due to small, scarce oranges.

Minimum wage increased recently, bin price did not.

Measures or policies that may mitigate these impacts

Superannuation access. Where this is paid, and it isn't paid in every case, then access to it in Australia would provide more disposable income to spend in Australia.

For employers, removing the requirement to pay superannuation for these workers would remove a burden on employers.

If cannot work fast enough to make minimum hourly rate on piecework, pay the hourly rate as a minimum (NZ)

Unintended consequences of the tax and other issues

Sandbar, Cider Tree, Setts, Evolution market themselves to backpackers, and are extending premises in some cases. Friday and Saturday night. They build around the backpackers attending.

Recent UFC - 250 backpackers, 20 locals

Number of backpackers in supermarkets, foreign food.

Pay slips

Job losses, possibly biggest economic hit there has been in Mildura

If pay rates not correct sometimes have to accept the work as if we don't someone else will.

Nursery award v Horticultural award, interpretation