

Submission with regards to the 2nd WHV Changes

Dear Sirs,

We are a small hydroponic herb farm, based in Kuranda, FNQ.

The farm has supplied supermarkets between Cooktown in the North and Mackay in the south with fresh cut culinary herbs for more than 25 years.

WWOOFers

Initially, the small family business became members of the WWOOFing programme, which allowed them to remain viable by supplementing their labour needs. It worked extremely well for both parties, and additional staff were employed as the business grew. The WWOOFers gained room, board and a base to explore the region on the basis of a few hours work per day.

We purchased the farm in 2004 and steadily grew the business, employing typically a dozen packers and farm hands. Our peak employment was 14 staff. A couple of WWOOFers would stay for a few weeks from time-to-time weeding and keeping the edges of the property tidy. They would be given non-critical tasks which allowed our trained employees to focus on production activities which required more extensive training.

In 2006, due to labour shortages and following the New Zealand model, the Government introduced the Second Working Holiday Visa Scheme. WWOOFers were included, able to stay for 88 days to secure this visa. At the time this was a tactical Governmental move to avoid the siphoning off of backpackers to New Zealand, adversely impacting seasonal farm labour support.

Whilst based in an area of high unemployment, locals tend to regard farm or packing shed work as inferior, with many resigning within weeks of being offered employment. This trend has accelerated over the last five years.

The WWOOF programme provided unforeseen benefits above and beyond the work for room and board model. We were able to evaluate whether WWOOFers (often with limited English language skills) had what it took to be offered employment. In several cases we would offer the WWOOFer paid employment at the end of or during the WWOOF period. All hires were paid above Award rate.

This worked extremely well as we were able to increase the pool of labour available to us during peak periods. WWOOFers were able to improve their English in a safe home environment, explore the region, spending their money as tourists. It was a privilege to watch them grow in confidence and establish friendships with other travellers and locals. A number of former WWOOFers are now hard-working Australian Residents or Citizens.

The sudden and abrupt change to the programme in June 2015 was followed by six months of uncertainty as WWOOFers and backpackers struggled to accommodate ever-changing immigration and taxation rules. In one case, one of our backpackers was refused an extension (second year visa) whilst her boyfriend, with identical work history, was approved. Despite representations to immigration and our local Federal MP, she had to leave us and the country, leaving no-one satisfied.

The programme change immediately compromised the labour pool. We have since hosted just two WWOOFers since the changes were revealed: both stayed less than 3 days.

Backpackers

In addition to WWOOFers, we have always employed a couple of backpackers if their English language comprehension and competence was sufficient. Until the decision to introduce the backpacker tax, we generally found backpackers willing to fulfil the 88 days or possibly longer, again increasing the pool of available labour.

Since last September, our experience has been that the majority have decided to try and travel the country within the first year, not certain they want a 2nd WHV if the tax comes into force. This means they want to stay for only two or three weeks, earning enough to travel to their next destination, which presents business with a narrow window of opportunity to train and benefit from their contribution.

We find there are a large number of 18 to 20 year old backpackers on a Gap Year, whose English competence and / or work experience are not sufficient for us to offer ongoing work. They are choosing to leave Australia to travel through Asia, finding this country far too expensive and no means of supporting themselves. Their dreams of returning after their studies have been dashed: the mere thought of having to pay 33% tax on a 2nd WHV means there is no longer an incentive to try.

Backpackers put their earnings back into the economy, on housing, food, tourism and travel. Taxing their revenue directly reduces that available pool of finance, and by losing the comparison between Australia and New Zealand (and to some extent Canada) will indirectly reduce the number choosing to travel here. The sum effect will be to depress regional economies. Given that visitors to the country often save in the regions to spend in the cities, there will be a perceptible national impact.

Our Submission

We have struggled all year to employ and retain additional staff beyond our core team of local staff. Local people increasingly don't want to work on a farm.

Farming is seasonal: there are peaks and troughs caused by both market demands and of course, the weather. We need flexibility. Without it, we cannot continue to run our business. We no longer have a pool of people we can turn to in peak periods to supplement our business demand. Pacific Seasonal Workers are not the answer: it is not a flexible workforce when a Government Contract has to be entered into and the

FairWork Commission and a Union representative have to be invited to attend the on-farm induction.

The proposal to reduce the proposed 33% tax to 19% is unreasonable. Backpackers do work Australians do not want to do. Australians need them to pick the food they eat. Therefore these employees deserve to receive the same tax-free threshold of \$18,000 before they are taxed - the same way Australians are taxed.