



Forest Glen Organic Farm and Rural Tourist Facility

1630 Whiporie Road,
BUNGAWALBIN NSW
2469

PO Box 247, CORAKI
NSW 2471

Tel: - 02 – 6683 2832

Email: forestglen@nrg.com.au

ABN: 18 546 456 060

SUBMISSION TO "WORKING HOLIDAY MAKER VISA REVIEW"

Our farm, Forest Glen Organic Farm, which we have owned since late 2006, is a small holding that had marginal capacity to earn income, mainly due to its location and the very weather dependent crop on which we rely.

Because of uncertainty around harvesting income, and in order to maintain the viability of the farm, we have broadened the farm's activities to incorporate eco-tourism (we have earned a Rural Tourist Facility Accreditation with our local council) and have in the past made an attempt to grow seasonal vegetables. The broadening of activities multiplied the workload on my wife and me, and undertaking this additional work was made possible only through the volunteer program that existed prior to August 2016. We sought and obtained no financial benefits from any Government instrumentality, so all expansion was undertaken at your own cost. We earn too little at this time to pay employees, but were building our business to make that occur in the not-too-distant future. To this time, no Australian has been disadvantaged by our use of volunteers on our farm. Indeed, the opposite would be true due to the income we have attracted to our area. Had we not used volunteers, that were simply would not have been done.

Prior to the cessation of the volunteer eligibility for a second 12 months WHV as part of the Working Holiday Visa program, we consistently attracted several inquiries nearly every week and we usually maintained two or three (sometimes more) volunteers at the farm. When the program was altered at the end of August 2015, inquiries for volunteering at the farm effectively came to a halt and we became part of a large pool of hosts vying for a diminishing volunteer pool. Since then, the only volunteers we have secured were facilitated by the American Institute for Foreign Studies (AIFS), which has supplied four young volunteers in the past 12 months. The only other inquiries we get are people looking for paid work or a few enquiries via WorkAway from people who are looking for food and lodging for just a few days to perhaps a week; having people for such a short time is not advantageous.

Prior to August 2015, with volunteer support, we were able to manage all workload as we moved towards achieving profitability in our ventures. We always maintained that, particularly for our vegetable growing, we needed to become profitable so that we could employ at least one person permanently to overcome the lack of continuity that we experienced by being dependent volunteers. However, we had not yet reached that point of profitability. When the volunteer program came to an end, so did our vegetable growing as the workload was beyond my wife and me to continue.

In addition, we are unable to maintain the property at the same level of readiness for receiving eco-tourists because my wife and I now constitute the sole manpower available for managing our crops and maintaining the property. We watch as the condition of our farm goes backwards because we are unable to attract the necessary manpower. This is in place of our reaching the next level, at which we would be able to employ somebody on wages.

In our particular circumstance, we have spent the past eight years building our farm up in order to avoid having to leave the farm because of unreliable income. We went through the setbacks that occurred because of the global financial situation during which time all of our income sources were diluted. We were in the middle of recovering our position and actively promoting our services and products, which were starting to benefit from the recovery. This was brought to a halt once the volunteer program was stopped. We are now unable to sustain the farm financially or with respect to time and effort, and the property is now on the market. We are simply unable, by ourselves, to provide the necessary labour input, and we do not have the funds to replace the volunteers with paid labour. We are being forced to walk away from our past 10 years of effort and our future dreams.

Our local community is going to lose a business that attracts tourism to the area. This is an avenue of local income that will no longer be developed.

We have spoken to past volunteers who had helped us on a farm and they expressed this dismay that the program has come to an end because almost all of them felt that day gained a great deal of benefit to themselves in terms of their experience and what they would take into their future, and they also felt that they contributed to the prosperity of the local community by assisting with the farm's activities.

We have also spoken too people who would be willing to volunteer under the previous terms but who are unwilling to undertake paid work in regional Australia because of one or more of the following reasons they gave:

- (a) the backpacker usually does not have a vehicle and therefore depends on public transport to reach destinations - because of this, their volunteer placements tend to be limited to accessible host sites;
- (b) the paid work is not necessarily easy to find and, for any work that is available to them now, there is a likelihood that the competition for that work is going to increase;
- (c) finding the work means they must travel, usually for great distances and often to out-of-the-way places, at their expense, without any guarantee of the work being available on arrival and with the prospect of being laid off without notice;
- (d) sometimes they might have to change locations to complete the three months of work to achieve eligibility, perhaps more than once, meaning additional travel, again over large distances and usually by train or bus;
- (e) Every change of location requires additional arrangements, with associated costs, to be made for accommodation and transport;

- (f) the costs of living in the places where they must travel to find work largely offset the earnings they might make;
- (g) the conditions under which they might be asked to live are often in substandard - most prospectors workers, b-day volunteers or otherwise, know of somebody who has been in that situation and there are many horror stories, whereas most volunteers who have worked on regional farms have tended to enjoy the experience;
- (h) instead of meeting Australians, which is what they do when they come to smaller farms such as ours, they tend to meet other travellers;
- (i) they will be largely unhappy to part with one third of their wages as tax when the hourly rate may actually be a small wage compared with what they could earn elsewhere doing a other types of work. They mind less the loss of the 32 cents in the dollar if they are earning \$40 or \$50 an hour, which they might earn by employing their skills in the cities;
- (j) there is a school of thought that the backpackers should be incentivised to take on the burden of work that Australians are unwilling to do, rather than be penalised, which is how many see the multiple impositions of being forced to work for wages to be eligible for the 2nd year visa, and then being forced to pay for the costs of reaching and sustaining the work for three months, as well as losing a third of their earnings to tax;
- (k) at the end of the day, for the backpacker, working for wages has the same financial outcome as if they had volunteered, but with fewer of the attractions of volunteering, meaning they are less likely to work for wages than they are to volunteer sure; and
- (l) except for some inarguable cases of exploitation, the vast majority of backpackers enjoyed a positive experience while volunteering.

A farmer employing an Australian knows that the worker must earn a significant wage before having to pay 32 cents in the dollar tax. Farmers are less happy about seeing one third of the money they must now pay to the backpackers going immediately to the government as tax. The Farmer feels this is a tax on him. Whereas the farmer is required to treat all workers the same in every other respect with regard to working condition, there is this unequal treatment of tax. Farmers have no problem with seeing the tax, once paid, staying in Australia, but we feel that a more equitable tax rate would be appropriate.

Most backpackers arrive with little or no experience. In the case of farms like ours, the work is often varied as opposed to single task work such as fruit picking. This means that there is much training to be done to achieve a level of competence and efficiency. Each person so trained will be gone in 3 months or less. No farmer wants to pay \$22+ per hour over and over while they train a new backpacker. The cost of training is lost every time a backpacker leaves and new backpacker must be put on. Under the volunteer program, this overhead is acceptable because there is no direct cost involved and the farmer is not seriously out-of-pocket.

In order to commence paying a backpacker, a farmer who has never previously employed anyone other than a contractor is burdened with not just the additional costs but also the red tape and logistics involved with maintaining a

payroll. Many farmers are unwilling or unable to do this. There is more than enough red tape involved in running a farm as it is without adding to the burden. Farms that are already employing people would not consider this as much of an additional overhead.

With regard to vulnerability of workers, it does not take much imagination to believe that more will be expected of workers who were being paid than would be expected of workers who are volunteers. The likelihood of exploitation is greater where the worker is being paid.

The rationale for the changes has never been explained. Even our local MP, Kevin Hogan, was unable to throw any light on the reasons: he simply cast the question over to the Minister for Immigration, who supplied us with a non-answer. His response simply explained how the regulations were being implemented, not why the legislation was passed. We are left feeling that the move to abolish volunteering was (a) a tax grab, (b) a response to the unannounced requirements of the upcoming TPP, or (c) a cynical move to provide corporates with yet another advantage over small businesses like ours. Whatever the underlying motivation, we feel we have been victimised.

With respect to the tax treatment, we would support retaining all tax but with perhaps a two-tiered system, whereby the tax was 15 cents in the dollar in the first tier up to, say, \$20,000, and then 32 cents in the dollar for the second tier. Having said that, what of holiday makers who might earn a high income while in Australia - doesn't the 32 cents in the dollar give them an unfair advantage over Australians who have to pay a higher tax than that?

Some final points:

- (1) I am unaware of any consultation with the farming community before the change to the volunteering eligibility - the opportunity for this submission should have been offered before the change rather than after;
- (2) as participants in the WWOOF hosting program, we were disappointed that the amount of notice regarding the ending of the volunteer eligibility that we were given was not as much as we were told would be given;
- (3) the changes strike a severe blow to the aspirations of those involved in the organics movement, discouraging them where they should be encouraged;
- (4) Nobody I have talked to can see anyone who "wins" out of this legislation and if the change is supposed to help Australia, it has done the opposite. and
- (5) the only argument I have heard supporting the change is the ideological notion that farmers should not be subsidised.

We stand as an Australian farming family seriously damaged by the change. We would welcome reversal of the treatment of volunteers so that small family farms like ours have a chance to build a platform for future prosperity.

Trevor Roberts
Forest Glen Organic Farm

22 August 2016