

Agricultural Sector: Proposed changes to backpacker regime

The Federal Government has indicated that it will change some of the rules related to the treatment of backpackers in the agricultural sector. Specifically, backpackers on working holiday visas, subclass 417, will

- a) lose the current tax free income threshold of ~\$18,200, meaning that they will pay tax at 33% as soon as they start earning income; and
- b) lose the right to work as “volunteers” in agriculture in order to achieve the 88 days required to obtain a second year visa.

As a person who has relatively recently become involved in agriculture after teaching management at a tertiary level, I am amazed that these rule changes would be contemplated. Separately and together they will result in difficulties for agriculture, a sector that the government has been desperately trying to support. The ultimate losers will be farmers, young international travellers in their formative years, Australians and Australia. If the measures are being introduced to raise more tax income they are almost certain to fail – there will be fewer backpackers.

Some general comments:

- Australian agriculture is highly dependent on backpackers. Many Australians are not prepared to work in the agricultural sector, and in spite of farms becoming highly mechanised there are many areas where manual workers are and will always be required.
- The requirement to work 88 days in agriculture places backpackers in the position whereby they know exactly what they have to do to obtain a second year visa – something most of them want to have to enable them to work in areas for which they have been trained in their home countries. It also gives them a chance to get to know farming and Australians – which would rarely be possible if they stayed in cities working in hospitality or similar roles.
- There are many ways of participating in the agricultural sector. Groups of backpackers living in a hostel being bussed daily to farms is one such way; living in a family environment on a farm is another. There are plusses and minuses for both, depending on the situation and the participants. However both are viable methods and provided there is transparency in all transactions then the market should be allowed to operate on its own.
- If transparency is not currently evident – eg when there are agents involved – then a simple registration system would expose any unethical or illegal activities.

My main concern with the proposed changes is that those who choose to live with families (“volunteers”) would not have their 88 days counted towards their second year visas. We have had a series of backpackers staying with us over the last few years. This has been a great experience in multi-cultural living for us, our community and for the backpackers themselves. All have gone away enthused by their experiences in getting to know Australians and farming in a way which would not be possible had they relied on finding jobs tightly controlled by hostels.

Life in a hostel involves sitting around in congested quarters hoping for selection on tomorrow’s list, knowing that the picking or packing may only last a few days at best, and that whatever happens the hostel owner will require \$20/night for accommodation. Life living with a family gives security, a sense of participating in a worthwhile team activity, and above all access to Australians. It should be noted that there are many variations on the family theme – in our case we provide excellent accommodation and a food allowance (participants have told us they can live on a quarter of the allowance and save the rest, more than they would save living in a hostel). If we are picking and packing, employing a team of people, our residents earn award wages so we never have two classes of casuals.

If there hasn't been a strong sign of anger in the community over the proposed changes I suspect that it would be because the farmers most affected are small, stoic operators, with none or a few employees, who are not accustomed to protesting when they are negatively affected by government measures. These are the very people who need extra support, currently given by the backpackers who live with them.

I strongly urge government to ensure that the proposed changes are not implemented.

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