



QUEENSLAND  
FARMERS'  
FEDERATION



**SUBMISSION TO  
WORKING HOLIDAY MAKER VISA REVIEW**

*The united voice of intensive agriculture*



## Queensland Farmers' Federation

The Queensland Farmers' Federation (QFF) is the united voice of intensive agriculture in Queensland. It is a federation that represents the interests of 17 of Queensland's peak rural industry organisations, which in turn collectively represent more than 13,000 primary producers across the state. QFF engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland primary producers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland
- Queensland Chicken Growers Association
- Queensland Dairyfarmers' Organisation
- Burdekin River Irrigation Area Committee
- Bundaberg Regional Irrigators Group
- Central Downs Irrigators Limited
- Fitzroy Basin Food & Fibre
- Flower Association of Queensland Inc.
- Pioneer Valley Water Board
- Pork Queensland Inc.
- Queensland Chicken Meat Council
- Queensland United Egg Producers
- Australian Organic
- Queensland Aquaculture Industries Federation.

## Background

QFF welcomes the opportunity to respond to the Australian Government's *Working Holiday Maker Visa Review*. This submission is an overarching document that identifies the key issues that have been raised by our members about the 'backpacker tax'. QFF provides this submission without prejudice to any additional submission provided by our members or individual farmers.

Our agricultural sector is critical to the success of the Queensland economy. It is regional and rural Queensland's mainstay employer and importantly, it is a growing sector during the resources downturn. In April 2016, the total value of Queensland's primary industry commodities for 2015–16, comprising gross value of production (GVP) at the farm gate and first-round processing, was forecast to be \$17.32 billion<sup>1</sup>. This is 16 per cent greater than the average for the past 5 years.

The sector currently has a unique window of opportunity to set the foundations for long term, responsible and sustainable growth. Stable regulatory and public policy settings that encourage innovation and productivity are needed to underpin this opportunity. Labour access, particularly at peak harvest times, is integral. The sector, and particularly the intensive industries that QFF

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<sup>1</sup> DAF, 2016. *Queensland AgTrends April 2016 Update*. (<https://publications.qld.gov.au/dataset/queensland-agtrends-april-2016-update/resource/9a6bc1a5-b0b1-4cef-89c2-7aab7b70e50c>)

represents, is unique in its reliance on overseas workers. Further, our member industries will be the hardest hit by poorly designed policy or regulatory settings, as more than half of the backpackers who come to Australia work and holiday in Queensland<sup>2</sup>.

QFF recognises and supports the need for a detailed review of agriculture's workforce requirements and how to better facilitate employment of Australians in our sector; however, this review has effectively become about the 'backpacker tax'. Addressing Australia's workforce demand and supply constraints is a much broader issue that will take time. In the short-term, the sector needs an acceptable resolution to the 'backpacker tax' as soon as possible to remove the uncertainty that currently exists for a vital source of labour for our sector.

## Key areas of concern

A number of our members will submit directly and have met and spoken with the Australian Government during the first backpacker tax review in March–April 2016. QFF does not seek to duplicate their work, but simply to highlight areas of common concern across the sector that must be factored in to any government decisions.

### 1. Internationally competitive tax rate

Any tax rate that is imposed on working holiday makers (WHM) must be internationally competitive, particularly with 'substitute' destinations such as New Zealand and Canada. The proposed 32.5 per cent tax rate is not competitive. A number of surveys undertaken by the agriculture and tourism sectors have clearly demonstrated that a high percentage of WHMs will not come to Australia if the tax rate is too high. Just the proposal of the rate has already seen behavioural change of WHMs. The government should also consider the superannuation rules and how they may be amended to complement any WHM tax rate.

### 2. Alternative labour sources

The intensive agricultural industries are often more labour intensive. At certain times of the year, such as planting and harvesting, labour requirements increase significantly. Over a long period, Australian workers have not demonstrated a willingness to take up these limited window employment opportunities that often require low-skilled tasks. The majority of workers that take up these opportunities are WHMs, as this 'flexible' employment arrangement often suits their needs. It would be naïve of government to consider that this core labour source will be quickly or effectively replaced.

### 3. Impact on industries and regional and rural economies

Labour shortages are a constant challenge for agriculture. A policy that discourages WHMs will add to this problem and likely have disproportionate effects. Real outcomes for farm businesses will be unharvested crops, higher labour costs and altering decisions on what is grown. Regional economies would also be hard hit by poor policy. Many regional communities in Queensland are heavily reliant on agriculture. Further, WHMs only visit and stay in these communities because they can work on the surrounding farms. These communities cannot afford a downturn in agricultural productivity and/or tourism commerce.

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<sup>2</sup> Queensland Government Media Release, 2016. *Federal Parliament must pressure Turnbull to dump backpacker tax.* (<http://statements.qld.gov.au/Statement/2016/8/28/federal-parliament-must-pressure-turnbull-to-dump-backpacker-tax>)

#### 4. Regulatory burden

The administration and management of Australia's workplace laws already place a substantial regulatory impost on farm businesses. Any new policy must be aimed at simplifying the regulatory framework, not making it more complex. If government fails to get the tax rate policy setting or the regulatory framework right, there is a real risk that employers and employees (WHMs) will be driven into the cash economy.

### **Conclusion**

QFF recommends that the government focus on addressing the 'backpacker tax' issue as a priority and implement an internationally competitive arrangement as soon as practical. It is critical that certainty is restored to this core employment pool for our industries and any new tax arrangement does not discourage backpackers from working in Australia.

A broader review of Australia's agricultural workforce demand and supply constraints should be undertaken, but it must not delay the priority task at hand – fixing the backpacker tax.

QFF urges the government to liaise closely with our members about their industries and the specific issues they have raised. We will continue to work constructively with all levels of government to address short and long term workforce challenges faced by our sector.