

FACTSHEET

TAKING ON A PERMANENT EMPLOYEE MAY BE EASIER AND MORE COST EFFECTIVE THAN YOU THINK



Typical Scenario:

Ideally you would like a good quality worker who is available every season and can potentially take on a supervisor / lead hand role. The problem is that during peak periods you can offer plenty of work hours but during off peak periods the hours you can offer are much lower. You don't think that you have enough work to keep them on in a full time, permanent role and it would be too costly to employ them on this basis.

The potential employee desires a permanent role with a regular income rather than a casual role with irregular income. During the off peak season the significantly reduced hours of work and income is insufficient to sustain their household, so while they like the idea of working on a farm it is not a financially viable option.

Potential Options

- An Individual Flexibility Agreement (IFA)
- Wage subsidy through a jobactive (eligibility criteria apply)
- Employer support payment through the Back to Work Program (employers should always check with their regional Back to Work officer to confirm eligibility)

What is an IFA?

An IFA is a supporting document to an employment contract and is a written agreement between the employer and employee, used to make alternative arrangements that suit the needs of both parties. It is important to note that the employee must be better off overall with the IFA than without it compared to their award or registered agreement at the time the IFA was made. An IFA can't be used to reduce or remove an employee's entitlements.

Example of how an IFA could work:

Farmer Smith's season goes for approximately eight months of the year. During the peak season he needs an employee who can work a large amount of hours (eg 50hrs per week). For the remaining four months of the year it is anticipated that the employee will work significantly less hours. Farmer Smith is keen to retain the employee and the employee would like a more regular income and ongoing employment.

Under an IFA, Farmer Smith and the employee could have an arrangement in place where the employee is paid the same weekly pay throughout the year, so the 'salary' is averaged out throughout the year. To do this they need to look at the financial and non-financial benefits for the employee, as well as the employee's personal circumstances and ensure that the employee is better off overall.

Example wage for permanent employee:

Under Horticulture Award Level 1:

38 hrs per week @ \$17.70 per hr

= \$672.70 per week

+

12 hrs overtime @ \$26.55 per hr

= \$318.60 per week

Total = \$991.30 per week

Under Level 1: \$991.30 per week

Under Individual Flexibility Agreement:

50 hrs per week x 8 months

= 1,600hrs

+

10 hrs per week x 4 months

= 160hrs

Total = 1,760 hrs per year

Salary of \$55,000 per year ÷

52 weeks per year

Total = \$1,057.69 per week

Under the IFA: \$1,057.69 per week

Difference: \$1,057.69 - \$991.30 = \$66.39 per week

The employee would be better off overall by \$66.39 per week under the IFA and would have ongoing employment and a regular income. Farmer Smith would have an employee who is available year round on a permanent basis, whom he could potential upskill during the off season to become more multi-skilled and versatile.

For more information about IFAs and employment contracts call Growcom's Industrial Relations Team on (07) 362 3844.

See: <http://www.fairwork.gov.au/employee-entitlements/flexibility-in-the-workplace/individual-flexibility-agreements>

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How could I get a wage subsidy?

The Commonwealth Department of Employment provides various wage subsidies of up to \$10,000. To receive a wage subsidy the person you employ must be registered with employment services providers such as jobactives, which are contracted by the Australian Government to provide free, tailored recruitment services to employers.

You can access a wage subsidy if you:

- offer a job to an eligible job seeker that complies with employment standards for the position (for example, is suitable work and pays the national award wage as a minimum)
- offer a sustainable, ongoing job that is expected to provide an average of at least 20 hours per week of work over the six month period of the wage subsidy agreement and have an Australian Business Number
- have not previously received a wage subsidy for the same employee.

Jobs that are not eligible for a wage subsidy include commission based, subcontracting or self-employed positions, as well as work for an immediate family member.



You can potentially access the following wage subsidies when you employ an eligible job seeker through a jobactive provider:

- **Restart wage subsidy** – up to \$10,000 (GST inclusive) when you hire eligible mature age job seekers who are 50 years of age and over.
- **Youth Bonus wage subsidy** – up to \$10,000 (GST inclusive) when you hire eligible job seekers who are 15 to 24 years of age.
- **Youth wage subsidy** – up to \$6,500 (GST inclusive) when you hire eligible job seekers who are 25 to 29 years of age.
- **Parents wage subsidy** – up to \$6,500 (GST inclusive) when you hire an eligible job seeker who is a principal carer parent.
- **Long Term Unemployed and Indigenous wage subsidy** – up to \$6,500 (GST inclusive) when you hire a long-term unemployed job seeker who has been registered with employment services for 12 months, or an Indigenous Australian job seeker who has been registered with employment services for six months.

Payments are available over six months and you can negotiate how often you receive them. You may also be able to receive a kickstart payment of up to 40% of the total wage subsidy after four weeks of a job starting.

If you would like to recruit somebody through a local job active provider and apply for a wage subsidy, call the Employer Hotline on 13 17 15 or use the provider search at

<https://jobactive.gov.au/>

How could I access a Back to Work employer support payment?

The Queensland Government's Back to Work Regional Employment Package includes Employer Support Payments to encourage employers to provide jobs to eligible jobseekers in Queensland.

Provided you meet the eligibility criteria you could get a support payment of up to \$10,000 if you provide ongoing full time employment for a person who has been unemployed for at least four weeks directly prior to you employing them. Payments increase to \$15,000 if you take on somebody who has been unemployed for 52 weeks or more. In addition, if you employ a young person between 1 December 2016 and 31 October 2017 (inclusive) who is aged above 15 years and below 25 years you could be eligible for the \$20,000 Youth Boost Payment. The person you employ must be a resident of Queensland and should not have worked for you in the previous 12 months.

If you are unable to provide full time employment but can offer ongoing part time employment of at least 20 hours per week on average then you could potentially get 75% of the full support payment.

Jobs that are not eligible include jobs on contract with a third party such as a labour hire company and jobs that offer a salary above \$120,000 per year (or pro-rata for part time). Payments are made directly to the employer of an eligible employee, and paid in two parts:

- First payment of 40% after four weeks of employment and acceptance of the application; and

- Final payment of 60% on completion of 52 weeks continuous employment with the same employer.

Applications must be submitted within 12 weeks from the day the person started working for you.

Certificate 3 Guarantee Boost

The Certificate 3 Guarantee Boost provides eligible jobseekers with funding for training to help secure local jobs. Training may include "second chance" training for jobseekers or workers who already have a Certificate 3 (or higher) level qualification but need new or updated skills to gain, change or retain employment.

Back to Work Teams are based in every region to support employers and jobseekers. To check if you are eligible for this program or to find your local Back to Work Team:

- Visit the Back to Work website www.qld.gov.au/backtowork
- Call 13 QGOV (13 74 68)

The information provided including program eligibility criteria is subject to change without notice. It is recommended that employers review all currently available information and consider the options that may suit their circumstances. For the most up to date information on the Back to Work Program visit <https://backtowork.initiatives.qld.gov.au/for-employers/>

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