

Jeff , Rosemary and Paul McMahon

McMahon Bros

51 Pozieres School Rd

Pozieres Qld 4352

Backpacker Tax Review

Increasing the backpacker tax to 32.5% will be a massive blow to the 9-billion-dollar horticultural industry. On average twenty-five percent of the labour of our industry is done by backpackers. Numbers of backpackers already dropped last year by more than 20,000 without the increase. With this ridiculous tax we can expect a further significant drop in their numbers. In the short term many farms will not be able to harvest their crops. In the longer term it will stifle development.

Our farm started after my grandfather returned from WW1 and was taken over by dad after he returned from fighting in the Pacific in WW2. My son, Paul has returned home to make a go at farming and I have another son, David who wants to farm as well after he gets some experience in his field of engineering. We are a committed farming family. Currently we are certified organic fruit and vegetable producers and we also supply product to a Danish Pharmaceutical Company for skin cancer. To prepare for our sons return we have increased our organic production by 240% since 2013. We intended to continue our development and expansion. However the only way we can sustain current production or expand is if we have access to high numbers of backpackers. We have relied on them for 20 years and have employed over 3000. One of our backpackers from Canada in the mid 1990's is sending his daughter over soon to work. Backpackers are high quality labour. In our season we employ 40 people. The breakup is 34/6 backpackers to Australia labour. There is absolutely no way we could draw on Australian labour if backpackers stop coming.

If you look at the small amount the backpacker will have for disposable income, I think it brings the absurdity into perspective.

	Now \$	32.5% Tax
Gross 40 hrs	870	870
Net after tax	757	587
Rent	130	130
Food	80	80
Fuel	40	40
Available cash to spend	\$507	\$337

Backpackers will have little money to spend on holiday activities which I believe is a very significant part of Australia tourism. Australia must compete for backpackers and with such a small return for working they will go to other countries.

In summary we need to attract more backpacker not less. As a farming enterprise we will not survive without them. By not increasing the tax and continuing our source of high quality labour you will allow us to expand into both domestic and International markets.

Jeff , Rosemary and Paul McMahon