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The Hon Sussan Ley MP,
Minister for Health, Sport and Aged Care,
Member for Farrer,
517 Kiewa Street,
Albury NSW 2640.

Dear Sussan,

Impact on Agriculture from Reduction in Backpacker Labour

At the RAMROC meeting held on 11th May 2016, consideration was given to a letter from the Narrandera Shire Council, expressing concern about a reduction in the numbers of backpackers coming to work in the region under the Working Holiday Visa Program.

Narrandera Shire and other Council areas in the RAMROC region have a strong reliance on backpacker seasonal workers to harvest produce, particularly in the horticulture and cotton industries, as well as in a range of other production and tourism related businesses.

Backpackers also bring significant economic benefits to local communities and they help to foster closer ties and cultural exchange with other countries. These are additional positive outcomes of the Visa Program.

The greatest concern of course is that of the Federal Government's intention to remove the tax free threshold and to enforce the payment of income tax by backpackers from the very first dollar earned at the rate of 32.5 cents in the dollar, effective from 1st July 2016. This impost, coupled with other financial and seasonal factors will no doubt make it more attractive for backpackers to travel and work elsewhere, which will have flow on impacts on Australia's national competitiveness and local economies across the country.

It is noted in recent media reports that the Government intends to re-consider the income taxation issue and there have been some indications about a compromise percentage and/or a postponement of the introduction date. However, it would appear to be critically important that this matter be resolved expeditiously, as ongoing uncertainty will certainly have adverse effects on decisions by backpackers as to whether they come to Australia or another country.

Any assistance which you can provide in having a prompt and favourable resolution would be greatly appreciated and RAMROC looks forward to your early reply.

Ray Stubbs

Executive Officer