

The Backpacker's Tax Hike

by
George Smiley

If you have been following the great Australian Budgetary Emergency its great to know the cavalry have arrived, better late than never. Rorting double-dipping new moms and part-pensioners will get it in the neck and now those back-packing international fruit- picking tourists can pick up their share of the tab too. Er...after the election anyway. They come here and supply their labour when and where it is needed, cheaply and under minimal living conditions, then they spend all that money or send it to destitute families overseas and ██████████ So how can the tax office get its fangs into that? With the tax-free threshold they would be unlikely contributors so the simple solution is to abolish it for anyone on a working holiday. Here I will declare a personal interest in two categories: firstly I am an uncertain part - pensioner; having had it cancelled almost every second fortnight due to non-compliance with reporting requirements. That's to say the understaffed public servants charged with doing the sums on my wife's income can't manage it in the appointed time so my pension gets automatically cut off. Anyone who deals with Centrelink has to have some empathy with ██████████ ██████████. Its as if you know the guy personally although he is long dead. And I have done casual agricultural work in Australia from the top end to Tasmania when I was young, single, looking for fun and didn't need much money.

We lived in the Okanagan Valley for a couple years when I was a boy. It is British Columbia's major fruit-growing area, and we used to wander about the dry pine and sage brush- covered hills, armed with primitive weapons. The irrigated orchards were on the flatter country surrounding the lake. Once I was cutting across a neighbour's property and came on a picker's cabin hidden among the apple trees. It was a hovel, just like now, about 5 meters square with a dirt floor, rough bunk-bed frame and a rusty stove. But what most impressed my ten-year-old mind was the décor.

The walls were covered with small pictures of beautiful girls, mostly in black and white; carefully cut from the (free) Eaton's catalogue along the lines of their perfect figures. All the girls offered delighted, come-hither smiles in spite of their cropped legs and arms as they posed to show off their massive inventory of old-lady type undies and unnecessary foundation garments. I must have had a social conscience at the time because I wondered how so much deprivation could exist right under our bourgeois noses – Playboy type magazines and Vargas girl calendars did exist. My dad had been a newsboy in LA during the depression and they had that kind of thing back then too.

Well up in the hills was the ruins of a fabled hermit's hut. He lived along the railway line in a little shack made of salvaged material and how he had survived through the years was not well known. But he picked fruit in season, perhaps side by side with the catalogue cutter. There was nothing else available for misanthropes. Further up

the track at a handy distance was a steel railway trestle that crossed the creek at a dizzying height – about a hundred metres below, and if you plucked up your courage and walked out over the void between rare trains, not daring to come too close to the edge but looking between the ties, you would see substantial Trout Creek as a tiny stream of water; far below and winding through huge boulders on its way to the lake. This is where the hermit had suicided, throwing himself over and been dashed on the stones shortly before we came. My friend next door claimed to have seen it happen but I didn't believe it – his version supposed the hermit to have had second thoughts, successfully breaking his fall by grabbing the bottom girder six or seven metres below the rails and he had hung there by his fingertips, struggling for a while to climb back up before he lost his grip and fell. The funny thing was that his shack and small yard had then been completely torn up by treasure hunters. Obviously anyone who had so disliked and avoided humanity and its institutions; lived so poor and died so desperate must have buried a substantial horde of money. But if anyone found it they weren't saying.

In the seventies I took the ferry from Melbourne to Devonport, bought a smokey and creaking old EK Holden for a hundred dollars and drove slowly down the east coast to Huonville where I worked for a while on apples for Clements and Marshall. They let me stay in a little unpainted unheated one- man shed behind the factory. I was the only non-resident and hence occupant of their cabins and was befriended by two of the local boys. One was a sad loner who filled my ear with stories - he had an ongoing feud with a copper who had taken his girlfriend and intended to kill or maim the guy up in New Norfolk and make a clean escape back to Huonville thanks to the incredible speed of his hot V-8 Monaro which I never saw. One morning on the job he was leaning on the steering wheel of his forklift while I stacked apple boxes on a pallet and he said "Get a move on; yer slower than molasses in January!"

I answered to the effect that I was sick of his BS and what he should do to himself and he never spoke to me again. And there was a nicer kid, who looked (in 1974) like he had been transported in a time warp from 'sixties Haight-Ashbury but his stories gave him away. He was definitely Huonville, and the stories were mostly about his soft-spoken hero, the forklift driver who punched the sh*t out of people at the pub and was infinitely virile - how they drove up to Hobart in his panel van, drifting around the corners trying to roll the guy off one of his female victims. I similarly tired of him and spent several more nights in that freezing shack, with its single light bulb and no-one at all to talk to. During the day you could look out the single window and see sheep in an adjoining paddock.

So I left and drove north; back up through Queenstown, during which I had picked up a couple hitch-hikers at a youth hostel. One was a brain-damaged speech-impaired local whose life had been transformed in a car accident. Of course he wanted to drive but I wouldn't let him. We limped along; stopping regularly to add engine oil and water and it was doubtful sometimes whether I was ever going to make it back to civilization. We laboured through Hellyer Gorge, down through Yolla and finally

arrived back on the coast at Wynyard. When I reached the Bass Highway I turned right onto the main road and pulled over on a wider section of the verge to check the engine again. I had stopped about 50 yards behind a police cruiser; parked close behind a previous motorist. While I was perusing under the bonnet the first car drove away and this plump little cop waddled over and said “You were speeding back there”.

He proceeded to write me a speeding ticket. Flabbergasted I began to protest and he said “If you give me any lip I'll take this heap of sh*t off the road!” I knew he could do that; hardly anything worked. So that's how it goes, the squeezables get squeezed, by hook or by crook – as Mr Hockey says; “We want everyone to pay their fair share.”

It would cost me about a third of my Tasmanian wages, almost exactly the treasurer's 32.5% from day one on the job. I took stock - the weather had been crummy, the accommodation was crap, my workmates in the south were drunken ignorant ██████████ and according to their hilarious scuttlebutt would soon join the ranks of embattled family men struggling their whole lives on the same process lines to feed their families. Vowing never to return I left the heap on consignment at the same car yard in Devonport where it all began and scarpered to the mainland; my market logic presaging not-yet-a-twinkle- in-the- eye- of-Steve Jobs' Apple Computers and so many other good corporate citizens safely hunkered down on low-tax foreign soil like Singapore or the Irish Republic.

So the cavalry may have finally arrived with an iron-clad means to screw over the unfortunates- but too late; the Indians have already scattered. Or will scatter. Those with means will have a revenue-neutral holiday on the beach in Bali instead. The poor from Asia or the islands will stay home or go to Saudi Arabia to be robbed and brutalized by an even more evil and indolent people.

“Its a good budget. Last year's budget was a good budget for last year; this is a good budget for this year.” In the meantime last year's plans for a balanced budget within the decade have blown out beyond my lifetime into the never-never. Joe Hockey's eyes were dull and his voice was flat and devoid of any conviction. It felt like the last words of eternal allegiance a condemned lord might have made before the block for his family's sake. So go his own leadership aspirations. Because the forward estimates are crap again even as last year's forward estimates were crap. The end of the commodity boom took these know-nothings by surprise. And similarly Joe Hockey's glorious dawn of a broader- based economy (go out and spend, spend all ye small business people and consumers, drive our ridiculous debt to GDP ratio even deeper into the hole along with your personal liabilities) will also be impossible to wash off the blankets.

That the Shanghai share market index has doubled in the last twelve months thanks to easy credit and margin lending to first-time investors, our share market is vulnerable along with the US market also; which seems to have reached once again a 'permanently high plateau' as famously announced by economist Irving Fisher in

1929. With interest rates still at zero from the 2008 GFC; the neo- Keynesian central bankers are snookered with no downward wriggle room outside of more money printing. Keynes would have puked to see his name so reviled. The US, Euro and everybody else's bond markets sit at impossible highs such that when yields are forced up by a couple % to normal levels all the major financial institutions in the world, leveraged to b---ery as they are, will be underwater when their assets are marked to market; and 'that is all ye know on earth and all ye need to know.'*

Does our entitled leadership actually know anything at all about the macro and microscopic facts of life in business or otherwise? Have any of them ever gone beyond fitting straight lines to crooked charts or actually got their hands dirty, even in their youth - beyond enjoying free higher education, schmoozing at Young Liberal fundraisers or risking the accidental begetting of bastards in the manner of weak but deeply- committed uh, well, you know. Someone once said 'the future is another country'. Or maybe that was the past. I used to think it was this one.

* from Keats; 'Ode to a Grecian Urn'

Update: 2016

The share markets really have arrived at that permanently high plateau that normally lasts until someone starts cashing out. The solution has been to push the reverse Midas touch lever into full throttle, rendering cash into sh*t and sending whole desperate generations fleeing into property or something, anything; even if dicey speculative possibilities far outweigh the logical maths of an acceptable business return. Which is to say capital gains are an illusion that Labour hopes to target anyway; their interest a certain indication of a major peak having arrived. So (as usual) there may be a new tax but there will be no capital gains. Their other target; negative gearing will also be eclipsed by events. It is after all only a symptom of the monetary madness - an opportunity to 'get on the property ladder' now may very well turn out to be an albatross for a couple generations of necks. But it's too late to change it, and in the end the blame will fall on 'animal spirits' when it really is about 'animal instincts' like self-preservation; cynically abused by people who should know better if they are worth their maxi-salaries.

A prediction: Our rulers of whichever barely distinguishable stripe will be caught entirely off guard. As Kevin Rudd said; "No-one could have predicted yada yada yada...." but they will instantly know what to do and small checks will rain down like pennies from heaven to revitalize the economy and so evade any personal blame. Meanwhile back at the ranch the chains of tax reform and budget balancing seem to have dropped off nearly everybody's pre-election shoulders. Somehow a corporate tax cut can still be funded, a boon that will supposedly devolve to everyone. It's almost as good as that original GST and without any of the pain- except for those rorting fruit pickers; the most hapless and vulnerable group we could possibly target without an electoral backlash. And even they have a six month reprieve lest ANYBODY be offended.

