

August 31, 2016

SUBJECT: Detailed Response to proposed Backpacker Tax of 32.5%

1. Working holiday-makers undertake work that Australians are unable or unwilling to perform

Backpackers tend to do the casual, short term seasonal work that doesn't suit most Australians. While thousands of Australians work on farms around the country every day, many don't want this type of work and choose other options that suit them better.

2. Backpackers should pay at least some tax while in Australia

A 'backpacker' tax of 32.5% will prevent Australia being considered as a 'backpacker' destination. Backpackers should pay some tax, and essentially it should be the same tax that Australian citizens pay. The Superannuation contributions paid to backpackers should be diverted to the Australian Tax Office for use within Australia, **Backpackers should NOT be entitled to have access to this money.**

3. Backpackers should be able to access their superannuation when they depart Australia

Short answer NO. Superannuation was set up to provide retirement income for Australians and to help relieve the pressure on Government Age Pensions. Most backpackers have no intention of retiring in Australia and have no need to have a superannuation fund. This money would be much better reinvested into the Australian Government coffers to be used where needed in Australia.

4. The number of working holiday makers coming to Australia will decline if a 32.5% income tax rate is enforced.

The number of backpackers in the agriculture sector has been declining in recent years. Feedback we had from workers last year was that if this tax was introduced Australia would NOT be considered a favourable destination for backpackers seeking work.

5. Working holiday-makers contribute to regional Australia

The average working holiday maker spends most of their income on food, travel and accommodation in Australia.

6. Is it important that working holiday-makers spend time outside major cities

It's up to backpackers to choose where they spend their time, however, exploring Australian outside major cities offers a unique experience.

7. Australian workers should be given the opportunity to work, before the role is offered to a backpacker

Australian farmers lose \$700 million to the farm sector each year due to labour shortages – jobs they can't fill from the local market. Backpackers fill these critical gaps. Making it harder for farmers to employ them makes no sense for regional agricultural work – all it would mean is more meaningless red tape for farmers and fewer work opportunities for backpackers.

8. The labour hire industry is sufficiently regulated with respect to working holiday-makers

Australia has some of the strongest workplace laws in the world. We don't need more laws, but we do need better enforcement of the current laws. Backpackers should be treated fairly while at work, labour hire firms have the same obligations as any other Australian employer.

9. The amount of red tape involved in employing workers is about right

The consequence of having strong workplace laws is that there is a lot of red tape involved in employing workers. From forms filled out on commencement to constant monitoring, reporting and compliance, the weight of Australian labour regulation makes us less competitive in global markets than many other countries.

10. I am aware of government programmes to help people in seasonal and temporary jobs

Australia has many programs designed to help people into seasonal and temporary work. These programs may be intended to help address seasonal and short term labour needs but they are not adequate on their own to supply Australia's agricultural workforce. Backpackers are essential to the future of Australian agriculture and we can't do without them.

Additional Information – specific to Spreyton Fresh

We employ anywhere from 80 – 180 backpackers on a seasonal basis to pick and pack our cherry crop and to pick our apple crop.

We employ locals whenever possible and have many that return to us on an annual basis. However there are not enough locals available who are willing to do the work required every year to harvest and process our fruit. We have a relatively short period of time once our fruit matures to get it picked, packed and sent to market, backpackers are absolutely essential to our business to ensure that this happens.

If we were unable to employ backpackers, a considerable portion of our fruit would remain unpicked, leaving a huge shortfall in our income in any given year. This could lead to our business becoming unviable and force us to cease trading.

Feedback from backpackers employed by us last year indicated that if the 32.5% backpacker tax was introduced, then they would choose to go to other countries seeking work. We cannot run the risk of this situation occurring.

Backpackers should pay the same amount of tax as Australian Residents, but the Superannuation contributions which employers pay on their behalf should be retained by the Australian Tax Office to be used to support Australian citizens. Backpackers should NOT be able to access this money.