

## **Backpacker Tax Review**

Comments from **Stonecrest Cherries, Sorell, Tasmania.**

We are cherry growers and packers, supplying markets in Sydney, Brisbane and Asia. 40% of our cherries were exported in 2015/16.

During our picking season, we employ about 20 people on working holiday visas (backpackers) each year. They are mostly employed as pickers, although some work in the packing shed. They are employed for 3 to 5 weeks. Pickers are employed on piece rates.

Local people generally do not like picking work and consequently are not productive employees. They show little interest in the work. We give priority to the locals who are interested in the work. We would struggle to get our crop picked if we had to rely on locals and our costs would probably rise considerably.

The backpackers are generally much more motivated and consequently are very good employees.

The proposed increase in income tax for backpackers can only make it less attractive for backpackers to work in Australia. I am fearful that it will create problems for us, but of course we will not know until the tax change is implemented. If the change is made, and it significantly reduces the number of backpackers coming to Australia, it will be businesses like our which will be adversely effected. Why take the risk?

I want to see backpackers taxed at the same rates as other workers. This is simple for the employer and employees should be happy because they are being treated equally.

I believe that changes to superannuation would be make much more sense. Currently, employers are paying 9.5% super for backpackers. Employers have to collect superannuation account details from employees and make the payments. It is a lot of administrative work.

The amount of each individual contribution is not great and much of this is consumed by the fees charged by the super funds. The backpacker employees cash in their super as they leave the country, taking the money with them. In summary, a big cost for employers and little benefit for the backpacker employees.

I see two options:

- Pay the super directly to the backpacker employees while they are in the country. They will then spend the money here, benefiting our country. It will be administratively simpler for employers.
- Pay the super of backpacker employees directly to the government. This will increase government revenue instead of the proposed income tax change; it will be administratively simpler for employers; and it will not be missed much by backpacker employees.

These two options mean that super industry will miss out on fee income, but I don't believe that this should matter. They are charging fees for a service which is providing little benefit to their customers, the backpacker employees.

**Michael Dudgeon**

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