

2 September 2016

Proposed 32.5% tax on Working Holiday Visa holders (Backpackers).

Submission prepared by the Australian Mango Industry Association (Australian Mangoes)

AMIA represents the 800 mango growers and associated businesses throughout Australia. Our growers produce over 60,000 tonnes of great Australian mangoes every season destined for Australian and international markets.

At a time when the Australian industry and growers are being encouraged to be world competitive and seize the opportunity of export markets, it seems extraordinary that our Government would be proposing to add another barrier for Australian growers by implementing an effective deterrent to Working Holiday Visa Holders (backpackers).

We wish to make a submission highlighting our opposition to the proposed 32.5% tax on working holiday visa holders and provide information on the potential negative impact on our industry.

Australian mangoes are known throughout the world for their flavour and appeal. The window for optimum harvest is comparatively narrow, often only a few days at best. Having access to competent and enthusiastic workers is critical to ensuring harvest occurs. Delayed harvest will lead to loss of crop as the fruit ripens on the tree and becomes unviable for commercial harvest and transport. This wastage may also lead to a subsequent increase in pest pressure from pests such as fruit fly and flying foxes, which will have negative flow on effects for the entire orchard and neighbouring orchards.

While growers in the industry employ locals, contract workers and workers from the Pacific Islands as part of the Seasonal Worker Program, growers in all major regions rely on backpackers during the harvest season. While there is variation across regions, we estimate that at least 50% of our workforce during harvest comprises of backpackers.

Our concerns on the impact of the proposed 32.5% tax on Working Holiday Visa holders (backpackers) are shared by many in the industry, importantly by the backpackers themselves. Our reasons for opposing the proposed increase include:

1. Our growers have discussed the proposed tax increase with backpackers who have worked on their orchards and there is overwhelming consensus by backpackers that they would reconsider their plans to come to Australia if the tax were implemented in its proposed form.
- 1) There is not an alternative labour source. The mango industry and horticulture in general is a unique industry that demands significant flexibility of labour. Our harvest times are relatively short and often each production regions peak harvest period may last only four to six weeks. Therefore many Australian workers are not interested in seasonal work. The current Seasonal Worker Program, while proving beneficial for some growers, requires employers to commit to a minimum amount of work of months at a time. The only mango growers who can employ workers from this scheme are those that have orchards across several regions, and therefore have the capacity to

employ staff for several months. Our ability to employ Working Holiday Visa holders is the only viable option that enables us to ramp up and down employee numbers for short periods.

- 2) Our growers tell us that backpackers tell them that they spend the money they earn in Australia, either in the region where they are working, or travelling to other destinations throughout Australia. Money spent adds to our economy.
- 3) By deterring Working Holiday Visa holders to come to Australia, potentially we could see a negative impacts, not only on our industry, but also through negative flow on effects in our tourism industries and regional communities.
- 4) If the Government is to change the taxation rates on working holiday visa holders, then it must be undertaken so that we remain competitive with other countries, such as Canada and New Zealand, otherwise we will lose a significant percentage of our workforce to those countries that offer real alternatives to Australia.

The Australian mango industry is labour intensive and a large employer of permanent and casual/seasonal Australian and foreign workers. It is critical to our industries future that access to competent and enthusiastic staff is maintained. Implementing the proposed 32.5% tax on working holiday visa holders will significantly impact on our ability to access workers during times of peak demand as it will negatively impact on backpackers' decisions to travel to Australia.

The Australian Government has been supportive of our industry, through working on market access (e.g. access to the USA), matching grower levies for important research and developing free trade agreements. It is therefore challenging to understand why such a hardworking and supportive Government would propose to introduce a measure that could have such a detrimental impact on our industry

Thank you for the opportunity to make this submission. Please contact us should you require further information.