

I am a 51-year-old primary producer and I have been in the fruit and vegetable industry for the past two decades. My husband and I have employed backpackers since 1996.

The following points need to be scrutinised carefully so that the Australian Government does not forfeit Income Tax dollars.

### **VISA APPLICATION FEE**

The Visa Application Fee has risen by 50%. It now costs twice as much to enter Australia which means that fewer backpackers are travelling to Australia. This has a snowball effect in that fewer dollars are spent:

- in the tourism industry
- at backpacker accommodation
- at tourist attractions e.g. The Big Pineapple
- in the hotels and taverns frequented by backpackers
- at cafes
- in the chain stores e.g. Coles and Woolworths

### **YOUTH HOSTELS AUSTRALIA**

The Chairman of Youth Hostels Australia, Robert McGuirk, stated that he has seen a sharp downturn in the number of backpackers seeking accommodation in youth hostels. He added that backpackers are reluctant to come to Australia because of the proposed increase for income tax from 13% tax to 32.5% tax.

### **VISA SCHEME**

The Visa Scheme has been operating for over four decades. Under this scheme, backpackers travel to Australia and a reciprocal scheme allows Australian backpackers to travel overseas. A rise in income tax to be paid by backpackers from overseas could cause bad relationships between participating countries and Australia.

The tax rate for non-resident 417 and 462 visa holders has been discussed widely as a potential disincentive for backpackers to take on roles that are not being met by Australian workers. A vital source of labour across the nation will be lost.

### **TAX SCHEMES**

In Australia, Monash University surveyed 335 backpackers who said that if the tax rate was increased, they would then travel to New Zealand and/or Canada but not to Australia. Once again, the Australian Government would 'miss out' on income tax and tourism dollars.

Under the Tourist Refund Scheme, backpackers can claim a refund of the goods and services tax (GST) and wine equalisation tax (WET). The refund is given when backpackers leave the country. In addition, refunds from income tax can be directly deposited into any bank account, in any country.

The Departing Australia Superannuation Payment scheme ensures that superannuation accumulated in Australia be deposited into any bank account, in any country. Once again, Australian dollars are leaving our shores with the sanction of the Government.

Tax Refunds and Superannuation Payments should be claimed whilst backpackers are in Australia, giving them the opportunity to spend the money earned in Australia on Australian goods and services.

Backpackers are tourists who spend the wages they have earned in Australia and the holiday dollars saved for the Aussie Adventure Down Under in Australia to buy goods, see the sights and have a good time.

The fruit and vegetable industry is a domestic and overseas source of income for Australia. Export dollars are earned when our fruit and vegetables are sent overseas. Backpackers are the labour force of the lucrative fruit and vegetable industry. Please **DO NOT** increase the Backpacker Tax from 13% to 32.5%. To do so, could mean the demise of a profitable industry forcing primary producers, horticultural workers and ancillary employees to join the queues of the unemployed at Centacare!

Yours sincerely,

Trudy Cairns

Owner/Director of Phantom Produce Pty Ltd