



## Effect of proposed 'Backpacker Tax' on Australian Businesses

To Whom It May Concern:

As an owner of an Australian Tour Business and Travel Agency I am writing to express my concern about the proposed 'Backpacker Tax', which is currently under consideration.

There is little doubt that taxing young travellers at 32.5% from the first dollar they earn will result in the number of Working Holiday Makers that come to Australia to continue to drop.

### Number of first Working Holiday Visa applications granted

2012-13	210,369
2013-14	183,428
2014-15	173,491

The financial impact this will have on Australian businesses and families in the Backpacking Industry will be terrible. Tour Operators, Travel Agencies, Hostels and other service providers will all be affected. And it's likely that Aussie farmers will also suffer, due to a reduction in the number of available seasonal workers.

However another largely ignored impact this proposed new tax will have on many Australian businesses is it will most likely result in a significant increase to employers wage bills.

I employ lots of Working Holiday Visa Makers and if the 'Backpacker Tax' goes ahead, then come July 1<sup>st</sup> I'll be faced with a choice of either risking losing great staff due to the big reduction in their take home pay, or paying my staff more to cover the extra tax they're going to have to pay. Either way, the financial impact on my business will be significant.

I've spoken to several other business owners who employ Working Holiday Makers and they have all expressed similar concerns. A few of them even said that some of their staff have already left and have gone to work and travel in New Zealand, where they'll be taxed around half as much as they will be in Australia.

In an industry that is already seeing huge drops in arrival numbers, continual increases in the cost of Working Holiday Visas and tougher competition from neighbouring countries and regions, this new tax will only make it harder for Aussie businesses in the Backpacking Industry to survive.

Yours sincerely,  
Michael Fotheringham