



1 September 2016

Deloitte Touche Tohmatsu  
Via online portal  
<https://online.agriculture.gov.au/dawr/servlet/SmartForm.html?formCode=work-hol-review>

Dear Sir / Madam

### **WORKING HOLIDAY MAKER VISA REVIEW**

We wish to make a submission opposing the proposed 32.5% tax on working holiday visa holders.

Seven Fields is a large vertically integrated agribusiness operating from farms in the Sunraysia region of Victoria, the Riverland in South Australia and the Northern Territory. Our operations span approximately 800 productive hectares of high value horticulture across citrus, mangoes and grapes.

Our customers include the major Australian retailers and wholesalers, with almost half of our production being exported each season. We pick over 20,000 tonnes of produce from 400,000 trees and vines, and then pack our own citrus and mangoes. It is a very labour intensive operation, especially in citrus in mangoes where fruit is picked and largely packed by hand. As such we rely extensively on casual labour which is predominantly sourced from temporary overseas visitors (commonly referred to as "backpackers").

Typically we require 520 casual workers for our harvest each year across the business, and we estimate 50-75% are backpackers. It would not be possible for us to function without access to backpacker labour.

We have serious and real concerns about the impact of the proposed backpacker tax being set at 32.5% on every dollar earned and believe it is a flawed policy for the following reasons:

1. Discussions with our existing backpacker workforce reveals most backpackers would reconsider their plans to come to Australia if the tax were implemented in its proposed form. Our findings are supported by quantitative research undertaken by Monash University which demonstrates Australia will become a less attractive destination if the proposed backpacker tax goes ahead. Research by Dr Jeff Jarvis (Monash University's National Centre of Australian studies) into the motivations of working holiday makers clearly show that 60% of the sample would not have come to Australia if the tax was 32.5%.
2. We do not have a viable alternative labour source. Horticulture is a unique industry that demands significant flexibility of labour. Peak harvest times are typically relatively short and often only last a few weeks. As such many Australian workers are not interested in seasonal work and the Seasonal Worker Programme requires employers to commit to a minimum amount of work for months at a time. Working Holiday Visa holders are the only labour force option that enables us to ramp up and down employee numbers for short periods.

#### **BRISBANE OFFICE**

**A:** G1, 12 Browning Street, South Brisbane, Qld. 4101, Australia  
**P:** PO Box 5430, West End, Qld. 4101, Australia  
**T:** +61 7 3120 3322 **F:** +61 7 3120 3399 **E:** [info@sevenfields.com.au](mailto:info@sevenfields.com.au) **W:** [www.sevenfields.com.au](http://www.sevenfields.com.au)

3. In our experience backpackers spend the money they earn in Australia while they are here. Many spend it within the local regions, which is very important for our local economies.
4. We understand the government's attraction to this policy was the apparent income that would assist in improving the federal budget. We submit the opposite will occur, and tax revenue that would have been earned from money circulating within Australia will be lost if backpackers are deterred from working here.
5. This proposed tax runs counter to the support the government is providing in other areas which is supporting agribusinesses. For example, free trade agreements which encourage trade into Asia particularly are of great value to the industry. The backpacker tax will have a significant (and more immediate) detrimental impact. Already the government has created a great deal of uncertainty amongst our backpacker workforce by suggesting such a significant change in the tax policy for working holiday visa holders. Our understanding is that working holiday visas have reduced from 240,000 to 200,000 in the past two years.
6. Our tax on working holiday visa holders must be competitive with other nations like Canada and New Zealand otherwise we will lose a significant percentage of our workforce to those countries that offer real alternatives to Australia.

We hope the government will complete its review and conclude quickly that any budget repair it hoped to achieve with the backpacker tax is illusory, or perhaps even more detrimental to the Australian economy than the revenue it could ever hope to generate.

Please contact me if I can provide any further information.

Sincerely



Greg McMahon  
Executive Chairman and Co-Owner  
Seven Fields Pty Ltd ACN 105 363 120