



TASMANIAN FARMERS & GRAZIERS ASSOCIATION

Working Holiday Maker Visa Review
Committee Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

By email: economics.sen@aph.gov.au

TFGA Submission – Inquiry into Tax Rates Amendments (Working Holiday Maker Reform) Bill 2016 and related bills.

The Tasmanian Farmers and Graziers Association (TFGA) is the leading representative body for Tasmanian primary producers. TFGA members are responsible for generating approximately 80% of the value created by the Tasmanian agricultural sector.

Agriculture is one of the key pillars of the economy and, with the current level of support from government, are well positioned to further capitalise on the stature of Tasmania agriculture.

The Australian Bureau of Statistics estimates that Tasmania's Gross State Product for 2014-15 was \$25.42 billion. Agriculture, forestry and fishing in 2014-15 was Tasmania's largest industry representing 9.6% (\$2.29B) of Tasmania's total gross value added.

The TFGA is grateful for the opportunity to make comment to the 'Inquiry into Tax Rates Amendments (Working Holiday Maker Reform) Bill 2016 and related bills'.

The TFGA and its members are frustrated by the progress being made by this Bill, and had hoped that this issue had been resolved. The unsustainable tax rate of 32.5% will mean that producers may not be able to attract adequate levels of employees at peak times. The media surrounding this issue is exacerbating this issue, and in an already difficult season for many parts of the state.

The TFGA continues to hear from our grower members that, unfortunately they have to rely on backpackers/working holiday makers for essential picking, packing and grading jobs, as local workers are unwilling or unable to sustainably do this work.

Many TFGA members and other Tasmanian farming businesses rely on international workers to fill their short-term labour needs. Continuing to impose a tax of this magnitude will ensure that Tasmania and Australia are not seen as a competitive option for working holiday makers, these workers can and will go elsewhere.

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This backpacker tax has the potential to slash our member seasonal workforce dramatically, by reducing the financial incentive for backpackers to come to Tasmania to work, or in turn, dramatically increase the cost of production by having to compensate working holiday makers accordingly to keep pace in an ever increasingly competitive work market.

Working holiday makers by the very definition are spending their money in Australian communities, and are seasonally the lifeblood of many rural communities. Largely monies earned by workers will be used in Australia and our rural communities.

The agricultural and horticultural sectors have been very clear in their want for the reduction in this proposed and looming tax, and also for it to be completed in a timely fashion. TFGA members in affected industries are already concerned about their ability to attract appropriate quantities of workers in this difficult season, only to have an extra level of complexity and potential cost being imposed upon them.

The TFGA believes that any reasonable measure to protect these vulnerable workers from exploitation is also very important, and that any information within reason that can be gathered for better management of this issue into the future, is a positive for the affected industries and the workers themselves.

The TFGA knows these workers to be a very important part of the Tasmanian economy in both agriculture and tourism, the cornerstones of the Tasmanian economy. The unnecessarily high backpacker tax has the potential to irreparably damage the Tasmanian economy, by disrupting primary producers, packers, processors, hospitality, communities and tourism.

The TFGA asks that this issue be dealt with in a timely fashion, so that the damage already caused by this matter can be managed.

Please contact the TFGA if you require any further information.

Yours sincerely,

Peter Skillern
Chief Executive Officer
21st October 2016