



14 October 2016

Committee Secretary  
Senate Economics Legislation Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Sir/Madam,

**Inquiry into Tax Rates Amendment (Working Holiday Maker Reform) Bill 2016**

I write in regard to the above inquiry on behalf of all banana growers in Australia, which the Australian Banana Growers' Council Inc. (ABGC) represents.

The banana industry is the largest single horticultural industry in Australia and the banana category is the largest retail stock keeping unit (sku) in Australia. The industry therefore has a bearing on Australia's economy and employment.

Backpackers (working holiday makers) are an essential component of the banana farm labour and any policy determination that reduces access to backpacker labour has serious consequences for the banana industry.

Two points clarify this statement:

1. The banana industry is dependent on backpackers for farm and packing shed work. An independent study for Horticulture Australia Limited of April 2013 (Project BA 11013, by CDI Pinnacle Management Pty Ltd) showed that 59% of workers on banana farms were backpackers. It is not known if this is accurate now, but even if it is now 50% of the workforce, it is significant, particularly in such a labour-intensive industry that has a 52 week-a-year season.
2. Banana growers would prefer permanent workers, but they are simply not available in the numbers required in banana growing regions. It would be logical for growers to train and retain permanent workers, but growers are compelled due to labour scarcity to employ about half their workforce as backpackers.

Consequently, ABGC submits that the Bill before Parliament to apply a 19% income tax rate to working holiday makers' taxable income is far more conducive to industry growth, productivity and industry development than the previous Government proposal of a tax of 32.5 % on every dollar earned. The proposed Bill would therefore limit the flow-on impacts and socio-economic consequences of the earlier tax proposal.

Thank you for the opportunity to make this submission.

Yours sincerely,

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Chief Executive Officer

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