

We are a large producer of strawberries. The district has an aging population of less than 1,500. However we need 600 – 850 employees over a moderately short period. Others in the area also have needs of similar labour, at least 1000 more during our harvest period. We also employ 14 – 20 backpackers during winter+ / virtually all year. (We also employ several locals for key jobs.)

The pending backpacker tax is having and will have dire consequences for us. We are a low margin business with a lot of capital investment, most still to be paid off. The flow-on benefit from our otherwise viable business is very considerable locally: most of our income is spent locally, whether on goods, services or labour. Without the backpackers we cannot get enough labour, will go bankrupt and cause grief to many others dependent on us, whether employees or other businesses. There is also the matter of stress on us and the great efforts we put into establishing our business from scratch.

Things like modifying other government policy to address the required labour will not work. Firstly locals who are able to get a job do, even if leaving for a city. Those left can be quite a liability – we need careful and reliable pickers or we end up with unmerchantable produce. Secondly, there are not enough available in the greater area. To come here requires extra costs, like accommodation, own transport, more expensive food, etc... The few locals who take a job soon leave for better jobs (longer guaranteed employment periods or permanent.) Of course there are five of us locals who are employed all year – no dole.

Backpackers have such a range of abilities; we get more than enough excellent persons for the more skilled temporary jobs we hope to fill. This not the experience we have with unemployed sent our way. When not working most of our backpackers go sightseeing keeping others in business.

The pending tax has already caused a large drop in employment applications for the year: it looks like not enough labour will be available. Worse, at its mooting, some backpackers were wanting to leave until they understood the tax did not yet apply. None-the-less, a few soon left to get established elsewhere like New Zealand. There they get medical cover unlike here, although the backpacker here pays the same tax rates as us. Backpackers seem to have good communication networks which, in this case, is to our disadvantage.

If producers like us, and other business suffer, the government is favouring our competitors, especially those overseas in many cases. (This means we would no longer produce wealth, but consume it by being unemployed.) Worse in a competitive environment, it is much harder to get a market back once lost, more so the later the reversal of the tax.

We want the backpacker tax to be the same as for Australians working here. Please act swiftly, so as to reduce the bad effects of the government backpacker tax that we are already experiencing and are likely to get much worse.

Yours

Andrew Davey
D M Jennings & Sons (strawberry producer)