



The Kununurra Chamber of Commerce and Industry

Hon Barnaby Joyce MP
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

25th August 2016

Dear Hon Barnaby Joyce,

RE: Proposed Working Holiday Tax Changes

The East Kimberley Chamber of Commerce & Industry is business the representative body representing industry and businesses across the East Kimberley region of Western Australia. Membership includes businesses in the agricultural, retail, hospitality, tourism, horticultural, forestry industries.

Our members would like to express their concern regarding the proposed tax on working holiday visitors currently being reviewed.

A large number of our members employ working holiday makers (backpackers) due to the seasonality of our industries here in the Kimberley.

In addition, businesses look for staff to fill busy or short periods of work as often locals are only looking for permanent or semi permanent positions as security for their families.

The employment of backpackers is crucial for hotels, tourism and accommodation providers, retail outlets, our framers, horticultural producers and forestry industry. Without this workforce, our businesses would find the workforce they require to conduct business and be sustainable.

The benefits of having access to these workers are not just realised in the work they are able to do but also in their contribution through spend in local economies.

Backpackers, contribute to the community and our economy, then go on to travel to other regions for holiday and work purposes, contributing greatly to the economic development of rural Australia.

The issue of employers having to pay foreign workers the superannuation guarantee has long been an issue for employers. Our understanding is when temporary residents depart Australia permanently, they may withdraw their accumulated superannuation balance.

A suggestion for your consideration is to look at changing the superannuation payment for foreign workers to a levy the equivalent of the superannuation rate.

We do not see any need to increase the tax rate as this would encourage employers to employ foreign workers on a cash basis to ensure they can secure these much needed workers. Increasing the tax rate has far reaching ramifications if workers then see Australia as no longer an attractive place to work and with these increases those who do work will have far less to spend in local economies. Simply put – by increasing tax for non-residents the government is restricting access to a ready labour market particularly where employment opportunities are not being taken up by Australian residents.

It is a common practice for foreign workers to collect their superannuation on leaving Australia and use this money to fund travels in Asia and beyond meaning the money leaves Australia. It is imperative that this money is kept in Australia – superannuation is intended for retirement – not to fund the holidays of foreign workers.

If the Federal Government is serious about the focus on Northern Australia, then it is incumbent on the government to work with employers to have access to skilled and non-skilled labour to support the many industries that are reliant on foreign workers. To change the way these workers are taxed will more likely have a negative financial impact if this is not properly considered in the broader perspective.

Yours sincerely,

Jill Williams

President

East Kimberley Chamber of Commerce & Industry