

## Coalition Goes Into Meltdown on Backpacker Tax

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The folly of the Government's backpacker tax is becoming clear as a growing number of Coalition MPs advocate for a backflip on the damaging policy, which would see working holiday makers pay 32.5 per cent tax from the first dollar. During Thursday's Senate estimates hearings, Coalition Senator Bill Heffernan joined his colleagues Warren Entsch, Andrew Board and Senator Anne Ruston in publicly opposing the backpacker tax, declaring it 'disastrous'.

Treasurer Scott Morrison's blatant attempt to avoid a damaging campaign by furious tourism and agricultural bodies by announcing a six month delay to the start of the backpacker tax is fooling no one.

The Government can't have it both ways. It's either bad policy and should be dumped, or it's happening. Ongoing uncertainty is already hurting our economy - a fact made clear by leaders in the agricultural and tourism sectors. Prospective working holiday visa applicants seeking to come to the region in the next six months will see that Australia may have a 32.5 per cent tax rate from the first dollar, while our competing countries, such as New Zealand, do not.

The consequences on demand for working holiday visas, on visitor spending in regional Australia, and availability of critical seasonal labour for the agricultural sector is obvious to anyone living in a rural or regional community.

Since the Coalition came to office, demand has plummeted with Department of Immigration [figures](#) showing 23,000 fewer working holiday makers in Australia at the end of 2015 compared with the same time in 2013.

Labor stands by the three principles previously outlined regarding a backpacker tax:

1. The figures must be based on real data of backpacker earnings, with proper modelling conducted as to the effects on demand for working holiday visas.
2. Additional funding must be provided for a marketing and education campaign to help maintain demand for working holiday maker visas and ensure applicants understand their tax obligations.
3. The tourism and agricultural sectors must have been properly consulted.

*'The new backpacker tax poses an obvious risk to tourism and agriculture right across the region. The impacts of the proposed tax are already being felt across the electorate as the government dithers.'*

*'Tourism and Agriculture drive export income for our region. Backpackers play an important role in our economy and the prospect of excessive taxation is killing the golden goose.'*

*"Australia's tourism and agricultural sectors deserve better than another ill-considered and counterproductive measure. The Federal Government needs to remember that while backpackers may not vote, farmers, growers and tourism operators certainly do."*