

Independent
stakeholder
engagement on the
Working Holiday
Maker Visa review

**Department of Agriculture
and Water Resources**

September 2016

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Executive Summary

On 15 August 2016 the Australian Government announced that it would undertake a review of a broad range of issues relating to the supply and taxation of, and demand for, 417 and 462 visa holders (collectively referred to as 'working holiday makers'). This review follows a 2015-16 Budget measure requiring working holiday makers to be considered as foreign residents for tax purposes, facing a tax rate of 32.5 per cent on each dollar earned, with no tax-free threshold.

Deloitte was engaged by the Department of Agriculture and Water Resources (the Department) to assist with a component of its review of a broad range of issues relating to the supply and taxation of working holiday makers. Specifically, Deloitte was asked to facilitate an independent stakeholder engagement exercise, through which the views of stakeholders have been collected and summarised as an input to the Departmental review.

The stakeholder engagement consisted of two main streams that were run in parallel over August and September 2016:

- Workshops in each of Australia's State and Territory capitals. A total of 178 invitations were sent to representative industry groups, welfare groups, unions, and labour hire companies, with 88 participants attending the consultations either in person or over the phone
- A written submissions process run by the Department, which passed on all submissions and their attachments to Deloitte for inclusion in the review. A summary of the submission survey responses is provided in the Appendix.

This report provides a summary of this engagement process and the views and evidence submitted by participants. Deloitte has not undertaken any additional research or analysis, and the information contained in this report is reflected as it has been provided by the stakeholders engaged through this process. Deloitte has also not reviewed the quality or validity of the information presented to us.

Over 1,300 pages of submissions were received in addition to the feedback through the stakeholder engagement process. In reflecting the views presented through stakeholder engagements and submissions it was not possible to include all views or information. As such, the material presented in this report was selected based on:

- The frequency with which the view was expressed by stakeholders
- The relevance of the views to the terms of reference of this review
- Whether the information provided was supported by evidence, whether quantitative or otherwise.

It is the nature of such stakeholder analysis that those most affected will often be the most motivated to respond to stakeholder reviews. This report needs to be read in that light. In addition, the consideration of the relevant policy issues is best conducted in a relative framework – that is, the merits or otherwise of the proposed policy would ideally be benchmarked against possible alternative policies (such as raising other taxes, cutting spending, or putting off a degree of Budget repair to a later date).

The following sections of the Executive Summary outline the main views expressed through the stakeholder engagement process.

The importance of working holiday makers to Australia's industries

Stakeholders from both the agriculture and tourism sectors emphasised the important role that working holiday makers play in supplying labour. This role was typically placed within the broader context of ongoing, and in some cases worsening, labour shortages that exist in those sectors.

Working holiday makers were seen as being particularly important as a source of labour in seasonal occupations, such as fruit picking and seasonal tourism regions, where their mobility and short term employment prospects provided flexibility that was hard to source through domestic labour. Indeed, information provided by stakeholders indicated that in some regions working holiday makers comprise the majority of the labour force.

Many industry stakeholders expressed a view that work in their sector was not suited to domestic labour, citing reasons such as the physical nature of the work, a lack of career development and insufficient skills or training. They indicated a belief that working holiday makers were prepared to undertake this work at current rates and that the absence of this source of labour would not easily be filled.

Some submissions also noted the important role that the second year extension to the 417 visa played in filling regional labour needs. Some survey evidence indicated that this extension does play a material role in attracting labour to regional areas.

However, some stakeholders expressed the view that the role working holiday makers played was not in addressing shortages, in the sense of imperfections in the labour market preventing supply being equated with demand, but rather in providing a cheap source of labour to these industries. That is, while they viewed shortages as existing at current low wages, they argued there was sufficient domestic labour available to these businesses at higher wage rates.

Regardless of the causes of the alleged shortage, almost all stakeholders expressed a view that working holiday makers currently make a significant contribution to the labour pool in the agricultural and tourism sectors.

A majority of submissions from the tourism sector also acknowledged the role that the working holiday maker programme plays in increasing tourism in Australia. These visitors tend to stay longer and spend more than the average visitor to Australia and can be a key source of tourism expenditure in regional areas.

The impact of the revised tax arrangements on working holiday maker travel and work decisions

Several submissions noted that Australia's current minimum wage was significantly higher than the Organisation for Economic Co-operation and Development (OECD) average, and in particular higher than our country's main competitors for working holiday makers. Our current low tax rate, along with being the only country that requires superannuation to be paid on all earnings, was seen as increasing Australia's relative competitiveness.

Table i below is a reproduction of similar tables produced in a number of submissions. It compares the pre-tax and after-tax minimum wages that working holiday makers would receive should the tax rate be raised to 32.5% in Australia.

Table i: International comparison of tax rates on working holiday makers

	Australia	New Zealand	Canada	UK
Income band	AUD 0 – 80,000	NZD 0 – 14,000	CAD 0 – 45,282	GBP 0 – 32,000
Tax rate (%)	32.5	10.5	15	20
Pre-tax min. wage	AUD17.70	NZD15.25	CAD10.50	GBP7.20
Post-tax min. wage	AUD11.95	NZD13.65	CAD8.93	GBP5.76
Post-tax wage (USD)	\$9.08	\$9.89	\$6.92	\$7.53

Source: Similar data were presented in a range of submissions.

When converted to a common currency (to allow comparability) Australia would fall below New Zealand in after-tax earnings, while remaining ahead of Canada and the UK.

Submissions also noted other aspects of the current programme that place Australia at a competitive disadvantage, including:

- Both the UK and New Zealand programmes allow participants to live and work for up to two years, and the Canadian programme provides an option for a two year visa (in Australia, working holiday makers are limited to a 12 month stay under their first visa)
- Similar to Australia, both the New Zealand and the Canadian programme have a general age cap of 30 years, but this is extended to 35 years of age for some countries
- None of these other programmes place a limit on the time that can be spent with a single employer (a 6 month limit applies in Australia)
- The amount of available funds working holiday makers are required to hold prior to travel is greater in Australia than any of our competitor countries.

The majority of respondents argued that the result of the tax would be to reduce the number of working holiday makers travelling to Australia. They indicated a belief that working holiday makers are relatively well informed of the tax arrangements of the countries they work in prior to travelling, that they base decisions at least in part on financial considerations, and that there is anecdotal feedback of working holiday maker numbers already declining.

A number of submissions referenced a recent survey by Dr Jeff Jarvis of Monash University that found around 60% of 335 working holiday makers surveyed indicated they would not travel to Australia if the tax rate was increased to 32.5%. A significant percentage stated that they would visit for a shorter time. Some submissions indicated a belief that the recent declines in working holiday maker visas is an indication that the tax is already having an effect on decisions.

Some stakeholders reported already seeing, or hearing anecdotal evidence of, reductions in working holiday makers as a result of the tax announcement. They also expressed a preference for the decision on the tax to be announced as soon as possible so as not to disrupt current recruitment or investment decisions, with a view that 1 January would be too late to prevent short term losses.

The resulting impact of the tax changes on businesses

Businesses and their industry representatives were asked how the tax changes and associated fall in numbers of working holiday makers would impact them. Following from the feedback that working holiday makers are an important source of labour to these industries, submissions revealed a significant degree of concern about what the changes would mean for the viability of businesses in the agricultural and tourism sectors. Some stakeholders expressed a view that these changes will have a disproportionate impact on travellers and businesses in certain places more than others, particularly rural regions that are not on the 'tourist trail' such as the Western Australian wheat belt.

Those submissions that addressed this issue argued that margins in both agriculture and tourism were already relatively low, and that any detrimental impacts resulting from the tax could jeopardise viability. Some businesses reported already delaying investment decisions until there was greater certainty over the proposed tax arrangements.

Increasing wages was not seen as a viable response to attracting new labour. In part, this reflected the view that businesses in these markets tended to be price takers, meaning that there was little scope for prices to rise in order to recover an increase in costs. Instead, businesses and industry representatives indicated that the likely responses to reduced labour would be lower quality of service, reduction in output and/or reduced operating hours or in extreme cases, the closing down of operations altogether.

In response to the terms of reference relating to regulatory burden, businesses indicated that regulatory imposts are seen as a major barrier to growth, and that there are limited resources available to small businesses to perform administrative tasks. The changed tax arrangements were seen to add to this burden through increasing the number of tax treatments that businesses will need to apply. It was also suggested that the changes may drive businesses to other sources of international workers, such as the Seasonal Worker Programme, that are administratively more complex.

Potential policy options to mitigate the impacts

The submissions and feedback from the stakeholder engagements contained a large number of policy suggestions that the industry saw as potentially mitigating the adverse impacts of the tax. These suggestions centred on expansions to the current scheme, and included:

- Removing or expanding the age limit of the visas
- Removing or expanding country caps on the 462 visa and extending the visa to additional countries
- Removing the limit on workers being employed for a maximum of six months with a single employer
- Expanding the second year extension to the tourism sector.

Other policies that could potentially assist in reducing labour shortages in these sectors were also raised, such as a designated visa for the agriculture sectors, subsidising workers, whether domestic or foreign, and assisting with providing training for these workers.

A significant number of submissions also provided feedback on the appropriate level of the tax. There was a split in the responses from industry, with some indicating a preference for the current tax free threshold to be maintained, while others preferred a lower rate of tax closer to those observed overseas. Of the non-zero rates suggested, 19% was the most common preference, effectively removing the tax-free threshold and having workers pay the rate immediately above this threshold from the first dollar earned.

The majority of feedback at stakeholder engagement, as well as a large number of submissions, indicated that removing superannuation paid to working holiday makers was seen as an alternative to raising the tax. These views observed that the role of superannuation was to fund retirement savings, and refunding all superannuation to the government upon exit could be a replacement revenue source.

Nonetheless, it was suggested that some superannuation is already retained by the government since it is not claimed by working holiday makers upon leaving the country. Further, other stakeholders noted that superannuation was forced saving out of a given wage, rather than an additional increment to the market wage, and removing this from working holiday makers was therefore inappropriate.

Finally, stakeholders saw room for better marketing of Australia's working holiday maker programme internationally. Stakeholders stated that there had been no recent marketing campaign similar to Tourism Australia's previous *Best jobs in the world* campaign, and that our high wages, among other things, could be advertised in this marketing.

Similarly, it was argued that the process of applying for a visa was unnecessarily complex, costly and could be improved by, for example, making the visa downloadable from mobile devices.

Worker exploitation

The matter of exploitation of workers was one on which there was significant discussion both at the face-to-face sessions and through written submissions. A commonly expressed view was that the proposed tax will create further incentives for workers to enter the black/cash economy and exacerbate the current exploitation and other welfare issues experienced by temporary visa holders.

The nature of exploitation raised in the stakeholder engagement included underpayment or no payment of wages, an unreasonable amount of 'training' periods and not delivering on the promise of work despite backpackers travelling to remote areas with advance payments made on accommodation. Some labour hire companies and accommodation providers were seen as playing a central role relating to exploitation of workers, with some businesses and farmers also seen to facilitate or engage in this behaviour.

The condition to undertake 'Specified Work' in regional areas to satisfy the 88 Days requirement to be able to apply for a second year of Working Holiday Visa for the 417 visa was also commonly highlighted as one of the factors that provides an opportunity for exploitation. Other factors included lack of language skills, lack of awareness of local laws and systematic exploitation by niche labour hire contractors mostly dealing with non-English speaking workers.

Submissions also asserted that the current system of oversight and enforcement was severely underfunded relative to the size of the problem. While the number of international workers in Australia, including working holiday makers, has grown rapidly in recent years, the resources of oversight agencies have not kept pace.

Solutions to addressing the issue of exploitation were subject to various opinions. A number of stakeholders indicated a belief that there is ample regulation in place and it is largely an enforcement and education issue. Some stakeholders also called for the introduction of accreditation or licensing regimes particularly with respect to labour hire intermediaries.

Other issues

While the appropriate tax rate and the revenue it returns to the Government were not part of the terms of reference, they were discussed widely at each stakeholder engagement and the following points were commonly made:

- There was either a preference for a zero rate of tax, or for one that places Australia at no disadvantage relative to other countries. Of the non-zero tax rates recommended, a rate of 15-19% was the most common
- There was a general lack of understanding as to how the Government's revenue estimates (\$540 million over the four years of forward estimates) were arrived at. There was a perception that the estimate did not account for the behavioural response of working holiday makers, or of the reduced revenue through negative impacts on industry
- Many stakeholders believed that the compliance and enforcement cost of this proposed tax would outweigh the expected tax revenue.

Another common issue raised was the lack of data on the travel patterns of working holiday makers, including the occupations in which they work and the geographical distribution of their work. Without this data it was felt that it was difficult to make robust assessments of the impacts of the tax on Australian industry, and that anecdotal evidence was typically the only evidence available.

Some stakeholders also emphasised the positive cultural interactions and social aspects of having working holiday makers residing in their communities, such as participation in local footy teams and local social events. The submissions noted that fewer working holiday makers as a result of the proposed tax could have a negative social impact on these communities.

The remainder of this report provides a background to the stakeholder engagement process, and a detailed description of stakeholder feedback. The findings from the stakeholder engagement process will be used to inform the Working Holiday Maker Visa review, and the Australian Government has indicated it will announce the review's outcomes before 1 January 2017.

1 Introduction

On 15 August 2016 the Australian Government announced that it would undertake a review of a broad range of issues relating to the supply and taxation of, and demand for, 417 and 462 visa holders (collectively referred to as 'working holiday makers'). This review follows a 2015-16 Budget measure requiring transient working holiday makers to be considered as foreign workers for tax purposes, implying that these workers would face a tax rate of 32.5 per cent on each dollar earned, with no tax-free threshold.

The review includes ten terms of reference relating to the tax and the working holiday maker programme more broadly. The terms of reference are listed below¹:

1. Australia's competitive position in attracting seasonal and temporary foreign labour, including comparative wages, entitlements and conditions
 - a. Comparative taxation on income earned
 - b. Comparative superannuation or equivalent entitlements
 - c. Promotional programmes and schemes to assist workers while in the country
 - d. Costs and barriers to entry.
2. Regulatory imposts on employers
3. Exploitation of and protections for vulnerable workers, including evaluation of illegal labour hire practices and non-compliance with laws and regulations
4. Capacity to match employers with available workers, including regulatory arrangements in relation to the role of labour hire companies
5. Changes to the use of volunteer or unpaid labour (for instance Willing Workers on Organic Farms)
6. Australia's exposure to changes in exchange rates, economic growth and employment rates in source nations which may affect Australia attracting seasonal and temporary labour
7. Short-term and long-term agricultural and tourism labour needs
8. Policies to attract unemployed Australians, including young Australians, into work in agriculture and tourism
9. Opportunities to expand supply of seasonal and temporary foreign workers for the agricultural sector
10. Consistent tax treatment between different classes of temporary work visa holders.

Deloitte was commissioned to assist the Government in its review by undertaking a series of stakeholder engagements with industry representatives and synthesising the feedback from that process with feedback received through written submissions to the review. That is the purpose of this report.

Further details of the stakeholder engagement and submissions process are provided below, before the subsequent sections provide a detailed summary of the feedback received.

¹ The terms of reference have been assigned numbering merely to assist with referencing.

1.1 The stakeholder engagement process

Stakeholder engagements were held in all Australian capital cities over two weeks from August 22 to September 5 2016. The stakeholder engagements were scheduled for between two to three hours with all participants invited to provide comments relating to the review material. Participants were provided with a brief engagement outline ahead of the sessions.

The stakeholder engagement outline was structured around five sections that encapsulated the terms of reference. These were:

- The importance of 417 and 462 visa holders to the relevant sectors
- The impact of the proposed tax changes on 417 and 462 visa holders
- The resultant impact on the relevant sectors
- Alternative measures and policies that may mitigate these impacts
- Worker exploitation and other issues related to the visa programmes.

A broad range of participants were invited to attend these stakeholder engagements, consisting of representatives from:

- The tourism sector, including all major industry associations, tourism industry councils, youth travel organisations and state tourism organisations
- The agriculture sector, including the national and various state farmers federations, and product-level industry associations
- Unions
- Labour hire companies.

In total, 178 invitations were sent to organisations across these groups, with a total of 88 attending one of the stakeholder engagement sessions, either in person or over the phone.

Separate to these stakeholder engagements, the Review Taskforce hosted a submissions process through an online portal on the Department of Agriculture and Water Resources' (the Department) website. The website outlined the background to the review and provided factsheets relating to the programme.

Respondents to the review had the option of completing a brief survey on their views of the working holiday maker programme and the impact of the tax, as well as providing free-text comments. The portal also allowed respondents to attach a written submission to the review.

In total, 218 written submissions (including attachments) were received, amounting to over 1,300 pages of material, equating to an average submission length of just over six pages. Submissions were received from a much wider range of stakeholders than were included in the stakeholder engagements, and included responses from individual travellers, businesses and other interested organisations outside the agriculture or tourism sectors. A full list of public submissions is present on the Department's website.

The majority of submissions did not address all of the terms of reference for the review. While it was sometimes difficult to determine when specific terms of reference were being

addressed (for instance when submissions were not structured around the terms of reference), Deloitte undertook a stocktake of all material provided, with the average submission addressing approximately two of the ten terms of reference. Some submissions, primarily from the larger industry associations, were structured around the terms of reference and addressed all ten, while others addressed matters entirely separate to the terms of reference.

In part this mixed response reflects the relatively narrow scope of the terms of reference. The majority of submissions addressed the broader relevance of the proposed changes to the sector outside of the scope provided by the terms. This report summarises all material provided to Deloitte in the stakeholder engagements and submissions process, whether relating to the terms of reference or other relevant issues raised by stakeholders.

The following section provides more detail on the approach Deloitte has taken to summarising the information provided.

1.2 The approach and structure of this report

In communicating what is a relatively large amount of information, some judgement was needed in determining when particular views should be presented. The following process was adopted when summarising and reporting the information provided:

- At least one scribe from Deloitte was present at all stakeholder engagements
- All submissions, including any attachments, were reviewed by at least two Deloitte team members to identify any relevant evidence and the arguments made
- Views from the stakeholder engagements and submissions are included in this report based on:
 - The frequency with which the view was expressed by stakeholders
 - The relevance of the arguments to the terms of reference of this review
 - Whether the information provided was supported by evidence, whether quantitative or otherwise
- A draft report underwent a quality assurance process to ensure that all relevant points from the stakeholder engagements and submissions were reflected.

As such, this report provides a representative cross section of the views presented in the stakeholder engagement exercise, with a focus on that feedback which is judged to be of greatest relevance for the review. It necessarily cannot capture all information presented within the over 1,300 pages of submissions provided. The complete public submissions are separately available on the Department's website.

Given the information provided through the stakeholder engagements and submissions tended to be broader in scope than the terms of reference, this report is structured around the same five sections that were used for the stakeholder engagement outline. These encapsulate the ten terms of reference, but are broader and reflect the full set of feedback received from stakeholders. The table below indicates how the terms of reference map to the stakeholder engagement note sections and the sections of this report:

Broad theme	Relevant Terms of Reference	Report Section
1. The Importance of 417 and 462 visa holders to the relevant sectors	7	3
2. The impact of the proposed tax changes on 417 and 462 visa holders	1 and 6	2, 5
3. The resultant impact on the relevant sectors	2; 4	3
4. Alternative measures and policies that may mitigate these impacts	5; 8; 9	2,3,4,5
5. Worker exploitation and other issues related to the visa programmes	2; 3; 4; 10	6
6. Other issues	N/A	N/A

Finally, this report summarises the information that was put forward to Deloitte through its role in undertaking the stakeholder engagements and reviewing the submissions. Deloitte has not undertaken any separate research or analysis as part of this work and the arguments and evidence provided in this report reflect only the material that was put to us through the review process. Where data or other evidence is presented in this report its validity has not been separately checked by Deloitte.

2 The Importance of 417 and 462 visa holders to the relevant sectors

Key points

1. Tourism and agriculture make important contributions to the Australian economy and are expected to be drivers of future economic growth. They are also both labour intensive industries and, notwithstanding long-term technological developments, will require more workers to generate this growth.
2. Both sectors face difficulties in recruiting local labour for available job openings, with many submissions noting the labour shortages that currently exist across both sectors. Recruitment difficulties are seen to be exacerbated by the seasonal and short-term nature of many job opportunities, the fact that they are often located in remote areas, and the jobs can be for unskilled labour in tough conditions.
3. Working holiday makers are seen as being mobile, flexible, willing to 'give things a go' and sometimes more productive than local workers (due to prior work experience or tertiary education). This makes them a key source of labour for jobs that can be difficult to recruit locally. In very remote areas, this extends beyond just the tourism and agriculture sectors, with working holiday makers being relied on to fill labour gaps in other industries such as manufacturing, construction and the motor industry.
4. Demand from working holiday makers for tourism services is also important, particularly for smaller tourism operators in regional areas.

Many submissions to the review highlighted the importance of working holiday makers as a source of labour supply for their industry, and as a source of demand for tourism services. This section summarises the views and supporting evidence provided on these issues.

The primary term of reference relevant to this section is that relating to '*short-term and long-term agricultural and tourism labour needs*'. Submissions to the review and the views expressed by participants at the stakeholder engagement sessions emphasised the difficulties associated with recruiting local labour for job openings in the tourism and agriculture sectors. With many submissions also noting that these two industries have the potential to drive significant growth in the Australian economy, working holiday makers were viewed as a key source of labour required by these industries in order to fill seasonal skills gaps as well as to generate future growth.

2.1 Detailed feedback

Labour and skills requirements of employers

Submissions to the review tended to point to the significant economic contributions made by both the tourism and agriculture sectors in Australia. One submission estimated that the annual contribution of the tourism industry to Australia's GDP is around \$47.5 billion, with the contribution of the accommodation sector specifically totalling around \$7 billion. The National Farmers' Federation's (NFF) submission noted that the agricultural sector is also an important part of Australia's economy, estimating that the gross value of Australian farm production will reach \$58.5 billion in the 2016-17 financial year.

A number of submissions highlighted that tourism and agriculture are both relatively labour intensive industries. In general, it was stated that, while companies across both sectors are investing in technological solutions and mechanisation that will enable businesses to perform tasks more efficiently, this is viewed as a long-term solution, and it will be some time before technology can replace workers at a meaningful scale. Even in roles where mechanisation has improved internal processes, a workforce will still be required to operate the machines.

Industry submissions suggested that the tourism and agriculture sectors are expected to contribute significantly to Australia's future economic growth, and that as these industries continue to grow over future years, their labour requirements will also increase.

In the tourism sector, the Australian Tourism Export Council (ATEC) highlighted growing demand for tourism services, fuelled by "historically low airfares, increases in capacity and access from key markets, and improving economic conditions in key source markets post the global financial crisis". ATEC's submission noted that inbound arrivals to Australia increased by 8.2% in 2015 and that this increasing trend is expected to continue, creating the potential for substantially increased economic activity in the tourism sector in future years.

A number of submissions referenced the *Australian Tourism Labour Force Report*, released in October 2015, in relation to the labour and skills requirements of the tourism industry. These submissions noted that the tourism sector currently faces a shortage of 38,000 workers, which is forecast to increase to 123,000 workers by 2020 – of which 63,000 will be unskilled workers, such as kitchenhands, waiters, bar attendants and baristas, cooks, café workers and maintenance staff.

It was highlighted that half of Australia's tourism businesses experience recruitment difficulties, with a vacancy rate of seven per cent and turnover rate of 66 per cent. In cases where local labour cannot be sourced to fill vacancies, businesses in the tourism sector rely on temporary foreign labour as part of the labour supply mix in order to sustain growth. The Australian Hotels Association's (AHA) submission noted that the current labour shortage in the tourism sector exists despite the number of unemployed Australians nationwide totalling 725,000.

In general, submissions stated that labour shortages will continue to affect businesses in the tourism sector over future years. With inbound visitor numbers forecast to increase by

6.3% per annum and domestic visitor nights expected to rise by 3.4% per annum in the five years to 2019-20, stakeholders contended that tourism businesses will have difficulties finding workers to deliver high quality tourism products and services.

In the agriculture sector, submissions were of the view that Australian farms will have significant opportunities to grow in the future given the increasing global demand for high quality food and fibre. In particular, Australia's geographic location and the quality and reputation of Australian fresh produce were highlighted as contributing factors that could drive future growth in servicing the export market to Asia.

Submissions noted that employment in the agriculture, forestry and fishing industry has declined from 345,000 workers in 2005 to 298,400 as at August 2015, following severe droughts in Australia in 2002 and 2005, which resulted in significant reductions in size of the agriculture workforce. However, while employment has been experiencing a downward trend, the current outlook for a number of agricultural commodities was viewed by submissions to be strong, with the sector expected to generate growth over the next 15 years.

This projected growth was highlighted by submissions to the review as driving increased demand for labour and skills in the agriculture industry. For example, it was noted that the Department of Employment's Labour Market Information Portal forecasts growth of 8.4% and 5.8% respectively in vegetable and fruit picking jobs to 2020. Businesses in the agriculture sector believe that increased global demand for high quality food – particularly from key trading partners – will result in significant growth in labour requirements, especially in parts of the sector that are highly labour intensive (such as horticulture).

Role of working holiday makers in labour supply

The submissions to this review and the views expressed by participants at the stakeholder engagements emphasised the significant role played by working holiday makers within the workforce of both the agriculture and tourism sectors. Representatives from both industries expressed a preference to employ local Australian workers to fill vacant roles, as this would mean lower turnover and staff training costs. However, submissions observed that this is often not possible as prospective local labour sources tend to be unwilling to take up job opportunities when and where employers require.

A number of factors were raised in the submissions as potential reasons contributing to the difficulties in recruiting local labour for available job openings, such as:

- The seasonal nature of many job opportunities, particularly in the agriculture sector, means that work is inconsistent and workers are required to be flexible and willing to work at short notice
- Many job opportunities in both tourism and agriculture are located in regional and remote areas across Australia, meaning that potential workers need to be mobile and willing to move for work
- The tasks that these workers are required to perform can be laborious and under tough conditions, such as working outdoors in agriculture, working unsociable hours in tourism and hospitality, or working in unskilled or low-skilled roles

- The perception that Australia's welfare system of unemployment benefits acts as a disincentive for locals to work in these types of difficult conditions, for low wages or in remote areas.

Submissions pointed to these challenges in recruiting local workers to fill job openings as the motivating factors in causing many businesses in both the agriculture and tourism industries to rely on overseas workers and, in particular, working holiday makers. In the context of these challenges, employing working holiday makers was indicated to be especially important during peak times and for businesses located in very remote areas.

In the tourism sector, the AHA's submission noted that the tourism industry has hired workers from a number of alternative sources in response to labour supply shortages, with the most common sources being mature age workers (56% of tourism businesses), youth (41%) and workers from overseas (30%). Within the group of workers from overseas, the Tourism and Transport Forum (TTF) stated that the flexibility and geographic mobility of working holiday makers – as well as their willingness to work in low-skilled and short-term jobs – means that this group is well-placed to fill gaps in labour supply in the tourism sector, particularly for seasonal or remote roles.

While there is little industry-wide data available on the employment of working holiday makers across the tourism sector, a number of submissions raised examples of the importance of this group as a source of labour supply in particular areas. For example, ATEC noted that *"in the Northern Territory's hospitality, primary and construction, these visa holders, in peak season, can account for more than 50% of some employers' workforces"*, while a survey conducted by the Queensland Tourism Industry Council found that 52% of the 307 members that responded to the survey employ working holiday makers.

In the agriculture sector, working holiday makers were also depicted in submissions as being vital as a source of labour supply, given the seasonal, regional and short-term nature of many job openings in this sector. Again, while there was limited industry-wide data available on the employment of working holiday makers across the agriculture industry, figures for particular regions and sectors within agriculture were presented in some submissions.

For example, a survey conducted by Northern Territory Farmers and the Department of Business and Migration found that in 2014-15, of the 3,500 workers employed in plant industries in the Northern Territory, around 3,200 (91% of total workforce) were overseas workers, with 2,700 of these (77% of total workforce) being backpackers on working holiday maker visas.

Farmers in the Northern Territory noted that the jobs primarily filled by working holiday makers and other workers from overseas were casual farmhand, fruit and vegetable picking, and fruit packing positions. The submission noted that 40% of respondents surveyed indicated that they would not be able to access workers from alternative sources should there be a decrease in labour supply from working holiday makers in the Northern Territory agriculture sector.

In the horticulture industry, Growcom's submission stated that during particular times of the year such as planting and harvest, there is a significant surge in farmers' demand for labour to undertake low-skilled tasks. As such, the submission indicated that the majority of

the horticulture workforce is made up of casual workers, and the seasonal nature of labour requirements means that *“some farms only employ three or four workers on a permanent basis but can employ hundreds of backpackers over a season”*. Similar points were raised by Cotton Australia on the cotton industry during peak periods in the season. The organisation’s submission noted that 65% of the casual workforce in the cotton industry are 417 visa holders, with 82% of these workers employed in entry level roles.

The productivity of working holiday makers and the quality of their output was also commended by a number of participants at the stakeholder engagements and in submissions to the review. Apart from their mobility and flexibility, other characteristics of working holiday makers that were said to be favoured by businesses include their willingness to ‘give things a go’ in performing difficult or unpleasant tasks, as well as their prior tertiary education and/or work experience resulting in a more competent worker for the job.

Some submissions also noted that in some regional and remote areas, working holiday makers represent an important source of labour in other sectors besides the tourism and agriculture industries. For example, in remote northern Australia, industry representatives indicated that a number of other sectors such as manufacturing, construction, the motor industry and government service delivery (such as in health and education) also use working holiday makers in order to fill gaps in labour supply. Submissions also indicated that working holiday makers are employed in child care in remote areas; in particular, they are able to provide child care assistance to parents so that the parents can work on the farm.

Expenditure on tourism products and services

In addition to their role in filling seasonal labour shortages, submissions to the review also highlighted the economic significance of working holiday makers’ expenditure in contributing to demand for tourism in Australia. Indeed, with the primary objective of 417 and 462 visas being tourism and cultural exchange, some submissions noted that the working holiday maker programme is, at least in principle, *“more a tourism export program than a labour supply program”*. Submissions indicated that working holiday makers typically spend most of their earnings from their work in Australia on travelling around the country and the associated food, accommodation, vehicle, tour and other expenses.

Working holiday makers were generally viewed by submissions as valuable and high-yielding visitors to Australia, since the conditions associated with working holiday maker visas stipulate a minimum savings amount prior to travel. Submissions suggested that, combined with earnings from working in Australia over the course of their stay, working holiday makers typically have relatively high levels of expenditure on Australian tourism products and services.

Several submissions referenced a National Institute of Labour Studies (Flinders University) study undertaken in 2009, which identified each working holiday maker as spending \$13,218 in Australia over an average eight month stay. ATEC’s submission also noted that prior research has found that working holiday makers typically spend 60% more than the average international visitor to Australia.

It was indicated that the economic contribution of working holiday makers is particularly significant in remote areas across Australia. Working holiday makers can only remain with the same employer for six months, and 417 visa holders are eligible to apply for a second 12 month visa if they complete three months of specified work in remote areas. Stakeholders commented that these factors result in working holiday makers being more widely dispersed throughout Australia compared to other types of tourists, and as such they are able to spread tourism expenditure and economic benefits to regional communities.

3 The impact of the proposed tax changes on 417 and 462 visa holders

Key points

1. Stakeholders from industry overwhelmingly expected the numbers of working holiday makers to fall as a result of the proposed changes, and stated that anecdotal evidence suggested numbers were already declining as a result.
2. As evidence for this, a large number of stakeholders pointed to a recent survey by Dr Jeff Jarvis of backpackers indicating how they would alter their travel plans if they faced the higher tax rates. This survey reported that around 60% of working holiday makers indicated they would not travel to Australia if the higher tax rate was in place.
3. Many stakeholders made a comparison of minimum wages across Australia, New Zealand and Canada (some included the UK) and stated that Australia has significantly higher wages than these main competing countries. However, they also commented that a tax rate of 32.5% would remove this advantage, placing Australia behind New Zealand.
4. Some submissions acknowledged that the compulsory superannuation scheme represented a benefit for workers in Australia relative to other countries, but suggested that the majority of this superannuation is not claimed by working holiday makers upon exit.
5. Submissions also noted other features of Australia's working holiday maker programme that made it less competitive with overseas programmes. Such features included higher visa charges and other up-front costs, limits on the time that can be spent with one employer, and the one year limit on the programme for most travellers.
6. Some submissions observed that the lack of data and prior research on the behaviour and travelling patterns of working holiday makers made it difficult to provide more concrete evidence on the impact of the tax.

The majority of the concerns expressed by industry in stakeholder engagements and submissions related to the potential for the tax changes to reduce the supply of labour to their industry, which, as described above, were perceived as already facing worker shortages. This section identifies the views and evidence presented on the potential for the changes to lead to such a reduction.

The primary term of reference relating to this section is that relating to *'Australia's competitive position in attracting seasonal and temporary foreign labour, including comparative wages, entitlements and conditions'*. Many submissions pointed to the tax changes negatively affecting this competitive position. But submissions indicated that other factors will also be important in determining the impact on working holiday maker numbers, including:

- The extent to which working holiday makers are aware of their tax obligations prior to arrival in Australia
- The extent to which their travel is motivated by financial rewards relative to other features of travelling and working in Australia
- Other aspects of the working holiday maker programme that may make it more or less attractive relative to other countries.

This section details the feedback received from stakeholders along these lines.

3.1 Detailed feedback

There was a relatively high degree of consistency in the material and arguments presented in those submissions that addressed the impact of the tax changes on working holiday maker travel patterns. The majority of submissions stated that there was evidence, both anecdotal and survey-based, that working holiday makers would reduce their travel or working patterns in Australia. Many submissions also calculated the implied after-tax hourly wage for workers in Australia and argued that a 32.5% tax rate would place us behind key competitors for these workers.

The arguments presented in the submissions and stakeholder engagements are outlined against five headings below.

Australia's post-tax wages will be less competitive against key alternative destinations

A number of submissions in addressing the question of international competitiveness noted the relatively high minimum wage that exists in Australia. Indeed, one submission said that *'net pay for workers in Australia are the second highest (to Luxembourg) in the OECD at the minimum rate and by far the highest when the paid rate includes the 25 per cent casual loading plus penalties, hours and classification loadings'*. This statement was taken as implying that Australia is currently favourably positioned to attract international workers.

The wage competitiveness at current tax rates remains attractive to working holiday makers, where all main international competitors require tax to be paid from the first dollar earned. A number of submissions included a table similar to that below in providing evidence against this point.

Table 3.1: International comparison of tax rates on working holiday makers

	Australia	New Zealand	Canada	UK
Income band	AUD 0 – 80,000	NZD 0 – 14,000	CAD 0 – 45,282	GBP 0 – 32,000
Tax rate (%)	32.5	10.5	15	20
Pre-tax min. wage	AUD17.70	NZD15.25	CAD10.50	GBP7.20
Post-tax min. wage	AUD11.95	NZD13.65	CAD8.93	GBP5.76
Post-tax wage (USD)	\$9.08	\$9.89	\$6.92	\$7.53

Similar data was presented in a range of submissions.

Australia's advantage in home dollar terms identified in the table above was observed to be greater when converted to a common currency at current exchange rates. However, with a tax rate of 32.5% in place, submissions stated that the after tax wage rate in Australia would place it behind that of New Zealand and at less of an advantage relative to the UK and Canada.

The comparison of minimum wage rates was noted to be indicative only, with not all workers paid at these rates, and actual wages reflect various working arrangements across Australia and other countries. For example, it was noted that some working holiday makers receive relatively low rates of pay under piecework agreements, and these workers would be especially deterred by a 32.5% tax rate from the first dollar earned. Nonetheless, there was general recognition that Australia is a high-wage destination, particularly under the current tax arrangements.

A number of submissions drew to attention the fact that working holiday makers do currently pay some tax in Australia, and that a comparison assuming a zero tax rate is not reflective of the current circumstance. For example Taxback, a large preparer of working holiday maker tax returns, submitted that for the 2014-15 financial year the average gross earnings of working holiday makers was \$14,216, on which an average of \$2,517 in tax was withheld, with an average post tax return contribution of \$786. It also noted an average tax paid on departing superannuation claims (paid at 38%) of \$513.

Several submissions also referenced updated Taxback data, indicating that in the 2015-16 financial year the average earnings of working holiday makers were around \$15,000, with average net tax paid of around \$1,300.

Finally, some submissions suggested that Australia's superannuation requirements added to the relative attractiveness of working here. They noted that Australia is the only country with compulsory superannuation, with the rate of 9.5% boosting the effective after-tax hourly wage if claimed back upon exit. However, stakeholders were of the view that the majority of superannuation is not claimed by working holiday makers and is returned to the Government as additional revenue.

Other aspects of the programme are less attractive than competitor programmes

Several submissions commented that while Australia currently enjoys a wage advantage relative to our competitors, other aspects of the working holiday maker programme are less attractive in other countries. These features were said to include:

- Both the UK and New Zealand programmes allow participants to live and work for up to two years, and the Canadian programme provides an option for the two year visa
- Both the New Zealand and Canadian programmes have a general age cap of 30 years, but this is extended to 35 years of age for some countries
- None of these other programmes place a limit on the time that can be spent with a single employer
- The amount of available funds working holiday makers are required to hold prior to travel is greater in Australia than any of the competitor countries.

Other fees and charges were also claimed to currently place Australia at a disadvantage. Many stakeholders noted the relatively high visa costs for the Australian programme, at

\$440 currently. This charge compares to NZD208 in New Zealand, CAD250 in Canada and GBP 230 in the UK. It was also noted that the cost of the visa had increased at a relatively fast rate in recent years, with several stakeholders making statements along the following lines *'The industry has seen a 63 percent increase in the cost of WHM visas from \$270 to \$440 since 2011'*.

Financial motivations are a key part of the decision for travelling to Australia

Few submissions explored the motivations for working holiday makers to travel to Australia outside of financial interests (such as the relative attractiveness of Australia as a holiday destination, the experience of working here, or other cultural motivations). However, when prompted in stakeholder engagements, stakeholders expressed a view that financial considerations would at least be a key component of decisions to participate in the visa programme.

Submissions noted that whether or not financial concerns entered into the decision to participate in the programme, after-tax earnings were a determinant of how long working holiday makers were financially able to stay in Australia, or the yield from the tourism while here. These submissions tended to state that the expenditure of these travellers typically exceeds, and is partially funded by, earnings during their time spent in Australia. Reduced after tax wages were therefore seen as potentially curtailing the time spent in Australia.

Whether such a change translated to reduced hours worked was not consistent across submissions. Most submissions that addressed this question indicated a belief that hours worked would fall in response to less time spent in Australia or a lower return from working. However, some submissions argued that working holiday makers would respond by working for a greater proportion of their travel in order to receive a similar level of after-tax wages.

Some comments in stakeholder engagements distinguished between the motivations of different groups of workers within the working holiday maker programme. It was believed that some travellers saw the programme primarily as a means to earn high wages that are subsequently saved, while others saw the ability to work as a means to support their travel within Australia. Where these views were expressed, they tended to be tied to particular nationalities, with workers from some countries seen as being more likely to be participating out of financial considerations.

Working holiday makers are well-informed of wages and tax rates, as well as the proposed changes

Some submissions expressed a view that working holiday makers are relatively well informed of wages and tax rates payable in competing countries and take this into account when making decisions. They were seen as being relatively active in researching alternative programmes online, and stakeholders thought that in doing so they would be made aware of the tax changes.

Submissions stated that there are a variety of social media groups set up for working holiday makers, and youth travellers more generally, which created another channel for information and feedback on the programme. For example, South Korea, Taiwan and Hong

Kong were all identified as having specific and well organised social media groups for working holiday makers.

Comments in the stakeholder engagements also expressed a view that international markets could use Australia's higher tax rates as a way to market their destinations to working holiday makers. Indeed, one stakeholder indicated that there were examples of international tourism marketers including Australia's tax changes as part of their marketing campaign. The implication is that even where travellers themselves do not make themselves aware of the tax payable in Australia, promotional material from competitor countries may seek to do so.

Anecdotal evidence suggests that there has already been a response

Many stakeholders noted that while the tax changes had not yet come into effect, there was anecdotal evidence that working holiday makers were already changing their travel plans in response to the announcements. Responses also pointed to surveys of both industry members and working holiday makers to support this feedback.

A large number of submissions highlighted results from a current survey of 335 working holiday makers being undertaken by Dr Jeff Jarvis of Monash University. Dr Jarvis asked working holiday makers in Cairns and Melbourne how the revised tax arrangements would affect their travel behaviour, with the following key findings:

- 60% of respondents agreed with the statement that they would not travel to Australia if the tax rate was increased to 32.5%
- If the tax rate was only 18%, this figure would fall to 31% of respondents
- 62% agreed with the statement that they would have considered New Zealand if the tax rate was increased to 32.5%
- 53% agreed with the statement that they would have considered Canada if the tax rate was increased to 32.5%
- 57% agreed with the statement that they would spend less time travelling in Australia if the tax rate was increased to 32.5%
- 70% agreed with the statement that they would look for 'cash in hand' jobs if the tax rate was increased to 32.5%.

While Deloitte understands that Dr Jarvis' findings are preliminary only at this point, he does conclude that *'It is clear that the proposed tax changes will have a significant impact on the potential demand for Australia as a backpacker destination'*.

Some stakeholders undertook their own surveys as part of the review. For example, the Queensland Tourism Industry Council undertook a survey of 305 of its members across a broad cross-section of the Queensland tourism sector. The survey reported similar findings to Dr Jarvis, with 72% of respondents believing there would be a negative impact on working holiday maker numbers².

² Noting that this question is not comparable to the 60% of backpackers who indicated they would no longer travel to Australia.

The NFF submission referenced a 2015 survey of 1,434 travellers (mostly working holiday makers) that found that 69% of travellers knew about how Australian taxes worked before they travelled here, 86% thought they were eligible for the tax free threshold, and 52% had decided not to stay working in Australia after July 2016.

Finally, some stakeholders pointed to the most recent declines in working holiday maker numbers as possibly indicating a response to the tax changes. In the most recent Tourism Research Australia data, the annual growth in working holiday maker numbers across Australia was well below the growth rate of holiday tourism more generally.

More generally, few stakeholders commented on the drivers of working holiday maker numbers. However, several submissions noted the decline in numbers in recent years and attributed this decline variously to general economic conditions in Australia and abroad, rises in other fees (such as visa costs), and the recent tax changes.

4 The resultant impact on the relevant sectors

Key points

1. Respondents expressed views that the proposed changes would exacerbate labour shortages in the agriculture and tourism sectors, particularly in regional areas.
2. Many businesses noted that they are 'price takers' operating in global markets. Consequently the proposed tax would likely be absorbed as a higher cost to business. Stakeholders suggested that the proposed tax would also lead to reductions in yields and/or quality of products.
3. Many businesses reported delaying investment decisions until there is greater certainty over the proposed tax arrangements. Some businesses indicated they would close or downsize if the proposed changes came into effect.
4. Regulatory imposts are seen as a major barrier to growth, and there are limited resources in small businesses to perform administrative tasks. It is perceived that the proposed changes will increase the number of tax treatments that business will have to apply. They may also drive businesses to other programmes, including the Seasonal Worker Programme, which is more administratively burdensome.

The previous sections provide stakeholder feedback on the importance of 417 and 462 visa holders to the agriculture and tourism sectors, and the anticipated behavioural response of working holiday makers following the proposed tax changes. This section outlines evidence provided by stakeholders relating to the subsequent impacts of these changes on the tourism and agriculture sectors.

In particular, this section examines current business practices in sourcing labour and how businesses would respond to a decrease in the labour supply of working holiday makers, including any flow-on-effects to the tourism and agriculture sectors. Stakeholder views were also sought on the impacts of any regulatory imposts flowing from the proposed changes.

The terms of reference addressed by this section include '*Regulatory imposts on employers*' and '*Capacity to match employers with available workers, including regulatory arrangements in relation to the role of labour hire companies*'.

4.1 Detailed feedback

Changes to business practices, costs and output

Feedback indicated that the proposed taxation arrangements for working holiday makers are likely to negatively impact business operations, including volume of output, quality of output, and industry competitiveness. Stakeholders noted that a reduction in the supply of

working holiday makers would result in significant problems for the agricultural sector, including unharvested crops, reduced production and reduced profits. Some stakeholders expressed views that their business could not continue if the proposed changes were implemented.

Some growers stated that they would not be able to achieve timely harvests without the support of working holiday makers, which would ultimately affect output volume. One submission estimated that delays in cotton crop irrigation can result in yield losses of up to 2.7% for every day of delay. It was submitted that, despite the cotton industry having a small number of workers relative to horticulture as a whole, the smaller workforce means that even a single unfilled position could significantly affect cotton production.

Similarly, feedback from several wine producers noted that grape picking is highly labour intensive and cannot be easily automated, particularly for premium quality wines. These producers expressed strong concerns that a reduction in the supply of working holiday makers would severely impact the quality of their output and the viability of the business.

Some stakeholders acknowledged that business managers may be able to overcome part of the labour shortage by extending working hours for existing workers, however this would likely result in yield losses or lower quality output when operations are not timely.

Respondents expressed views that the inability to conduct time-critical harvests may affect decisions on the types of crops which are planted in Australian farms, with diversions towards less labour intensive varieties.

A number of stakeholders also expressed concerns regarding potential flow-on impacts through the agriculture supply chain, including on businesses that supply farm inputs such as seeds and fertiliser.

Stakeholders were asked whether the proposed tax changes would affect output prices in their sector. The majority of stakeholders in both agriculture and tourism indicated they were 'price-takers' within larger domestic or global commodity markets, and hence prices in the industry were unlikely to be affected by the proposed tax changes. Rather, an increased tax rate would impact the profitability of businesses if they face higher costs of labour or reduced yields. It was also asserted that the changes could contribute to reducing Australia's competitiveness as an agricultural exporter, and hinder the ability of producers to deliver high quality products to export markets.

Some businesses were concerned about increased worker wages because of growers being required to compete for a smaller pool of labour. A number of smaller farms reported that they cannot afford to pay higher wages since they were operating on small profit margins.

In this regard, some stakeholders were concerned that a reduction in the supply of working holiday makers could cause market distortions to the detriment of smaller producers. It was put forward that larger corporations are likely to have more resources for attracting and retaining labour relative to smaller producers. It was suggested that this competitive pressure could result in smaller growers exiting the market, thereby reducing diversity and output and giving greater market power to larger producers.

A number of stakeholders in the tourism and agriculture sectors reported that they would consider downsizing or closing their business if there were a sustained decrease in the number of working holiday makers. Some growers reported that similar outcomes occurred following changes to second year visa eligibility for working holiday makers who undertook volunteer work.

Stakeholders also questioned how the Government's revenue estimates (\$540 million over the forward estimates) were arrived at. There was a perception that the estimate did not account for a reduction in the number of working holiday makers visiting Australia, or of the reduced revenue through negative impacts on industry (including the potential for diversions to the cash economy).

The need for policy and investment certainty

The need for greater investment certainty was raised by a number of stakeholders. Many businesses reported making significant capital investments in reliance on ongoing labour supply from working holiday makers.

For example, one fruit grower reported investing \$2 million in hail netting, in expectation that there would be labour available to support expanded production. This grower expressed concern about filling an anticipated shortage of 1,000 to 1,500 workers for the upcoming harvest.

Another business described their expansion in recent years with assistance from the Tasmanian Government Vineyard and Orchard Expansion Program. However, it was observed that obtaining the labour required for business expansion would be very difficult with the implementation of the proposed tax changes.

Some stakeholders stated that they are delaying investments until there is greater certainty over whether the proposed tax changes will proceed. One example was a backpacker hostel operator who indicated they could not extend their lease until there was greater certainty over the proposed tax arrangements and the supply of working holiday makers. A number of businesses suggested they would cease investment activity in the short to medium term if the tax were implemented.

Similarly, feedback from some growers in Bundaberg and the Lockyer Valley indicated that they will not plant their crops until there is greater policy certainty over access to working holiday makers. One grower in the Lockyer Valley stated that, at any given time, they have crops to the value of \$1 million in the ground. The grower considers this investment too risky if there is uncertainty over the availability of working holiday makers.

Many businesses considered that a policy decision on the tax rate to be paid was required urgently. A prompt determination was seen as necessary to mitigate the short to medium term risks to labour supply in the tourism and agriculture sectors, and to provide businesses with greater investment and planning certainty. Many stakeholders shared a strong view that an announcement of the review's outcomes on 1 January 2017 would be too late.

Reductions in regional expenditure and economic activity

In addition to the immediate impacts of a reduction in labour supply, many stakeholders identified that the proposed tax changes would reduce expenditure and economic activity in regional areas. Stakeholder feedback highlighted the significant contribution of working holiday makers to the tourism sector, particularly in rural and regional areas. A number of stakeholders pointed to analysis that showed expenditure by working holiday makers was approximately \$13,218 per worker for an average 8 month stay in Australia.³

Respondents considered that working holiday makers were of high importance to the tourism and hospitality sectors. It was asserted that approximately 46% of tourism expenditure in Australia occurs in regional areas (approximately \$50 billion in 2014-15),⁴ which would be negatively impacted by the proposed tax changes.

Some stakeholders described restaurants and hospitality venues in small towns where working holiday makers were the major consumers as a major concern. Stakeholders noted that many hospitality businesses offer products and services specifically tailored for foreign workers, including international food choices and foreign language products. Feedback from stakeholder engagements indicated that the variety and financial viability of many hospitality businesses would be challenged by the proposed tax changes. Respondents were of the view that this would have flow-on effects on Australian jobs and investments in markets that service working holiday markers.

It was reported that one hostel in Donnybrook-Balingup (a municipality of 5,700 residents) did not open this year owing to reduced demand following a decline in visitation by working holiday makers.

Other consequences for business

In addition to the direct impacts of a reduction in labour supply and tourism expenditure, respondents identified that there may be other, indirect consequences for businesses. Potential flow-on effects include higher levels of stress and fatigue among business owners, and fewer opportunities for knowledge-transfer and up-skilling.

A number of respondents commented that a reduction in the number of working holiday makers would increase workloads for business owners and remaining employees, and increase the risk of worker fatigue and stress. Some smaller and family-owned businesses suggested that the changes could adversely affect the personal lives and health of the owners, including less time available for leisure and family activities. It was suggested that such a development could have longer term impacts on levels of staff satisfaction and business performance. One respondent submitted that this impact would be heightened because many business owners rely on working holiday makers to fulfil child care or distance education roles.

Respondents also identified the importance of knowledge transfer from working holiday makers. Knowledge transfer was considered particularly valuable in relation to working

³ Steen A and Peel V, *Economic and social consequences of changing taxation arrangements to working holiday makers*, 2015.

⁴ Tourism Australia, *Tourism 2020 Overview*, 2011; Tourism Research Australia, *State of the Industry*, 2015

holiday makers with specialised skills and experience that was not otherwise available in some regional or remote locations. Respondents suggested that a decrease in working holiday makers could impact the productivity of the local workforce through fewer opportunities to accumulate new skills and knowledge.

Some stakeholders were concerned that the proposed changes would disproportionality disadvantage regional Australia compared to metropolitan areas. These stakeholders believed that an increased tax rate would be a disincentive for working holiday makers to travel outside major cities.

Feedback also noted that working holiday makers make a positive contribution to diversity in many regional businesses. For example, one respondent identified that the majority of Australian farmers are male, with an average age of 52 years. However, Working Holiday Makers are typically aged between 18-25 years and almost half are female. It was suggested that the business and social benefits from this diversity would be reduced if the number of working holiday makers declined.

Regulatory imposts on employers

Stakeholder feedback was sought on the extent to which the proposed tax changes would impose new compliance and administrative burdens on employers of working holiday makers. Stakeholders agreed that any changes to the working holiday maker visa regime should be made with a view to minimise the regulatory impost on business.

A number of submissions commented that regulatory imposts are seen as a major barrier to business growth and productivity, particularly in regional and rural areas. For example, one submission identified a 2015 survey of 100 businesses in the Northern Territory, finding that regulatory compliance was one of the top three inhibitors to growth in regional areas.

Some businesses reported that existing employment rules and regulations were perceived to be a significant administrative burden. Respondents commented on the complexity of laws relating to worker benefits, safety, migration and taxation as well as specific state and territory laws.

It was asserted that the introduction of a non-resident tax rate for working holiday makers would increase the complexity of business operations. One concern is that employers would be required to apply a greater number of Pay As You Go (PAYG) treatments across their workforce, including for residents, non-residents, those with a tax file number and those without.

Some small and medium sized enterprises stated that the impacts of an increased administrative burden would be significant for their business, most commonly in relation to smaller, family-operated businesses with limited resources. It was noted that administrative tasks often divert effort from primary business activities, which can affect output and profitability. Some stakeholders also expressed concern that excessive red-tape would lessen the ability of businesses to employ labour quickly to fill seasonal shortages.

Respondents observed that an increase in regulatory imposts on small or family businesses could lead to decreased levels of compliance because there are inadequate resources to

perform required tasks. Some stakeholders stated that a burdensome regulatory framework increases the risk that jobs will be diverted to the cash economy.

Stakeholders generally agreed that the administrative requirements for employing working holiday makers were comparatively simple. It was noted that, in contrast to labour hired through the Seasonal Worker Programme, employing working holiday makers does not require employers to be approved as visa sponsors through the Department of Immigration and Border Protection. It was also considered favourable that working holiday makers are not restricted in the skills areas and occupations in which they can work.

Some stakeholders believed that a decrease in the supply of working holiday makers would increase reliance on the Seasonal Worker Programme, and subsequently increase costs to business, for instance the up-front costs of participating in the Seasonal Worker Programme (respondents noted this is approximately \$2,000) as well as ongoing reporting and compliance requirements.

A number of stakeholders commented on the regulatory burden associated with superannuation for working holiday makers. One respondent described that it takes approximately 3 hours to process superannuation details for each new worker. Many stakeholders thought that the superannuation burden was excessive, particularly since many working holiday makers only stayed for a short period of time (sometimes as little as one day). Some businesses also noted the proliferation of worker superannuation accounts across many different funds, which causes confusion and increases the time required to process new employees.

Some stakeholders recommended that superannuation could be paid as part of working holiday makers' taxable income, in order to help reduce the administrative burden for both employers and employees.

In relation to recent changes to second year visa eligibility for volunteers, one stakeholder noted that some farmers who had previously relied on volunteers are now burdened with additional costs and administrative requirements involved in maintaining payroll for paid employees.

The role of labour hire companies

Respondents commented that there are various ways for working holiday makers to seek employment, including through hostels, labour hire companies and job websites. For example, some stakeholders reported using the Harvest Trail website to source labour for agricultural work.

Labour hire companies are used by a significant proportion of stakeholders in the tourism and agriculture sectors. Many businesses reported using labour hire companies in order to minimise their own compliance costs and provide a more streamlined approach to accessing labour.

Stakeholders noted that turnover of working holiday maker employees can be high, and labour hire companies provide a solution for finding, inducting and training short-term workers. Some smaller agricultural businesses stated they prefer to pay a premium to

labour hire companies in order to avoid administrative burdens associated with employment. A number of stakeholders depended entirely on labour hire companies.

A small number of stakeholders said that using labour hire companies was uncommon in their industry. For example, it was reported that the dairy industry relies on previous backpacker referrals and employment websites to find workers.

Some stakeholders commented that a reduction in the supply of working holiday makers could increase competition for labour, thereby giving greater market power to labour hire companies and increasing the costs of obtaining workers. Some growers reported that labour can comprise up to 50% of grower input costs and that this reliance posed a risk to business, particularly as more reliance is placed on labour hire companies.

A number of labour hire companies also expressed concern over the proposed tax changes. Some recruitment businesses and hostel operators said that their business was established with a view to benefit from finding employment for an expected growing number of working holiday makers. These respondents expressed that a decrease in the number of working holiday makers would be a significant risk to their business, particularly in remote regions.

Some respondents observed that there is currently no single resource for matching employers with available labour and recommended the implementation of an industry-wide technology platform to enable real-time, location based employment services.

A number of stakeholders provided feedback on poor levels of compliance by labour hire companies with workplace, safety and migration laws. This feedback is detailed in Section 6.

5 Alternative measures and policies that may mitigate these impacts

Key points

1. Stakeholders consistently recommended the expansion of the current scheme to allow more working holiday makers into the country. Proposals included:
 - Expanding the working holiday maker programme to more countries
 - Increasing the age limit to at least 35, potentially even to 40
 - Increasing the caps on 462 visas
 - Allowing 462 visa holders to do rural and regional work for a second year extension to their visa.
2. Submissions and feedback at stakeholder engagements called for the visa process to be simpler and clearer for both the applicant and the employer.
3. Stakeholder engagements revealed a strong desire among the agricultural and tourism sectors for the Government to ensure Australia is more attractive for working holiday makers than Canada and New Zealand. In their view, this proposition would translate to a tax rate of no more than 19%, with no minimum tax free threshold.
4. To assist in reducing labour shortages more generally there was a desire to make agricultural work more attractive for both working holiday makers and domestic workers, either financially through tax incentives, other benefits, education or marketing.
5. A majority of stakeholders indicated a belief that superannuation should not be payable to working holiday makers.

This section looks at the policies that stakeholders indicated may help to mitigate effects arising from the tax changes on the supply of working holiday maker labour. The relevant terms of reference addressed in this section are:

- *Capacity to match employers with available workers – including regulatory arrangements in relation to labour hire companies*
- *Changes to the use of volunteer or unpaid labour – Willing Workers On Organic Farms (WWOOFs)*
- *Policies to attract unemployed Australians, including young Australians, into work in agriculture and tourism*
- *Consistent tax treatment between different classes of temporary work visa holders.*

Overall, stakeholders indicated that they would be happy to work with the Government to develop solutions for labour shortages within the agriculture and tourism sectors. Most participants recognised that there are labour-related issues present in both industries that

are both long term and complex. This review was seen as an opportunity to shed light on these issues and to raise constructive options for resolving current and forecast labour shortages.

5.1 Detailed feedback

There was a large amount of consistency around the measures and policies that could be implemented to help mitigate not only the effects of the proposed tax, but also the labour issues that these sectors currently face. This section summarises the main proposals put forward in the workshops and submissions.

Expanding the scheme to attract more participants

A consistent call for expansion of the working holiday maker programme was made across stakeholder engagements. Stakeholders from both the agricultural and tourism sectors indicated a desire to access greater numbers of working holiday makers through expanding visa eligibility and removing some of the limits currently present.

Expansion of the scheme revolved primarily around five key avenues identified by stakeholders:

- Expanding the list of countries included
- Increasing the age limit on applicants
- Increasing the time a working holiday maker can work with one employer
- Increasing the country caps on 462 visas
- Allowing 462 visa holders to access a second year extension by working in rural or regional areas.

Businesses indicated that the six month limit was particularly costly because of the inherent training costs, noting a significant investment in each new worker for even low skilled positions. Farmers also indicated a preference to allow access to return workers for longer than two years, allowing working holiday makers to continue staying in Australia as long as they are willing to work rurally each year.

Some stakeholders considered the country caps on the 462 visas to be low considering the population sizes of the origin country. It was felt that these caps filled quickly and constrained demand for the programme.

Many stakeholders advocated increasing the age restriction on the visas to 35 or higher. Stakeholder engagements revealed a belief amongst the community that older working holiday makers are likely to spend more money in Australia and also more likely to arrive with high spending power. There was also a general lack of understanding as to why a cap on ages was in place at all.

Submissions and stakeholder engagements indicated a preference to see the recent option for 462 visa holders to undertake rural work for a second year visa extension, as long as they undertake that work above the Tropic of Capricorn, expanded to the rest of the country, or at least to some of the other regions of Australia that are equally remote. Some

tourism stakeholders also indicated that the tourism industry would like access to the second year extension for work in the tourism sector.

Similarly, the question of which areas are designated regional for the purposes of the 88 day work requirement was raised by several stakeholders. Many felt that there are areas that do not qualify, but could be considered as regional and would benefit significantly from this initiative. Stakeholders indicated that labour market distortions have been created in regions where parts of the area qualify for the 88 day work requirement, and other neighbouring parts do not. For instance, in the WA stakeholder engagement, it was claimed that the Salamanca Quay in Hobart and Rundle Mall in Adelaide were categorised as regional, yet the vegetable growing corridor north east of Wanneroo was not.

Stakeholders across the country also expressed concern over the way in which the 88 day requirement was being interpreted. Currently, the policy requirement for a working holiday maker to work 88 full time days was seen as being difficult to accommodate in many sectors. For example, a large amount of work in agriculture was indicated to not take up the full working day. Consistently, stakeholders called for the 88 days to be redefined to include an hours-based calculation that can be spread across calendar days.

Submissions from both the agriculture and tourism sectors shared the preference for the programme to be expanded and changed to allow more individuals from more countries to participate. However, agricultural stakeholders indicated a preference for the second year option to remain solely for the agriculture sector. Tourism sector stakeholders saw little reason to limit the second year extension to agriculture. Disagreement on this point centred mainly on the attractiveness of rural work. Agricultural stakeholders felt that if the second year option was opened up to tourism, agricultural work would no longer be attractive. They expected working holiday maker numbers to drop to almost zero in regional areas if such a change was implemented.

Seasonal Worker Programme / Agricultural visa

Through the terms of reference the Seasonal Worker Programme was identified as a potential other source of seasonal labour that may help to cover any loss of labour from a change in the taxation of working holiday makers. Broadly, most stakeholders recognised the Seasonal Worker Programme as a part of the solution to the agricultural sector's labour needs.

However, most were insistent that the Programme does not have the potential to solve all of the sector's labour needs. There was consistent support for a dedicated agricultural visa that provides farmers and agricultural businesses with an easy-to-access labour source suited to the varying seasonal needs of each aspect of agriculture across the country.

Seasonal Worker Programme:

Farmers, especially those who run smaller enterprises, believe that the Seasonal Worker Programme is not fit for their needs. They see its aid focus as something that makes it too expensive for them to engage in. In contrast, working holiday makers are seen to be a relatively simpler alternative source of labour. Similarly, small farmers or enterprises found the labour market testing aspect of the Seasonal Worker Programme as particularly challenging. Many farms only know the amount of workers they will need close to

harvesting and therefore the lead times are too short if they fail to gain the right amount of labour through other means.

There was a consistent message that the Seasonal Worker Programme is not feasible because of its lead times, which were seen to be months rather than weeks. Much of the seasonal work, especially in horticulture, requires very short notice and work may only be for a few weeks. There was consistent sentiment across stakeholders that the Seasonal Worker Programme will not be able to cover any significant drop in the working holiday maker labour market.

Stakeholder engagements revealed a desire for returned labour as it is generally more productive, needing less training and having the advantages of familiarity. However, because of the complexity in the Seasonal Worker Programme, stakeholders expressed concern about how much of an investment it requires to host participants in the programme. Some of those who still chose to go through the programme felt the need to use labour hire companies or contractors who can work through the process for them, in turn making the programme more expensive. Some stakeholders indicated that the Seasonal Worker Programme could be a viable alternative to working holiday makers if the Government were to reduce some of the costs and red-tape associated with the programme.

Some industries, like the cotton industry, reported having only just received access to the Seasonal Worker Programme. Stakeholders indicated there is currently little interest in the Programme, however, this may change as more enterprises gain experience with the Programme.

Agricultural Visa:

Across stakeholder engagements with members of the agriculture sector there were consistent calls for a visa dedicated to the seasonal nature of agricultural work. Many referenced the need for a cohesive forward-looking workforce plan, which will address labour issues well into the future. The agricultural sector is looking for a visa option that allows it to access workers from across the world and utilise them as needed, in seasonal or ongoing contracts.

While stakeholders indicated willingness to accommodate further policy and regulation around this purpose-made visa, there was strong resistance amongst stakeholders to labour market testing. Many feel that it does not take into account the issues that farms already have in finding labour. Into the future, the sector indicated a willingness to work with Government on the development of any long term solutions for agriculture.

Employing Australians, young Australians and university students

Access to labour is something most stakeholders were especially concerned about, linking it directly to the success of Australia's agricultural and tourism sectors. Many stakeholders across both the agricultural and tourism sectors expressed a desire to use more local labour, but raised issues that restrict the use of local Australian labour.

Stakeholders from both the agricultural and tourism sectors indicated that unemployment rates are not reliable indicators of available labour in a region. Many felt a large section of the unemployed are unsuited for manual labour, particularly in agriculture. Many

agricultural stakeholders viewed the mining sector and the new 24-hour service industry, which includes petrol stations and fast food outlets, as limiting the remaining labour pool that could have done agricultural work as these industries provide somewhat more flexible and reliable source of income, typically closer to the principal place of residence. Stakeholders from the tourism sector also mentioned struggling to provide labour for the demands for 24 hour service.

Smaller farms and businesses claim to hire local staff as a first preference. However, they often find that there are insufficient high quality applicants to fill the positions advertised. Many indicated it is hard to attract Australian youth into agriculture if they do not already have an interest in it; leading to calls for greater marketing within the education and training system for a career in agriculture.

Stakeholders wanted it to be acknowledged that many of the agricultural industries across the country are actively working with their respective state governments to attract more Australians to agricultural work. They indicated a perception that they are, however, experiencing limited success currently.

Potential to increase the use of university students:

Many stakeholders expressed a desire to hire more university students, however, noted that university holidays are not well aligned to a lot of the agricultural seasons. Often the challenge of training was mentioned, as students only have relatively short breaks there is often insufficient time to fully train them for complex work. Despite the difficulties in timing around holidays the cotton industry claims to already use university students, however most are reportedly already studying agriculture. The tourism industry makes use of university students to a greater degree, particularly as their holidays line up well against peak tourism seasons.

Stakeholders would like to see more done to let university students know of seasonal work that does fit within their holidays and make it easier for them to access it from the major cities. A few stakeholder engagements suggested international student visas could have their restrictions lessened to allow for more rural work or give international students discounts on their tuition fees for working in rural regions through the semester breaks. Options were discussed around extending student visas after their degree finishes if they participate in rural work, allowing for participants to transition onto other visa options like the Working Holiday Maker Visa.

Social welfare / Employment services

Stakeholders, primarily in the agricultural sector, expressed frustration with the current social welfare system and the negative incentives it was seen as creating for paid work, especially agricultural work. Many felt that the unemployed in their regions could well do agricultural work for around the same money, if not more. However it is seen to be physically demanding and as such unattractive.

Stakeholder engagements heard consistent claims that members of society on Centrelink payments or participating in job seeker programmes were often difficult to hire. Stakeholders believe that many on unemployment benefits are not genuinely looking for work and intend to remain on Centrelink benefits. Distinction was made around the government's Youth Jobs PaTH (Prepare-Trial-Hire) Programme due to it looking to get

young people into fulltime work. This Programme was not deemed suitable to seasonal work.

Across the country agricultural stakeholders expressed similar stories of trying to hire local labour through a jobactive service, finding that most candidates they receive do not stay with the employer for long. Some stakeholders described investing money and time in hiring and training locals, only to find they will no longer show up. Local individuals only wanted to meet Centrelink's job search requirements.

Stakeholders would like government to consider making it easier for members of society who are receiving welfare payments to be able to supplement those with work in the agricultural sector. Options that were presented include:

- Allowing people to pause their Centrelink payments while doing seasonal work. The industry understands that it is not a full time role, but it can offer paying work to people for short periods to supplement income and allow the government a break from having to pay some of these people
- Create programmes to make it easier for those on welfare payments to access work outside of cities and towns.

Make agriculture and rural regions more attractive – financially or through other benefits

Agricultural and rural stakeholders consistently expressed being open to any incentives that would make rural areas more attractive to live and work in. Some stakeholders suggested having 50% less tax in regional areas for regional work or at least have lower tax rate in regional areas. Consistently there was mention of a need to raise the profile of farm work; through marketing and by making it more attractive with better wages and conditions.

Media and education

Representatives from both the tourism and agriculture sectors were concerned with the negative press the revised tax arrangements had generated, both domestically and in the international visitor market. While acknowledging that industry has played a part in maintaining this issue in the media, all agree that work will be required from now onwards and especially after any decision by the Government to repair Australia's image in the backpacker market. Conversation around this point often branched out to what the broader perceptions of agricultural work were within the community and what could be done to increase local awareness of farm-based work.

There was a consistent call for a campaign to fix the 'bad media' from this debate. Working holiday makers are exceptionally connected through social media networks. Feedback suggested that most working holiday makers are aware of this issue and the surrounding debate. Stakeholders saw a need to utilise our diplomatic and tourism marketing channels across the eligible countries to market the value of spending time in Australia on 417 or 462 visas.

On local media and education:

There was a consistent desire amongst agricultural stakeholders to improve the image of farmers and agricultural work in Australia. They expressed concern that many Australians

only get exposed to farmers and their work through negative news reports (for example, of drought and its social consequences). They would like to see new messages being communicated to the community, showing an industry that is growing, profitable and embracing new technologies. Stakeholders wish to see a change in the image of farm work as menial and unattractive.

Concern was expressed by those in the meat industry that from a young age children are being taught that animal farming is morally corrupt and that farmers are evil through vegetarian and vegan advertising. They feel as though the system is not balanced in providing views on ethical farming and the philosophical arguments in favour of farming practices and the ethical use of animal products.

Some stakeholders expressed concern that agriculture was seen as a last resort for employment and not a career worth pursuing.

Superannuation

In each stakeholder engagement superannuation was raised as a contentious matter amongst employers of working holiday makers in both the agriculture and tourism sectors. The primary objection was around why such money was put aside for workers who had no intention of retiring in Australia. Equality between Australian workers and foreign workers was important to all stakeholders, however at the moment employers feel the system is not equitable, or serving its purpose. Some stakeholders did acknowledge the difficulties around making any changes to the superannuation scheme.

Stakeholder engagements and submissions raised questions around whether working holiday makers fit the purpose of why superannuation was implemented. General consensus was that people should not be paid superannuation if they have no intention to use it for its intended purpose. Superannuation was viewed by many employers as a bonus that working holiday makers take out of the country upon leaving.

Stakeholders did provide many potential options for how employer superannuation contributions could be better spent. Below is a summary of the most common options put forward:

- The threshold for when an individual needs to be paid superannuation has not changed since its introduction. Stakeholders identified the superannuation guarantee of 9.5% if an employee earns \$450 or more per month as a level that is too low. Most noted that this number has not changed in a long time and has not increased alongside other elements such as minimum wage. Employers would be supportive of a review of this threshold
- Some stakeholders suggested that superannuation contributions could go straight to government, allowing for a lower tax rate for the same revenue raised
- Feedback from stakeholder engagements suggested superannuation contributions could be invested better. For example, paying the super contributions of working holiday makers to research and development funds in the agricultural sector
- Stakeholders suggested linking superannuation contributions with working holiday maker access to our public health system, or an insurance fund for working holiday makers more broadly for emergency assistance. Options could still remain to refund working holiday makers if they do not use the public health system during their stay

- Many suggested incorporating superannuation back into each pay check, so that they could spend it in Australia. However, most stakeholders expressed concern about paying a working holiday maker more per hour than an Australian worker just because their superannuation contribution was paid to them directly.

Increasing benefits to balance any increase in tax

By increasing the tax burden upon working holiday makers, many stakeholders were concerned about whether such a tax rate was fair and equitable. Concerns were raised that working holiday makers would not be receiving any extra benefits for the taxes they would be paying. Stakeholders mentioned that working holiday makers do not draw on social welfare, nor do they burden our health system as they are full paying users. Most stakeholders would like to see greater benefits implemented for working holiday makers to counteract the tax. Stakeholders felt it was unfair to leave conditions the same, while raising the tax.

There was concern around how the tax will affect those who are on piece rate wages for the amount of produce they pick. Stakeholders feared some working holiday makers would not be able to earn enough money through piece rates. Stakeholders referenced the New Zealand policy that requires an employer to still pay a worker minimum wage if what they earn through piece rates is too low. Although this could be an option for Australia, employers were concerned that, although this may help to ensure working holiday makers are paid enough, it could be costly to enterprises.

Taxation options

Stakeholder engagements and submissions revealed a consistent desire for a lower tax option to be considered. Most stakeholders could understand the need for working holiday makers to pay some tax, but felt that because of their importance to the agricultural and tourism sectors and the fact that they do not earn large amounts of money, they should not be taxed at the high rate currently proposed.

Stakeholders across the country put forward alternate taxation options through stakeholder engagements and submissions. Of the proposed alternatives, 15% and 19% were the two most common preferred tax rates if a non-zero rate were to be adopted. Any tax rate of 19% or under would be far more widely accepted by those with whom we consulted and 19% was viewed as the highest tax rate the industry could take before they became uncompetitive with New Zealand and Canada. Stakeholders estimated, under certain assumptions, that a tax rate of 19% would still raise approximately \$325 million per year for government.

Stakeholders felt that a tax rate of 15% to 19% would have a smaller impact upon backpacker decisions and therefore any decline in number would be minimal, particularly as a rate at that level would still place Australia's after tax minimum wage ahead of our competitors. Reference was made to the Monash University study by Dr Jeff Jarvis. 60% of respondents agreed with the statement that they would not travel to Australia if the tax rate was increased to 32.5%. However, if the tax rate was 18%, respondent agreement fell to 31%.

A few stakeholders raised the option of having a different tax rate for agriculture and tourism sectors to keep agriculture sector more attractive. However, most agreed that the

tax rate should remain the same as working holiday makers often work in both sectors and we need to make sure the system is simple for them and employers to use.

Finally, there was widespread concern over how the Government had modelled the revenue that would be raised through the proposed Budget measure. In particular it was felt that the revenue estimate did not sufficiently account for the behavioural change that the tax would lead to (outlined in Section 3 above), or any negative flow-on costs to the economy that may lead to reduced tax revenues from businesses. Reporting what was seen to be an unrealistically high revenue figure that did not account for the primary concerns from industry around the behavioural change the tax would provoke was viewed as unhelpful.

Willing Workers on Organic Farms (WWOOF)

According to information received through stakeholder engagements and submissions, WWOOFs, or volunteers on farms, have been in decline in recent years. This decline was commonly associated with changes in the second year extension rules for the WHM Visa to require a payslip. Very high percentages of WWOOFs, quoted at 80-90% by some stakeholders, were on this visa. One WWOOF organiser reported dropping from 12,000 participants on her books to 5,000.

Most stakeholders agree that volunteering labour should always be an option for people who want to do it. Most felt that exploitation is more likely to occur where people think they will earn money for their work, not in jobs where they know they are working for free. There was a consistent call to allow WWOOFs to continue on for the second year without a payslip, perhaps with some other form of certification that they were working on a farm for that time.

Other options

This section covers all other options of note that were raised through stakeholder engagements or contained within submissions. The most common additional options put forward to improve the WHM visa scheme or improve labour shortages across the country were:

- The working holiday maker visa information should be made available smartphone downloadable, with information for holders about their work rights in their own language. The app could facilitate a simpler transition in and out of work and provide any employer with all the details they need electronically
- Make the whole process simpler for employers and visa holders. The system should be intuitive, clear and easy to use on both ends. Stakeholders consistently referenced the way in which Canada has a website that makes it so clear what conditions you are under as a working holiday maker. Stakeholders are frustrated with the Tax Office website; they discussed finding it hard to navigate and very confusing
- There should be a pathway for working holiday makers to move onto 457 visas and then to resident visas so that each sector can keep good labour that comes into the country
- Stakeholders were consistent in their desire for developing better ways of capturing labour data in both the agricultural and tourism sectors. Both sectors would like to

understand our current labour demographics in greater detail, therefore understanding our labour needs better

- Humanitarian visas could be expanded to fill any labour gap. Stakeholders in the agriculture sector consistently made mention of how workers on humanitarian and refugee visas were very good to work with. They found them to be willing, flexible and generally happy to go anywhere for work. Refugees were presented by a couple of stakeholders as great workers and even more productive than working holiday makers
- Stakeholder engagements and submissions consistently referred to the price of Australia's visa application. There is concern that Australia is pricing itself out of the working holiday maker market and should look to reduce the visa fee. Many indicated that application numbers dropped after the most recent rise in visa application fees, although noted the difficulty in attributing this fall solely to one factor
- In line with this view, there was a consistent call through stakeholder engagements and submissions for the current visa options to be made more attractive to the target market, aligned with their desires to travel and work across this country.

6 Worker exploitation

Key points

1. Temporary visa holders in general, and working holiday makers in particular, are seen as being susceptible to exploitation by unscrupulous operators. Such operators include growers, labour hire companies and accommodation providers such as backpacker hostels. Stakeholders indicated that these should be seen as being the exception, but there was wide recognition that such operators existed.
2. The condition to undertake 'specified work' in regional areas to satisfy the 88 days requirement to be able to apply for a second year is one of the factors that contributes to the accounts of exploitation by placing 'power' in the hands of the employer.
3. Solutions to addressing the issue of exploitation fell into two camps – one emphasising that there is appropriate regulation in place and instead more enforcement is required, and the other calling for additional measures such as the introduction of accreditation or licencing regimes with respect to labour hire intermediaries.
4. The relatively rapid rise in working holiday maker numbers was seen as not being met by a commensurate increase in enforcement or investigative resources for the Fair Work Ombudsman.
5. The working holiday maker visa was seen as having become a work visa 'by stealth' given its original intention as a cultural exchange visa. It was felt that it did not contain the same worker protection or monitoring as other working visas.
6. There was also a view that the proposed tax will create further incentives for the cash economy and exacerbate the exploitation and welfare issues for temporary visa holders.

In addition to the potential impact on the supply of working holiday visa holders, stakeholders also expressed views on other unintended or unforeseen consequences for the relevant sectors due to the proposed tax. One of the key issues in this category was concerns in relation to exploitation and protection of vulnerable workers. The reliance on labour hire companies and their conduct was a concern among the majority of the stakeholders. Other ancillary issues that were discussed included inconsistent tax treatments across different classes of workers.

The feedback below refers to the following elements of the Terms of Reference:

- *Exploitation of and protections for vulnerable workers, including evaluation of illegal labour hire practices and non-compliance with laws and regulations*
- *Capacity to match employers with available workers, including regulatory arrangements in relation to the role of labour hire companies*
- *Consistent tax treatment between different classes of temporary work visa holders.*

6.1 Detailed feedback

Sourcing of seasonal labour is an issue for a number of remote areas which leads them to engaging labour hire intermediaries

Stakeholders provided information regarding various ways in which labour is sourced, including labour hire companies, hostel operators, job advertising, websites such as gumtree.com.au and social media. Owing to the need for large numbers of workers, larger operators turn to labour hire companies or contractors to effectively outsource the recruitment process. There was a view expressed that large labour hire companies do not engage in supplying for agricultural work as the margins are not viable, which leads to more opportunity for other smaller scale operators who are less risk averse and likely to cut corners.

Some stakeholders stated that they have tried, without success, on many occasions to get workers at their farms through employment agencies (including Centrelink and Disability Workers). The National Harvest Labour Information Service (NHLIS) was seen as a useful tool for many regional agriculture regions. However, there is some level of apprehension that smaller regions will be inundated with job queries if they post the jobs on the NHLIS. Some submissions suggested that a locally run service is much better in understanding the levels and nature of labour requirements in the region. This was seen particularly the case in semi urban areas such as the Yarra Valley where greater awareness of the range of individual growers and labour demands was seen to be required to provide a better matching service between growers and employers.

Some submissions noted that the closure of providers which had received government funding to provide labour services has resulted in both growers and backpackers unable to be suitably matched for available work. For instance, the Yarra Valley (including Dandenong Ranges) was previously recognised as a Harvest Labour Area and the Employment National division of Centrelink ran a Harvest Trail Office in Lilydale. The recognition of the region as a Harvest Labour Area lapsed when Employment National was closed. Since the local Harvest Office closed, growers have been unable to be co-ordinated in seeking seasonal workers.

Submissions suggested that community-owned local job hubs, while primarily focused on the employment of locals, could also be a transit point for itinerant workers in each area, subject to relevant audit processes by relevant authorities (such as the Fair Work Ombudsman). Some stakeholders suggested innovative alternatives to having a local harvest Office, such as creating a website or app to be used as an accessible and cost effective method for job matching.

Stakeholders' submissions also highlighted variations in different sub-sectors around the usage of labour hire companies. For instance, according to the information provided by the Australian Dairy Farmers, the use of labour hire companies is not common in the dairy industry (a view also presented by stakeholders with respect to tourism industry). Dairy farmers typically rely on previous backpacker referrals or advertising sites such as gumtree.com.au to find working holiday makers to employ. The dairy industry also has its own employment website, which allows dairy farm employers to register available jobs on a dairy farming employment register. This website provides an avenue for both employers

and job seekers to register their offers and skills, to help ensure suitable job and candidate matches.

The horticulture industry, on the other hand, reported as being heavily reliant on labour hire intermediaries. According to the submission provided by the Citrus Australia South Australian region, large numbers of citrus producers rely upon labour hire companies to source seasonal workers. This was cited as particularly the case for smaller operators who do not have the capacity to directly engage workers, due to the general administrative burdens of recruiting, training and overseeing employees. This view was expressed fairly consistently across Australia by representatives from the horticultural (fruits and vegetables) sector.

Exploitation of vulnerable workers is an issue for temporary visa holders in general, with some causal factors specific to the working holiday maker programme

Feedback from working holiday makers and international students indicated concerns with the practices of some employers – specifically, co-ethnic employers – that exploit their unique position of having a shared language and culture. The recent Insight program on SBS on this issue was seen as raising awareness of the level of abuse of the system. One stakeholder summarised the kinds of issues faced by temporary workers:

- Employers offering pseudo training on the job (for no pay) for periods up to a week or more before beginning to pay
- Employers insisting that the job is casual, they do not want a tax file number and the rate of pay will be \$9 to \$11 cash in hand
- Employers insisting that a student or working holiday maker visa holder use their tax file number to obtain an Australian Business Number (ABN) so they can be considered as a sub-contractor (despite the fact that they are not acting as an independent contractor), with the attendant complications that arise with the ATO.

Some unscrupulous operators were reported as only paying part of a salary to their workers, or paying no superannuation or taxes. If a worker complained or did not cooperate with them, they would not get work or would be sacked without notice.

One stakeholder alleged that some Registered Training Organisations (RTOs), who are engaged in offering vocational courses containing elements of learning and on-site training at considerable cost to overseas students, were also acting as labour hire companies. It was claimed these RTOs are hiring out labour at industry rates, while paying the students rates of 33.3% less than the charge to the respective employers.

Stakeholders consistently linked the elimination of the tax-free threshold for working holiday makers and taxing at a higher marginal tax rate to increased exploitation opportunities within the sector.

A number of stakeholders noted that some working holiday makers possess limited English language skills, which are usually just enough for basic communication. These visa holders therefore have difficulty communicating and explaining exploitation issues with relevant authorities. It was claimed that some working holiday makers do not have the language skills or confidence to confront or negotiate with a contractor or employer, and that some

employers use a 'take-it-or-leave it' attitude to intimidate prospective employees. This was indicated to be a greater issue for 462 visa holders, as a large proportion of 417 visa holders come from nations with high rates of English proficiency.

Some stakeholders linked the requirement to undertake 88 days of specified rural work for a second year extension of the working holiday maker visa as increasing exploitation opportunities. They expressed a view that providing information to support temporary workers is not enough. The pressure to complete the 88 days is compelling, discouraging even well-educated working holiday makers from speaking up about instances of exploitation.

A number of stakeholders questioned this 88 day requirement. They acknowledged that this requirement, whilst good for labour supply to agricultural industries, perverts the original intention of a visa designed to encourage long-term tourism and cultural experiences. Stakeholders expressed concern that while many employers and accommodation operators do the right thing, the second-year option creates structural conditions in which such abuses occur more often. In order to satisfy the conditions for a second-year visa, working holiday makers become vulnerable to employers and hostel operators, and are more likely to perform dangerous work, work for excessive hours, or work for sub-award wages. Stakeholders claimed that there were documented cases of employers failing to provide a safe workplace, refusing to take responsibility for workplace injuries and pressuring female workers to provide sexual favours in return for 'sign off' on their 88 days of specified work.

Another issue discussed was around the perceived unfairness of piece or bin rates instead of hourly rates. According to one stakeholder, *"piece rates leave employees with little to no money after the high expenses of hostel prices in regional areas."* Another submission noted that backpackers are being paid as low as \$5.00 per hour on piece rates, and that *"it is not a fair playing field for the honest employers."* Some stakeholders believed that the minimum wage should be enforced, rather than piece rate arrangements. Horticulture stakeholders, on the other hand, defended the piece/bin-based rates, on the basis that this incentivises workers to increase picking rates per day, in order to maximise earnings. These stakeholders argued that this established practice lifts productivity in completing harvesting tasks and optimises the quality of the fruit.

A number of submissions also mentioned that backpackers are not only exploited by farmers but also (and more often) exploited by accommodation providers in these regional areas. Some labour hire companies also operate accommodation businesses, and often charge high prices for accommodation and transport to work. According to provided accounts, these 'working hostels' can be unsafe and unsanitary for working holiday makers. Stakeholder engagements provided accounts of hostel operators promising work in return for accommodation, and asking travellers to pay for their accommodation in advance. It was submitted that backpackers taking up these offers would subsequently arrive at remotely located hostels, only to find that there is no work available, that work is uncertain or that the available pay and hours are insufficient to cover the exorbitant prices charged for the accommodation (which is currently not regulated).

In line with this, stakeholders mentioned that every local council has different laws around the operation of backpacker hostels, which can make the system difficult to navigate for working holiday makers. Some stakeholders suggested a need for a federally consistent

regulatory framework to address issues surrounding the supply of work and lodging to backpackers.

Solutions to worker exploitation issues

Overwhelming feedback and submissions from the stakeholders emphasised that temporary workers – including backpackers – should be protected from mistreatment. A sentiment that was reflected across the country throughout the stakeholder engagement process was that *“foreign workers are a great asset to our seasonal business. They are decent, hard-working kids that deserve to be treated with respect.”*

A number of stakeholder groups provided evidence of various formal programmes, as well as informal industry practices, around protecting vulnerable workers in their sectors. Whilst maintaining compliance is ultimately the responsibility of growers and other employers in the industry, the success of these programmes was noted.

Cotton Australia cited the cotton industry’s Better Management Practices (myBMP) program, which provides information about better management practices, such as HR management, for its members. Cotton Australia also cited its membership of the global sustainability program the Better Cotton Initiative (BCI) to highlight its intent around better work practices. This sentiment was reflected in other industries across agriculture, with varying degrees of maturity.

The issue of exploited workers was seen as requiring greater monitoring of operators and heavier penalties for the exploitation of vulnerable workers. However, some stakeholders claimed that no matter how much regulation is applied to local businesses, growers and labour hire companies, the risk of exploitation of overseas workers brought to Australia by foreign-based labour hire companies will still remain.

Two almost equally-represented points of view were put forward to deal with this issue:

- First, that Australia’s current legislation and regulation of labour was sufficient. The issue lies primarily in enforcement. Many stakeholders advocated for greater resources to be allocated to authorities such as the Fair Work Ombudsman and other enforcement agencies to ensure compliance with Australian workplace laws. Some industry stakeholders stated that, in order to combat exploitation, a best practice framework or voluntary standards would be preferable to more regulation
- Secondly, that current laws and regulation required strengthening, along with greater penalties. Some stakeholders requested an accreditation or licencing regime where labour hire entities should be registered through a relevant government authority conducting regular audits. AUSVEG provided additional detail in their submission on how such a scheme would require labour hire firms to prove compliance with relevant Australian laws to become accredited. Under AUSVEG’s proposal, labour hire firms would have to receive approval from a number of key organisations to become accredited, such as the ATO, the Department of Employment, the Department of Immigration and Border Protection and relevant State work health and safety statutory bodies.

Some submissions suggested that resourcing for enforcement agencies is the challenge. The argument was made that large growth in the number of working holiday makers had not been matched by sufficient resourcing for investigation by authorities such as the Fair Work

Ombudsman. They expressed concern that the 462 and 417 visa programmes were never intended to be working visas, and therefore are not designed with the sort of protections that a working visa would entail. These submissions foresaw any reduction in working holiday visa numbers as an opportunity to allow compliance resourcing to catch up with addressing exploitation issues.

Stakeholders noted that even though instances of exploitation or under pay had occurred within the Seasonal Worker Programme, it was far easier to monitor the employment conditions of workers employed under a centrally organised programme. Stakeholders saw that the instances of mistreatment within the programme were believed to have been perpetrated by labour hire contractors rather than farmers.

The proposed tax will create incentives for the cash economy

One of the main unintended consequences cited by a majority of stakeholders has been that the proposed tax arrangements will lead to an increase in the cash-in-hand or black economy. One reason for this suggested by stakeholders was that it is considered “un-Australian” to pay two people different rates for the same job, and that farmers will see themselves as being more fair by paying cash in hand to remove the effect of the proposed tax.

There was also a consistent assertion that there is already a sizeable cash economy operating in the unskilled labour market within the sectors consulted. Some stakeholders indicated that this is because most of the horticultural sector and various other crops (such as cotton) have a very small harvesting window when large numbers of workers are needed. There is a high risk of losing investment if the produce is not harvested within the required timeframes. To ensure an adequate workforce, some employers are willing to pay higher rates in cash.

In terms of the impost of additional compliance and regulation, stakeholders in the agricultural sector were generally of the view that they are at their busiest during harvest time; therefore, their capacity to deal with red tape and paperwork in these periods is fairly limited. In one stakeholder’s view, there is already far too much red tape and interference by the government and unions. The restriction of working holiday maker visas of 6 months’ maximum employment per employee further exacerbates matters. “We are working under 5 different accreditations and it is very difficult to keep inducting and training new employees.”

Many stakeholders believed that the compliance and enforcement costs of this proposed tax would outweigh the expected tax revenue.

Comparative tax burden on 417 and 462 visa holders against other visas

Some stakeholders drew attention to the tax rates of other temporary work visas that are employed across Australia. In particular:

- The Temporary Work (Skilled) Visa (457) has a tax free threshold available and a 19% tax rate
- The Special Programme Visa, which includes the Seasonal Worker Programme (416), has a flat tax rate of 15%
- Some references were also made to the 13% withholding tax option, which is available for individuals who work in the horticultural industry.

Stakeholders believe that the difference between each of these visas and the 32.5% proposal for working holiday makers effectively makes the working holiday maker visa highly unattractive for any individual who wants to work in this country.

Many stakeholders were concerned that the current proposal makes the visa unusable for work, citing the need to ensure the visa balances its work and holiday aspects.

Appendix A– results of online survey

As part of the review the Department of Agriculture and Water Resources conducted a survey through an online portal. The survey collected demographic details from respondents and asked participants to rank their agreement to various statements on a Likert scale. This section summarises the results of the survey.

Demographic characteristics of respondents

Table A.1 below shows that slightly less than a third of respondents to the survey were direct employers of working holiday makers, while another third were current working holiday makers. The remaining respondents comprised private citizens (16%) and various other stakeholders. Public sector responses accounted for around 2% of total responses.

Table A.1: Respondent occupations

Respondent category	Number of respondents (N=1751)	Percentage
Direct Employer of WHMs	557	32%
Current WHM	525	30%
Private Citizen	273	16%
Former WHM	125	7%
Accommodation Provider for WHMs	124	7%
Representative Organisation/Peak Industry Body	117	7%
Academic	76	4%
Prospective WHM	72	4%
Labour Hire Company	27	2%
Government (Local)	21	1%
Government (State/Territory)	15	1%
Government (Commonwealth)	4	0%
Government (International)	2	0%
Other	94	5%

Note: Totals exceed 100% since some respondents nominated more than one category

About half of respondents provided a postcode from inner or outer regional Australia (table A.2). Respondents were also able to provide their country of residence. The majority of the responses that provided no postcode came from international respondents.

Table A.2: Australian Statistical Geography Standard (ASGS) correspondences from respondents' postcodes

ASGS Category	Number of respondents	Proportion of responses
Major cities	446	25%
Outer regional	495	28%
Inner regional	379	22%
Remote	175	10%
Very remote	0	0%
International or no postcode provided	256	15%

Table A.3 shows that most respondents provided postcodes considered regional for the purposes of the working holiday maker programme.

Table A.3: Proportion of respondents' whose postcodes are categorised as regional under the working holiday visa definition of regional Australia⁵

Working holiday maker visa category	Number of respondents	Proportion of responses
Regional	1060	61%
Non-regional	447	26%
International or no postcode provided	244	13%

Responses to survey statements

The survey prompted respondents with the statements in table A.4. Responses were recorded using a Likert scale from strongly disagree to strongly agree.

⁵ *Working Holiday Visa – Definitions of Specified Work and Regional Australia* (sub item 1225(5) of Schedule 1 to the *Migration Regulations 1994*) specifies postcodes which are defined as “regional Australia” for the purpose of the working holiday visa.

Table A.4: Survey statements

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1. Working holiday-makers undertake work that Australians are unable or unwilling to perform.
 2. Backpackers should pay at least some tax while in Australia.
 3. Working holiday-makers should be able to access their superannuation when they depart Australia.
 4. The number of working holiday-makers coming to Australia will decline if a 32.5 per cent income tax rate is enforced.
 5. Working holiday-makers contribute to regional Australia.
 6. It is important that working holiday-makers spend time outside major cities.
 7. Australian workers should be given the opportunity to work, before the role is offered to a working holiday-maker.
 8. The labour hire industry is sufficiently regulated with respect to working holiday-makers.
 9. The amount of red tape involved in employing workers is about right.
 10. I am aware of government programmes to help people in seasonal and temporary jobs.
-

Tables A.5 to A.15 summarise the responses to these statements. Data are disaggregated into employers of working holiday makers and current working holiday makers, and separately into regional respondents and non-regional respondents (under the working holiday visa definition of regional Australia).

Table A.5: Working holiday-makers undertake work that Australians are unable or unwilling to perform.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree	Don't know
Overall	4%	2%	6%	18%	68%	1%
Employers	1%	1%	3%	12%	83%	0%
WHMs	5%	4%	8%	25%	55%	2%
Regional	3%	2%	4%	16%	75%	0%
Non-regional	5%	3%	7%	22%	61%	2%

Overall, there was strong agreement that working holiday makers undertake work that Australians are unable or unwilling to perform. This perception was stronger among employers and people in regional areas than working holiday makers and respondents in non-regional areas.

Most employers of working holiday makers strongly agreed that backpackers should pay at least some tax while in Australia, compared to only 17% of working holiday makers.

Table A.6: Backpackers should pay at least some tax while in Australia.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree	Don't know
Overall	16%	10%	12%	26%	35%	0%
Employers	5%	5%	10%	23%	58%	0%
WHMs	27%	14%	15%	27%	17%	0%
Regional	11%	8%	12%	25%	43%	0%
Non-regional	20%	12%	12%	29%	25%	0%

A high proportion of working holiday makers agreed that they should have access to their superannuation when they depart Australia, and the majority of other respondents agreed with them.

Table A.7: Working holiday-makers should be able to access their superannuation when they depart Australia.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree	Don't know
Overall	12%	5%	10%	14%	58%	1%
Employers	24%	8%	13%	14%	40%	1%
WHMs	2%	1%	4%	11%	83%	1%
Regional	17%	7%	12%	15%	48%	1%
Non-regional	5%	3%	7%	12%	72%	1%

There were very high rates of strong agreement that a higher income tax rate will reduce the number of working holiday makers in Australia among all groups.

Table A.8: The number of working holiday-makers coming to Australia will decline if a 32.5 per cent income tax rate is enforced.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree	Don't know
Overall	3%	1%	1%	5%	88%	1%
Employers	1%	1%	1%	5%	91%	1%
WHMs	5%	0%	1%	4%	90%	0%
Regional	3%	1%	1%	6%	89%	1%
Non-regional	5%	1%	2%	6%	85%	1%

Overall, there was very strong agreement across all respondent categories that working holiday makers contribute to regional Australia. The highest levels of agreement were among regional respondents and employers of working holiday makers.

Table A.9: Working holiday-makers contribute to regional Australia.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree	Don't know
Overall	1%	1%	2%	6%	89%	0%
Employers	0%	0%	1%	2%	97%	0%
WHMs	1%	1%	3%	11%	84%	0%
Regional	0%	1%	1%	5%	93%	0%
Non-regional	2%	1%	2%	9%	86%	0%

The majority of respondents strongly agreed that working holiday makers should spend time outside major cities, and the proportion was highest among employers and regional respondents.

Table A.10: It is important that working holiday-makers spend time outside major cities.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree	Don't know
Overall	2%	2%	11%	19%	66%	0%
Employers	0%	1%	3%	10%	87%	0%
WHMs	3%	4%	20%	29%	43%	1%
Regional	1%	1%	6%	14%	78%	0%
Non-regional	4%	4%	18%	27%	47%	1%

The responses summarised in Table A.11 are fairly mixed, reflecting markedly less consensus than in previous statements.

Table A.11: Australian workers should be given the opportunity to work, before the role is offered to a working holiday-maker.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree	Don't know
Overall	10%	13%	27%	28%	22%	1%
Employers	12%	15%	27%	29%	17%	0%
WHMs	10%	12%	28%	27%	22%	1%
Regional	10%	14%	25%	29%	22%	0%
Non-regional	11%	12%	27%	27%	22%	1%

Just less than half of all respondents indicated a belief that the labour hire industry was sufficiently regulated, while around a quarter believed that it was not. A relatively large proportion of responses indicated a neutral response or indicated that they did not know, likely reflecting the lack of prevalence of the labour hire model in parts of these sectors.

Table A.12: The labour hire industry is sufficiently regulated with respect to working holiday-makers.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree	Don't know
Overall	12%	15%	19%	25%	21%	9%
Employers	12%	13%	17%	26%	26%	6%
WHMs	10%	17%	23%	21%	19%	10%
Regional	12%	15%	18%	25%	22%	7%
Non-regional	14%	15%	17%	23%	19%	13%

Statements 8 and 9 (tables A.12 and A.13 respectively) had the highest rates of 'Don't know' responses, although this was lower among employers. Employers were more mixed in their responses than in other questions, but most somewhat or strongly agreed that labour-hire was sufficiently regulated and most responded that they were neutral or somewhat agreed that there was sufficient red-tape.

Table A.13: The amount of red tape involved in employing workers is about right.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree	Don't know
Overall	10%	13%	27%	24%	11%	14%
Employers	14%	17%	22%	29%	17%	1%
WHMs	3%	6%	32%	25%	9%	25%
Regional	12%	15%	25%	26%	11%	10%
Non-regional	9%	13%	29%	18%	11%	21%

In each disaggregation most respondents were aware of government programmes to help people in seasonal and temporary jobs. This rate was very high (93%) among employers of WHMs.

Table A.14: I am aware of government programmes to help people in seasonal and temporary jobs.

	Yes	No
Overall	60%	40%
Employers	93%	7%
WHMs	59%	41%
Regional	61%	39%
Non-regional	58%	42%

Written responses

At the end of the survey respondents were prompted to provide additional information, as a free-form text response, which may help the review. These responses reflected the themes that were captured through the stakeholder engagement sessions and formal written submissions, as detailed in the body of this report. Any free text responses were

treated as submissions for the purposes of this review (although are not counted as submissions in the summary statistics of in Section 1).

Limitation of our work

General use restriction

This report is prepared solely for the internal use of The Department of Agriculture and Water Resources. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of reporting the Department of Agriculture and Water Resources on the views of the relevant stakeholders in relation to the review and its terms of reference. You should not refer to or use our name or any inferences for any other purpose.