



The Terms of Reference for the working holiday maker tax review are designed around five key themes:

1) relative international competitiveness

Australia's competitive position in attracting seasonal and temporary foreign labour, including comparative wages, entitlements and conditions

- comparative taxation on income earned
- comparative superannuation or equivalent entitlements
- promotional programmes and schemes to assist workers while in the country
- costs and barriers to entry

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

The travellers and backpackers whom with we have relationships through past employment are already reconsidering staying in Australia if the tax laws were to change. They also strongly believe that it will discourage future backpackers from selecting Australia for a working holiday. These future travellers will seek out the most competitive option, likely to be Canada or New Zealand. These backpackers communicate with each other constantly on such forums as Australia Backpackers on Facebook which has over 45,000 members.

2) visa labour needs of the agricultural and tourism sectors

As a grape grower we employ up to 140 backpackers to help with pruning and grape harvest. Premium grapes are all handpicked over a 5 week period and there is not the local workforce in existence that can do this work. The work is seasonal and Australian citizens/locals want full time or permanent positions which we cannot provide. Our business would be severely impacted and extremely stressed if we were not able to access backpackers to pick our fruit.

The backpacker community also contributes largely to the local tourism sector. Local shops benefit from the backpackers' purchases, without them; small towns such as ours would struggle to survive. Backpackers support restaurants, hotels, rental accommodation, backpackers, labour hire firms, chemist, hairdresser, post office, buses, doctors, hospital numbers and local sporting teams.

Some estimated numbers on backpackers in Pemberton:

- Roughly 150 to 200 backpackers contact the local lodge each year looking for work.
- These backpackers make up the seasonal workforce for roughly 30 farms in the Pemberton region.
- An individual backpacker would spend approximately \$300 to \$400 per week in the town.
- Accommodation lodges rely 99% on working backpackers to support their business. “ In a nutshell, without them I personally would go broke. Also speaking to farmers, without backpackers 90% of their crops would rot on the trees.”

3) relevant unemployment policies

policies to attract unemployed Australians, including young Australians, into work in agriculture and tourism

The agriculture sector relies on backpacker labour for temporary, part-time, seasonal work in rural areas. This work does not appeal to a local workforce seeking permanent placements nor unemployed Australians unwilling to relocate to rural areas for short periods of time, sometimes only one or two days' work at a time.

4) tax treatments for visa holders

Backpackers spend all the money they earn in small communities, they pay GST and they pay for medical treatment. Backpackers should pay the same tax as all other low income earners in Australia and be entitled to at least a \$5k tax free threshold and the ability to collect any refunds upon leaving the country.

The amounts raised by taxing backpackers will be negligible as they generally earn only small amounts and work seasonally. I believe that they will stop coming to Australia for working holidays if they do not make enough money to cover living expenses and a holiday period. The tax free threshold exists because it is difficult for low income earners to make ends meet and backpackers fall into this economic group. If they are to be taxed at 35% as suggested they will not be able to afford to work for 3 months and finance a holiday for the next 12 months, where they continue to spend their money in Australia.

Additional note:

Reconsider superannuation as this is the money that they take out of the economy. Possibly have all temporary workers' super funds held in a disaster relief fund for regional needs; or, for use and support when temporary workers are injured in traffic or natural disasters

5) protections for vulnerable workers.

exploitation of and protections for vulnerable workers, including evaluation of illegal labour hire practices and non-compliance with laws and regulations

changes to the use of volunteer or unpaid labour (for instance Willing Workers on Organic Farms)

If individual farms were allowed to participate in some sort of scheme whereby they were “licenced to employ backpackers” this issue could be prevented.

I do not believe that there is wide spread abuse of the backpackers as labour because they are a tech savvy, social media competent body of young people and will quickly identify people who are not doing the right thing as employers.

Regards

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