



## JOINT MEDIAMEDIA RELEASE

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### COMMUNITY ASKS MINISTER TO STOP BACKPACKER TAX

From 1 July 2016 Working Holiday Makers (WHMs) will be taxed 32.5 cents from the first dollar earned. Community groups, academics and unions are urging Minister for Tourism and International Education Senator Richard Colbeck to stop the tax and leave current arrangements for Working Holiday Makers in place.

Approximately 240,000 WHMs between the ages of 18 -30 are granted visas that allow them to work whilst holidaying in Australia every year. These visa holders can stay longer if they work in mining, construction or agriculture in regional Australia.

"We oppose the 'backpacker tax' because it creates incentives for informal work which paves the way for people to be exploited. We already know exploitation is a significant issue in the agricultural and other industries. Without evidence of their hours worked or wages paid, underpayment and other breaches of the Fair Work Act will be more difficult for regulators to detect." said Ms Sohoon Lee, a spokesperson for Korean Working Holiday Youth (KOWHY).

Concerns on unintended negative consequences of the new tax rule were expressed in a recent Senate Inquiry Report on Temporary Work Visa Holders:

*The consequences could include a perverse incentive for WHMs to seek cash in hand work to avoid a high tax regime, and for employers to offer a below the award cash rate to WHMs. This would risk entrenching illegal rates of pay in certain sectors and place further downward pressure on wages.*

"Ensuring that backpackers earn a decent and legal wage in Australia is important to our reputation as a viable destination for backpackers. It's important to remember that backpackers are spending money they earn from their work traveling and living in Australian communities. The government needs to carefully consider how this tax could impact industries who rely on their labour," said Dr Laurie Berg, Senior Lecturer in the Law Faculty, University of Technology Sydney.

In real terms, a 32.5 cent tax will net a WHM \$11.67 per hour from commencement of employment rather than the current minimum hourly wage of \$17.29 (for Australian residents).

"The work we do is very hard. We already get paid low wages, and with this tax we could not survive. We contribute to the communities we live and work in, and we enjoy travelling this beautiful country," said National Union of Workers member Kaylha Ho who worked as a backpacker for 14 months on salad and flower farms.

### ENDS

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