

# UNITED WHY

United Working Holiday Makers in Australia



HONG KONG WORKING HOLIDAY YOUTH



KOREAN WORKING HOLIDAY YOUTH



TAIWANESE WORKING HOLIDAY YOUTH

Media Release  
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United WHY welcomes the announcement that the Minister for Tourism and International Education Richard Colbeck will lead the review of the controversial 'backpacker tax'.

We oppose the Backpackers' Tax because it is not fair for backpackers, it is bad for the Australian economy, and it will exacerbate the exploitation of working holiday makers.

All major surveys show that the majority of backpackers on working holiday visa are employed during their stay in Australia. It is therefore Australia's interest to ensure fair working conditions for backpackers. It enables them to enrich their holiday experiences and enjoy Australia, and return home to share their experiences.

However, backpackers who are paid wages below the legal minimum has been widely reported and investigated by Fair Work Ombudsman (FWO). In their report, the FWO point to a vast majority of these illegal wages being paid cash-in-hand. Removing the tax-free threshold will encourage growth in cash-in-hand job market as means of evading tax. It will provide justification for employers to offer and encourage workers to seek cash-in-hand jobs, creating detrimental impact on Australia's employment market.

In surveys conducted by KOWHY, almost half (79 out of 159) of all respondents said they are working cash jobs. In another survey conducted by T-WHY, 178 out of 449 (40%) replied that their average hourly wages were below \$15 and were paid cash-in-hand.

We believe that working holiday makers should pay their taxes, and the best way to do so is to ensure their employment conditions are up to legal standards. Many backpackers are working in the low-income bracket, with such high taxation and no social security safety net while in Australia, their right to an adequate standard of living may be threatened.

The 'backpacker tax' may result in wages being so low, that holiday makers do not have enough money to travel and enjoy Australia. If backpackers earn

more, they have the capacity to spend more. Backpackers are important participants in the tourism industry and in communities where they live. Tax rate for the backpackers should follow that of the ATO rule, and there is no justifiable reason they should be taxed differently from the other temporary residents. The government should ensure fair working conditions for backpackers so that they can earn fair wages and pay their taxes.

The increased tax attacks the heart of the working holiday visa program, and will have negative impact on how travellers remember Australia.

United WHY is collecting signatures to submit a petition to the Parliament. Members of KOWHY, a not-for-profit organisation that supports Korean working holiday makers, have been visiting hostels in Sydney to talk to backpackers and collect their signatures.

Sohoon Lee, the president of KOWHY, tells her experience of talking to many backpackers. “One backpacker said that he was leaving Australia on 1 July because of this law. He turned at least one friend of his away from coming to Australia explicitly because of the new tax rule. Another backpacker on her second visa who worked in the farm for 88 days said that the rule wasn’t fair. Backpackers have to show that they have at least \$5000 to apply for a visa, and most people she knew spent all that much money after arriving in Australia. She thinks it’s not fair that they have to work 88 days in the farm and being taxed higher rate, when backpackers spend so much money to help the Australian economy.”

We believe that ensuring fair work for backpackers and formalising their employment contracts are an answer to all problems. Eradicating workplace exploitation will enhance Australia’s image, and fair income levels strengthen backpackers’ ability to travel around in Australia. Providing incentives for the employers and workers to *not* engage in cash-in-hand employment will raise tax revenue for the government. The Australian government must stop the backpacker tax and treat backpackers fairly.