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4th March 2016

**PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600**

Dear Treasurer: The Honourable Scott Morrison MP

CC: Ms Nola Marino MP

RE: Proposed changes to tax status of temporary working holiday visas

The Margaret River Busselton Tourism Association (MRBTA) is a self-funded, not-for-profit membership based organization, representing more than 750 local businesses in The Margaret River Region's tourism and hospitality sector.

In addition to our representation of these local tourism operators, we are also responsible for high quality, award-winning visitor servicing through our Visitor Information Centres located in the towns of Busselton, Dunsborough, Augusta and Margaret River. Through these four centres and our six cave and lighthouse attractions throughout the region, as well as airport ground handling, we come into contact with over 850,000 of the 1,100,000+ visitors who visit this region annually.

I write on behalf of the local tourism industry, being our operators and stakeholders, and joining me adding their voices are two of our local chambers, the Margaret River Chamber of Commerce & Industry and the Busselton Chamber of Commerce & Industry who have jointly signed this letter as they share the same concerns regarding this issue.

The tourism industry is the largest in Western Australia, bigger than mining and it employs 94,000 people, with over 7,000 of those being in the south west of WA. Tourism in Western Australia is set to generate \$8.5 billion in 2016, with an aim to reach \$12.5 billion by 2020. The MRBTA is committed to our vision to increase visitation to the Margaret River Region from 1.164 million overnight visitors and \$521 million spend in 2013, to 1.63 million and \$729 million spend in 2020, a growth of 40%.

It is our understanding that in the upcoming Budget the Government proposes to change the tax status of temporary working holiday makers from that of resident, to non-resident, from 1 July 2016. Most individuals who will be affected by the proposed change will be participants in the 'Working Holiday Maker Program'. This program allows young adults (aged 18 to 30) from eligible partner countries to work in Australia whilst having an extended holiday. Work in Australia must not be the main purpose of the visa holder's visit. This is a cultural exchange programme which enables young travellers to have an extended holiday and earn money



**YOUR
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REGION**

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through short-term employment.

This suggested change is of great concern, and we anticipate the impact to our industry to be severe.

If these changes are implemented, the number of working holiday makers will diminish rapidly as soon as visa holders perceive there is less economic benefit to undertaking work that most Australians are reluctant to do, such as working in the vineyards, picking fruit, cleaning and casual hospitality, this is compounded by the higher cost of living in regional Australia.

Backpackers who visit the regional areas and are relatively high-spending tourists, will be significantly less likely to visit Australia and will instead choose New Zealand, Canada or South Africa for their working holidays in future.

In addition, the new income tax policy will end up hurting Australian companies that will as a result, find it hard to fill job vacancies without a cheap and casual visiting workforce.

Numerous local operators have voiced serious concerns, with one of the region's most prominent wineries commenting that nearly 90% of responses to their hospitality employment advertisements over the past 24 months have been from working holiday visa holders.

It is clear that the industry relies heavily on working holiday makers as a labour force. The role backpackers play in contributing to our events workforce is also crucial. With so many events on in the south west there is a very strong demand for itinerant labour, which is a considerable factor in the success of our events tourism. Backpackers generally have a high work ethic, work extremely hard for a short time, earn their money and then venture on to the next destination.

Australia will no longer be competitive in the international market and this will have negative long term impact. The tourism industry understands that backpackers also return later in life with their families for more expensive holidays and are of high repeat opportunity and future net worth.

MRBTA writes on behalf of our industry to urge government to review their suggested policy and do not implement the suggested changes, for the damage across industry sectors will be far reaching.

Yours sincerely,

Pip Close
Chief Executive Officer
MRBTA

Ray McMillan
Chief Executive Officer
BCCI

Peter Griffyn
President
MRCCI