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Working Holiday Maker Visa Review

The Federation of Ethnic Communities' Councils of Australia (FECCA) is the national peak body representing Australia's culturally and linguistically diverse (CALD) communities and their organisations. FECCA provides advocacy, develops policy and promotes issues on behalf of its constituency to Government and the broader community. FECCA's policies are developed around the concepts of empowerment and inclusion and are formulated with the common good of all Australians in mind.

In view of reports about extensive exploitation, underpayment and job insecurity of people on working holiday maker visas in the past year, the proposed measure to remove access to the tax free threshold for these workers poses further disadvantage. FECCA believes that the Government needs to introduce measures which assist temporary workers to operationalise their rights and report underpayment and exploitation. Treating all individuals on working holiday maker visas as non-residents for tax purposes, and thus ineligible for the low income tax-free threshold, will increase the tax burden for these visa holders and increase the likelihood that they will accept cash-in-hand work to avoid this high tax rate. Any policy which drives vulnerable and isolated workers further into the shadows discourages these people from coming forward when they are mistreated by employers.

The recent Education and Employment Senate Committee report on exploitation of temporary work visa holders made the following comments about the proposed changes:

A consistent theme throughout this inquiry has been that the keeping of accurate employment records is essential for ensuring compliance with workplace laws. The committee is therefore concerned that an overly onerous tax regime applied to WHMs could give rise to unintended consequences. 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. In addition, it is by no measure certain that the measure, as currently conceived, would raise the predicted tax revenue.¹

FECCA supports the above concerns and reiterates that introducing tax arrangements for working holiday makers would further exacerbate exploitation and underreporting.

¹ Senate Education and Employment References Committee, *A National Disgrace: The Exploitation of Temporary Visa Work Visa Holders* (March 2016), 199.