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Submission to the Joint Standing Committee on Migration's Inquiry into the Working Holiday Maker Program

August 2020



Australian Chamber
-Tourism

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Executive Summary

The Australian Chamber-Tourism welcomes the opportunity to provide input into the Joint Standing Committee on Migration's inquiry into the Working Holiday Maker Program. As the peak body for business groups operating in tourism, Australian Chamber – Tourism is a long-standing advocate for the working holiday maker program. The working holidaymaker program encourages cultural exchange and closer ties between arrangement countries by allowing young people to have an extended holiday supplemented by short-term employment. Working holidaymakers are an important component of the visitor market and have consistently supplemented short-term labour market needs, particularly in regional Australia.

Up until the current COVID-19 and 2019-20 Bushfire crises, working holidaymakers provided much needed seasonal labour to regional Australian businesses, travelled across our regions and supported the regional economy. The health response to pandemic has been vital to control the spread of the virus. However, it has resulted not only in the closure of regional businesses but also an international tourism shutdown and severe constraints on domestic tourism. The impact of the pandemic and response has been felt by Australian businesses, workers as well as international visitors such as working holidaymakers. While some visitors have been able to depart to their home countries, many are still in Australia due to ongoing work, border closures and the global spread of the pandemic.

To support the recovery and rebuild of tourism businesses and more broadly the Australian economy, working holidaymakers have a role to play. Working holidaymakers have the ability to kickstart regional tourism once state borders reopen (without the need to quarantine) and also support business with labour and skills.

The Australian Chamber-Tourism makes the following recommendations:

Short-Term Recommendations

- Tailoring the working holiday maker program settings to improve access to skilled labour by allowing working holiday makers currently in country a smoother pathway to transition into becoming skilled migrants either through the employer sponsored or the independent stream.
- Allow for second- and third-year extensions for existing working holiday makers working with the same employer to provide continuity and stability for the business.
- Once international travel resumes, enable access for WHM from approved countries to come, even if there are still quarantine arrangements in place.

Medium to Long Term Recommendations

- Increase caps and the age limit from 30 years to 35 years for all countries with an WHM agreement.
- Negotiate WHM agreements with more countries.
- Reduce visa application fees and charges for working holiday makers.
- Market Australia as a WHM destination to countries on the safe list once international borders re-open.

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1 Current State of Tourism

According to 'Regional 2030 – Unlocking Opportunity', 45 cents from every dollar spent by both international and local visitors is spent in a regional area. Regional visitation had been on the rise with 56 percent of the New Zealand, European and North American market visiting regional Australia as compared to the capital cities and Gold Coast.

Due to the negative impacts of the 2019-20 tragic bushfires and COVID-19 crises, tourism has come to a virtual halt.

Awareness of the bushfires was widespread and prominent in our key western markets such that Australia dropped off consideration as a destination. 76 percent of consumers across markets delayed their trips to a later date due to the Bushfires. Tourism was seriously affected, and Australia's image internationally was negatively impacted by media reporting of the Bushfires.

Tourism was the first to feel the impacts of COVID-19 with a Chinese tourism travel ban in February followed closely by a more complete tourism shut down due to border and business closures and all meetings and events cancelled as a result of the COVID-19 response. While this health response was vital to control the spread of the COVID-19 virus, by April 2020, travel, tourism and hospitality in Australia was shut down and the impact of the pandemic was felt by all tourism business owners and workers. Tourism businesses, especially hospitality, transport and events have virtually ground to a halt with many jobs at stake. Many are surviving due to JobKeeper, as well as dipping into business reserves and personal savings, while at the same time accumulating debt arising from fixed costs. The industry is in dire need of appropriate and tailored government support to revive and kickstart the visitor economy and guide it to a new normal environment.

Working holidaymakers are an important component of the visitor economy and have a vital role to play in the road to recovery. Their willingness to travel into regional and remote Australia and relatively long length of stay make them the ideal conduit to deliver much needed spend as well as skills into our regions. This submission sets out the importance of this cohort as well as the various ways they can contribute to the recovery of the Australian economy during and post pandemic.

2 Importance of the Working holidaymaker program

Under Australia's Working Holiday Maker (WHM) program, young people (aged 18 to 30 years) from partner countries may apply for one of two visas—Working Holiday (subclass 417) or Work and Holiday (subclass 462). Both visas allow young people to travel in Australia for extended periods and to support themselves during their stay with short-term employment in any industry. The program is usually reciprocal, allowing young Australians to travel and work under similar arrangements in partner countries¹. Australia has an overarching bilateral arrangement, usually in the form of a Memorandum of Understanding, with each partner country. Of the 44 partner countries

¹ Phillips, J 2016, *Working holiday makers in Australia: a quick guide*, Parliamentary Library of Australia, <https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1617/Quick_Guides/WorkingHoliday>.

or regions, 19 are Working Holiday (subclass 417) visa arrangements, and 25 are Work and Holiday (subclass 462) visa arrangements. The key differences between the two visas are that Work and Holiday visa arrangements generally have caps on the number of visas granted annually and additional eligibility requirements². During their 12 months stay, 417 and 462 visa holders can work as much or as little as they choose in full-time, part-time, casual, paid or voluntary work. However, the work is restricted to a period of six months with any single employer. Permission to work longer than six months with a single employer is possible in certain circumstances. The second and third Working Holiday visas are valid for a further 12 months.

WHM are more likely to disperse into regional and remote Australia, stay for long periods of time, spend their money and boost our regional economy. They keep many of our regional businesses alive.

WHMs have also traditionally played an important role in supplying short term labour for the tourism, hospitality and horticulture industries in both urban and regional settings. The flexibility and value of WHM to the seasonal labour needs of businesses, especially in regional Australia is substantial. The program delivers enthusiastic and mobile young workers particularly into the regions to provide the labour needed when and where it is most valuable. These workers generally have skills above the seasonal job requirements, which increases the productivity benefit.

This seasonal work is often not attractive or suitable for young unemployed Australians who are generally looking for longer-term employment outcomes closer to home.

According to the National Institute of Labour Studies at Flinders University, WHM created 23,000 jobs in the Australian economy, and spent two and a half times more than they earned, while 30% of working holidaymakers did not work at all³. WHM are a net benefit to the Australian economy in all aspects. They contribute to the labour market and spend more than they earn, boosting our economy.

WHMs also build people-to-people links and cultural ties between Australia and our partner countries. The fond memories and experiences while on their working holiday builds bridges between cultures and creates goodwill.

3 Pathway to Skilled Migration

The broader tourism workforce is a complex mix of Australians and overseas workers that are engaged from full time to a few hours per week. An important aspect of the WHM program is the ability for them to work and contribute their skills to regional businesses.

There are likely to be significant challenges faced by businesses re-engaging their workforce after the COVID-19 hibernation period. In the current environment, those that have lost jobs are looking to re-skill or upskill and undertaking education and training. The 2015-2020 Tourism and Labour

² Department of Home Affairs n.d, *Working Holiday Maker program*, <<https://immi.homeaffairs.gov.au/what-we-do/whm-program>>.

³ Tan, Y, Richardson, S & et al. 2009, *Evaluation of Australia's Working Holiday Maker (WHM) Program*, National Institute of Labour Studies, Flinders University, < <https://researchnow.flinders.edu.au/en/publications/evaluation-of-australias-working-holiday-maker-whm-program>>.

Force Survey reflected the dire need for skilled labour in the industry. With businesses looking to re-open and rebuild, trained and skilled labour will be needed across the board to assist in the recovery efforts. If WHM have the experience and skills needed, they should be given the opportunity to transition to the skilled migration pathway, either through the employer sponsored stream or the independent stream, while in country.

Businesses that have employed a working holidaymaker and trained them up should be given the opportunity to retain them to ensure stability and continuity in these uncertain times. The ability to sponsor them through the employer sponsored temporary and permanent skilled migration stream while they are in country will allow businesses that need those skills to retain them. This is even more beneficial when WHM are already employed and the business has an ongoing need for them. As reflected in figure 1, there are only 85,691 WHM in country as at 30/06/2020. The number who would qualify for the skilled stream based on the above criteria are likely to a small subset of those in country. At a time when businesses are struggling to stay open, a lifeline in the form of experienced skilled labour will only serve to assist and aid.

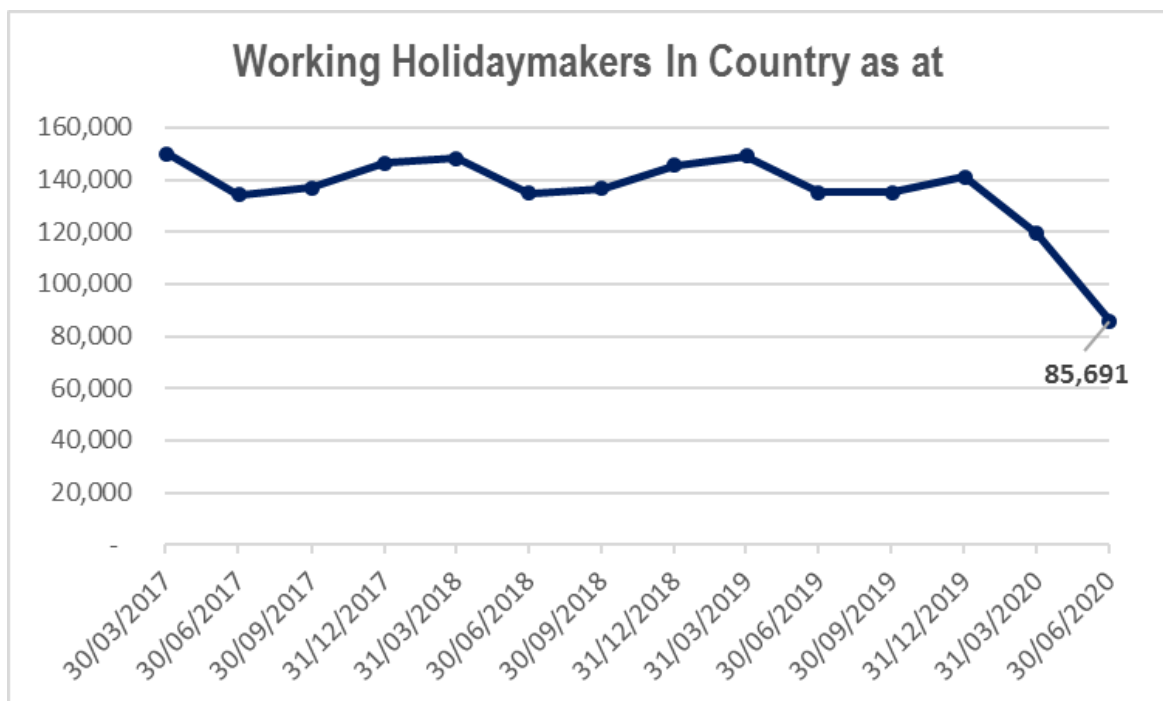


Figure 1: Working Holidaymakers subclass 417 and 462 In Country Trend (as at)⁴

4 Extension for existing Working Holidaymakers

For those WHM who cannot access the skilled migration stream, a provision to allow for second- and third-year extensions for existing working holiday makers will be extremely beneficial, especially to those tourism and hospitality businesses in our regions looking to re-open and recover

⁴ Department of Home Affairs, n.d, < <https://data.gov.au/data/dataset/visa-working-holiday-maker>>.

from the crises. In addition, a provision to allow for WHM to work with the same employer for the entire duration will provide continuity and stability for the business.

5 Increasing Caps and Age Limit for all existing agreements

In the post pandemic environment, when international tourism picks up again, competition will be fierce with destinations vying for the tourist dollar. Australia can leverage existing bilateral subclass 462 agreements to increase WHM visitation to the country. By increasing visa caps and age limits (from 30 to 35 years) for partner countries, especially when they are deemed to be safe for travel, will allow for maximum visitation. Given the length of stay of WHM, a period of quarantine if required is likely to be a barrier for some but acceptable to keen travellers.

6 Negotiate New Working Holidaymaker Agreements

In the post pandemic environment, Australia will benefit greatly if new WHM agreements are negotiated with prospective partner countries, especially if the countries are deemed to be in the safe zone, facilitating international travel and strengthening people to people links. This along with effective destination marketing (as recommended under 8) will allow Australia to capture the WHM market. Since WHM arrangements are largely reciprocal it will also provide Australians with similar opportunities overseas.

7 Reduce Visa Fees and Charges for Working Holidaymakers

Maintaining an efficient visa application and grant process is critical in a competitive travel environment. Fast and efficient processing of WHM visas along with expanding visa conditions will be an important component of the recovery for this segment of the visitor economy. These visitors are particularly impacted by high visa costs and long lead times in the visa application process.

The benchmarking review of tourist visas being undertaken by the Department of Home Affairs is now critically important as visa conditions, issuing practice and cost need to be competitive as demand returns. The competition is likely to be fierce as restart of international travel spreads through the world. Having an internationally competitive visa system will, in part, determine whether Australia recovers market-share in the restart period. This particularly includes highly price sensitive, mobile markets such as WHM.

8 Market Australia to Working Holidaymakers

Prior to the crises, there were clear signs of weakening WHM visitation. As indicated by figure 2, the first-year visa grant trend for both the 417 and 462 subclasses has been on the decline since

the peak of 2012-13. The traditionally strong WHM markets of UK and Germany have also shown signs of declining visitation as reflected in figure 3. This was concerning before the pandemic and kickstarting WHM visitation from these markets will be vital for the overall tourism recovery efforts since WHM from these markets tend to stay longer, spend more and travel in regional and remote Australia creating dispersal.

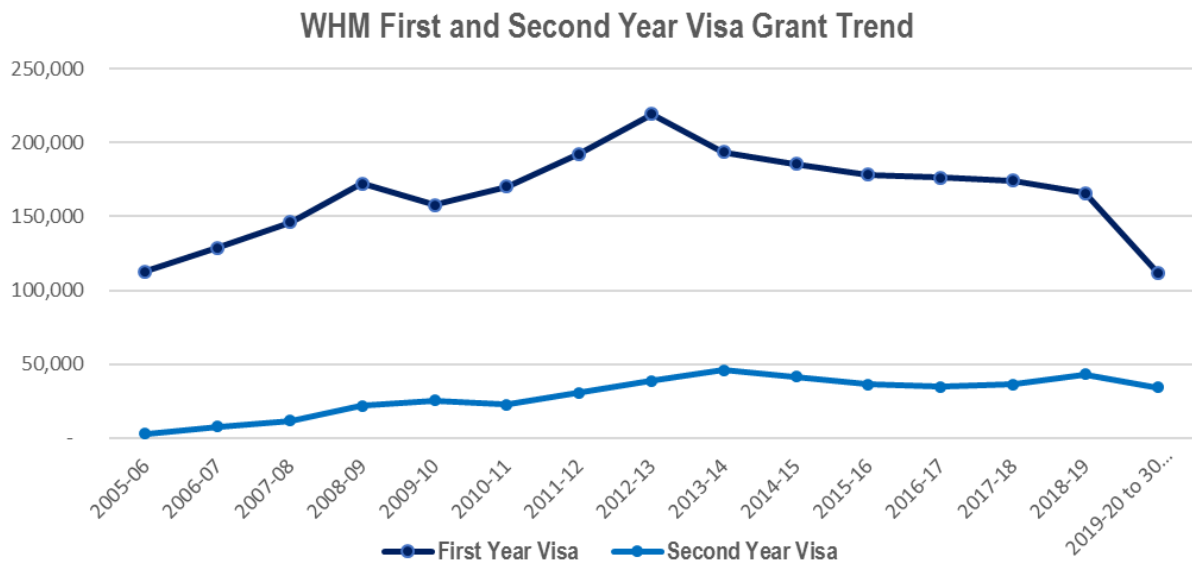


Figure 2: WHM First and Second Year Visa Grant Trend⁵

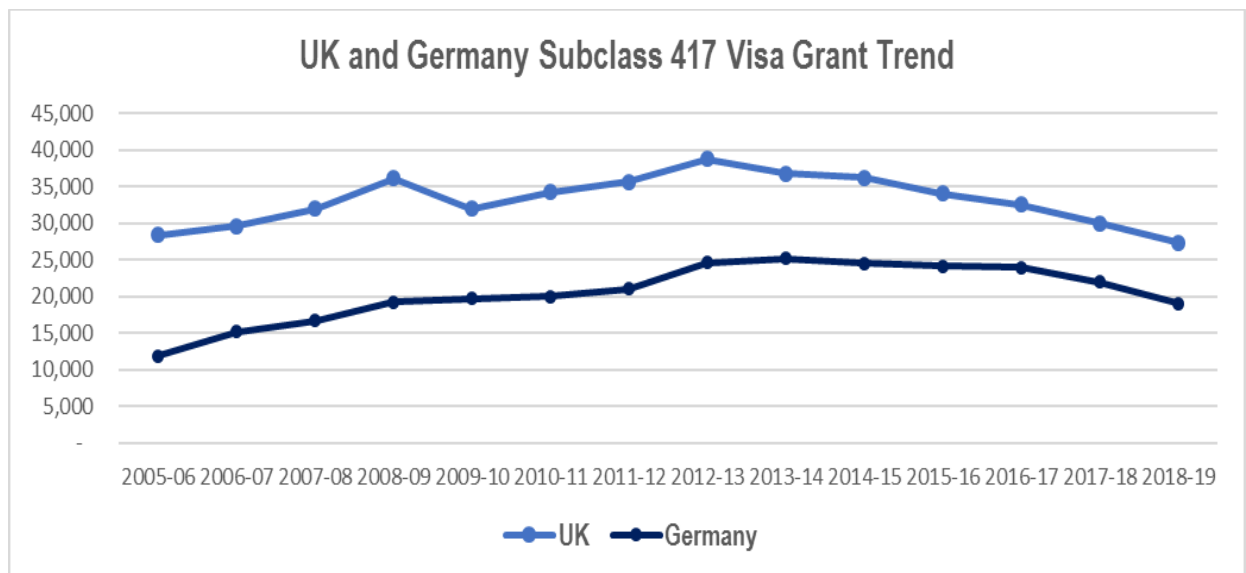


Figure 3: WHM subclass 417 - UK and Germany Visa Grant Trend⁶

The post pandemic environment will create opportunities for Australian tourism internationally. The marketing effort post COVID-19 will involve targeting markets as they open. The Australian Chamber-Tourism expects that as health objectives are addressed through bi-lateral arrangements, there will be a gradual opening market by market. This will require a focussed

⁵ Department of Home Affairs, n.d, < <https://data.gov.au/data/dataset/visa-working-holiday-maker>>.

⁶ Department of Home Affairs, n.d, < <https://data.gov.au/data/dataset/visa-working-holiday-maker>>.

marketing effort based on upcoming market arrangements. This staged opening on the international border has significant implications for the marketing of Australia as a travel destination. Tourism Australia will need to pivot their efforts to new markets as they become open for travel to Australia. To stimulate demand Tourism Australia needs to market Australia as a WHM destination to countries that are on the safe list once international borders re-open and international travel resumes.

9 About Australian Chamber - Tourism

Australian Chamber – Tourism is a part of the Australian Chamber of Commerce and Industry, Australia’s largest business advocacy network. Australian Chamber – Tourism represents one in eight Australian businesses engaged in the visitor economy. It brings together key participants in the tourism sector to advocate better policies, including in the areas of tax, regulation, tourism marketing, research, labour supply, visas and infrastructure.

The Australian Chamber of Commerce and Industry speaks on behalf of Australian business at home and abroad.

We are the largest and most representative business advocacy network in Australia.

We represent more than 300,000 businesses of all sizes, across all industries and all parts of the country, employing over four million Australian workers.

Our membership comprises all state and territory chambers of commerce and leading national industry associations. Individual businesses are also members of the Australian Chamber’s Business Leaders Council.

The Australian Chamber strives to make Australia a great place to do business in order to improve our standard of living and sustain and create jobs.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth and jobs.

We focus on issues that impact on business, including economics, industry policy, trade, workplace relations, work health and safety, and employment, education and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, members of parliament, ministerial policy advisors, public servants, regulators and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or narrow sectional interests.

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INDUSTRY ASSOCIATIONS

