

The Hon Andrew Giles MP
Minister for Immigration, Citizenship and Multicultural Affairs
187-189 High Street
Thomastown, VIC, 3074

Senator the Hon Don Farrell
Minister for Trade and Tourism
Level 5
19 Gilles Street
Adelaide, SA, 5000

Dear Minister Giles and Minister Farrell,

RE: Working Holiday Maker Visas – Impact of Proposed 12 Month Limit

I write regarding the importance of Working Holiday Maker visa holders (WHMs) to Australian tourism and our significant concern regarding visa changes that would reduce the dispersal and length of stay of WHMs in multiple States and regional destinations.

WHM visa holders on 2nd and 3rd year contribute at least \$1.48 billion to the Australian economy generating at least 9,460 jobs, particularly in smaller states and regional areas. The Australian Tourism Industry Council (ATIC) is seeking prompt confirmation that the Australian Government is not considering limiting WHM visas to one year as proposed in the Migration Review.

Migration Review and Strategy

The March 2023 *Review of the Migration System* recommended the Government “consider limiting Working Holiday Maker (WHM) visas to one year”. The Australian tourism industry was immediately and highly concerned with the impact this proposal could have on Australian tourism and regional destinations.

In consultation with relevant Departments and Ministerial staff, it was stressed to ATIC that the Migration Review was not Australian Government policy and that our concerns were understood. We were subsequently highly concerned when the review recommendation to cap WHMs to 12 months was not rejected, but carried over in the December 2023 *Migration Strategy* which stated the Government “will also undertake a detailed consultation and research process into the 88-day, 179-day and specified work requirement” for the 2nd and 3rd year WHM visas.

There is considerable concern in the tourism industry, particularly in smaller States and regional destinations, that the Australian Government is still considering the WHM cap despite the consultation with industry following the Migration Review and prior to the Migration Strategy.

WHMs in 2023

Tourism Research Australia has recently released International Visitor Survey (IVS) results for 2023. This provides the first full year’s data on international visitors post COVID. The IVS estimated that in 2023, WHMs stayed 39,845,000 visitor nights and spent \$2,515M in Australia.



WHMs stay more than eight times as long, spend more than twice as much, and travel to more States and regions than other international holiday makers in Australia. The disproportionate contribution of WHMs is due to their interest and ability to travel throughout Australia using the longer stay provided by multiple year WHM visas.

WHMs Length of Stay and the 2nd and 3rd Year Visas

In 2023, the average length of stay in Australia for all WHMs was 144 days i.e. less than 5 months. This is consistent with pre-COVID, where WHMs' average length of stay in 2019 was 149 days (IVS 2023 & 2019). Most WHMs typically depart Australia well ahead of their 12-month visa expiry date.

The significance of the 2nd year visa is not that WHMs stay for two years. The significance is that it enables the WHM to plan for, and make full use of, the 365 days available in their first visa to travel across Australia before departing during the second year. Similarly, the 3rd year visa means that the WHM can travel for the full two years before departing during the third year.

Approximately 23% of WHM visa holders in Australia are on a 2nd or 3rd year visa and therefore would have already stayed for at least 365 days in Australiaⁱ. Taking 2023 as an example, the 23% of WHMs on a 2nd or 3rd visas, having a minimum length of stay of 365 nights, would account for at least 59% of visitor nights and associated expenditure.

WHM staying more than 12 months - minimum nights, spend and jobs created.

Based on the IVS 2023 data, the minimum value contributed by 2nd and 3rd year WHM visa holders can be estimated for their minimum stay of 12 months. This data does not include the additional value contributed by these WHMs in their 2nd or 3rd year, just the value of staying the full 12-months of their first visa.

WHM 2nd or 3rd Visa			
State	Minimum Nights ⁱⁱ (000)	Minimum Spend ⁱⁱⁱ (\$M)	Minimum Jobs ^{iv} (FTE)
NSW	8,446	528	3,370
VIC	3,902	265	1,690
QLD	5,639	363	2,320
SA	712	40	250
WA	3,666	215	1,370
TAS	485	22	140
NT	458	39	250
ACT	199	12	80
Total	23,507	1,483	9,461

The value of WHMs on 2nd or 3rd year visas who stay more than 12 months is at least \$1,483 million in expenditure creating 9,460 tourism filled jobs across all States. It is this tourism expenditure and jobs that are at risk if WHMs cannot plan for and travel for more than 12 months.



Australian Tourism Industry Council Ltd
 Suite 207/208, 530 Little Collins Street
 Melbourne VIC 3000
 ACN: 095 626 976
 P: 03 9978 6801
WWW.QUALITYTOURISMAUSTRALIA.COM

Australian Geography and WHM Dispersal

Australia is a large and geographically varied nation in culture, environment, and seasons. To have a working holiday traveling across much of Australia including multiple states and seasons, east coast and west coast, urban and regional or northern Australia and southern states takes more than a year-long travel itinerary.

Less than 20% of WHMs arrive in Perth, Darwin, Adelaide or Cairns. Most working holiday makers (68%) arrive in Sydney and Melbourne and stay for less than 5 months. Most working holiday makers (53%) only stop overnight in three different regions or less and 28% never leave the city of arrival (IVS 2023). It is primarily the WHMs on 2nd and 3rd year visas travelling for at least 12 months that have the time and intention to journey from Sydney and Melbourne onto other States and account for the majority of WHM overnight stays.

The 88-day and 179-day regional work requirements for WHMs to qualify for 2nd and 3rd year visas also encourage WHMs to disperse beyond the city of arrival and stop in multiple states, regions and destinations. These requirements ensure 2nd and 3rd year visas are well targeted to WHMs that are having a genuine holiday and are traveling and working across Australia to experience our culture and environment.

Limiting WHM visas to 12 months would reduce the opportunity and interest to journey beyond Sydney and Melbourne onto more than one other state or any regional areas. This would have a disproportionate negative impact on tourism, particularly in the NT, SA, TAS, WA and northern QLD.

Post COVID International Recovery

By the end of 2023, international visitation to Australia was still -24% compared with pre-COVID 2019 levels, whereas WHM were -9% compared to pre-COVID (IVS 2023 & 2019). While international tourism to Australia has failed to recover, the WHMs on 2nd and 3rd year visas are making a much higher contribution to the recovery of visitor numbers and even higher contribution to the recovery of visitor nights and spend.

Limiting WHM visas to 12 months would slow down the recovery of international tourism, particularly nights and spending in regional towns and smaller states.

WHMs and Housing

WHMs typically stay in hostels, caravan parks, camping grounds and other group and short stay accommodation as part of their 'backpacking' experience. WHMs typically do not stay in the one destination long enough to be competing for long term housing such as six month plus residential tenancies. WHMs are not materially contributing to the residential housing crisis.

The only WHMs which may be competing for longer term accommodation are those on a first-year visa staying only in their city of arrival for a long period. Due to the 88-day and 179-day requirements, WHMs on 2nd and 3rd year visas are the most mobile and least likely to stay in one location or seek longer term accommodation.



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WHM and Seasonal Work

Tourism and agriculture in regional areas is highly seasonal. During peak periods, the local workforce in regional towns is insufficient to cover regional work. These regional economies and communities need mobile workers who can travel to the towns, stay in temporary accommodation, and fill these temporary seasonal work shortages. WHMs undertaking seasonal work, rather than regular work, make a positive economic and social contribution to these regional towns, without displacing local workers.

Regional tourism destinations are particularly seasonal ranging from winter in northern Australia and alpine areas to summer in coastal destinations, wildflower and whale watching seasons and peak periods such as tourism events, school holidays and long weekends.

During peak periods, Australians travel in large volumes from urban areas to regional destinations for a non-working holiday. This domestic tourism makes a major contribution to local economies and jobs but puts significant pressure on the limited local workforce to cover seasonal work ranging from a deckhand on a marine tour, to a bar attendant in a holiday town.

WHMs are also attracted to these same regional destinations during their best seasons. WHMs play a critical role in tourism by not only visiting these destinations as holiday makers, but enabling these destinations to function in peak periods by working the seasonal jobs for which there is a local workforce shortage.

In no small way, WHMs do the jobs needed to enable Australians to have a domestic holiday in peak periods, while enjoying the best seasonal tourism experiences in Australia. This is crucial to the sustainability of regional tourism destinations. It is the WHMs that travel further and stay longer that make this positive social and economic contribution to multiple regional destinations across multiple seasons.

Specified Work Requirement and Choice of Employer

The 88-day and 179-day specified work requirement in regional Australia is effective in ensuring that 2nd and 3rd year visa are targeted to WHM traveling onwards across Australia on a genuine working holiday, rather than staying in a single location. The specified work focus on regional Australia also assists to target seasonal work, rather than regular employment, where regional areas need additional staff in peak periods.

The specified work requirement is also for work undertaken in a 'specified' industry. This requirement has been traditionally focused on work in the agriculture sector. While limiting specified work to jobs such as fruit picking may assist those industries meet seasonal shortages, they also limit the WHM's choice of work and employer.

Expanding WHMs choice of work would put the onus on employers to compete with better employment conditions and practices to attract WHMs in peak seasons. Greater choice of employer would empower WHMs to choose the best working holiday experience for themselves and avoid, or leave, work situations they do not want.



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From a tourism perspective, greater choice of work would encourage WHM to stay longer and travel further, rather than leaving Australia because they do not want to work in industries such as horticulture. By staying longer and travelling further, these WHMs would contribute more to local economies and jobs. Greater choice of work would also provide a better working holiday experience and encourage future international visitors to consider Australia as a destination of choice for a working holiday.

Tourism and Hospitality as a Specified Industry

From June 2021, specified work was expanded to include tourism and hospitality in northern or remote and very remote Australia. Feedback from the tourism industry is that this expansion in WHM choice of employment has been successful, with many WHMs choosing to work in tourism in these remote areas. ATIC contends that the opportunity to work in tourism and hospitality has improved the working holiday experience and has attracted WHMs to these destinations in peak periods for seasonal work.

ATIC proposes that the opportunity to work in tourism and hospitality be expanded to all regional Australia. This would increase WHM choice of employer, seasonal work opportunities and their length of stay and economic contribution to regional economies.

While expanding tourism work to all regional areas may reduce the immediate incentive to work in northern Australia, ATIC contends that this would be balanced by an increase in the number WHMs staying longer who have the time to visit northern Australia. WHMs will stay longer because they can choose to work in tourism, rather than leaving Australia earlier because they do not wish to work in agriculture.

ATIC contends that WHMs will still be attracted to northern Australia because areas such as the Kimberley, the NT and Tropical North Queensland are compelling holiday destinations with good seasonal work opportunities for WHMs in winter peak holiday period.

While it is proposed to expand the specified industries to include employment choices such as tourism, it is essential that regional work requirement remains. Without the requirement to move on to a regional location, the WHM could remain in a single location seeking regular work and longer-term accommodation. The regional work requirement ensures that the WHM 2nd and 3rd year visas are targeted to working holiday makers traveling across Australia doing temporary seasonal work.

Tourism Marketing and Impact of Policy Uncertainty

Currently Tourism Australia, State Tourism Organisations, Regional Tourism Organisations, and tourism businesses are investing heavily in tourism marketing to attract Working Holiday Makers to Australia and onwards to their State, region and tourism experience.

This massive investment of government and private funding into tourism marketing is targeting potential WHMs who are interested in longer trips in Australia, as they are the most likely to visit their State and region and have the highest return in visitor spending and local jobs created.

International travel, especially long trips such as backpacking, has considerable planning time for potential visitors to Australia. Investment now in international tourism marketing targets visitors who will arrive in around 12 to 18 months' time.



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There is currently considerable concern in the tourism industry with investing in marketing to attract the target long stay WHMs, given the policy uncertainty around WHM visas being limited to 12 months. This uncertainty ranges from tourism bookings for flights, tours and hostel accommodation to uncertainty about being able to fill the seasonal jobs necessary for a business to even operate in peak season.

Unless limiting WHMs to 12 months (and the regional economic and job losses this would create) is still being seriously considered, the Australia Government should provide immediate certainty that the 2nd and 3rd year WHM visas will continue with a regional work requirement. Consultation can then occur on the specified industry issues to consider expanding employment choice for WHMs.

Recommendations

ATIC is seeking a prompt response to the following recommendations to the Australian Government:

1. Provide immediate certainty that 2nd and 3rd year WHM visas will continue and that the economic value and Australian jobs these long stay WHM create will be preserved.
2. Provide immediate certainty that 88-day and 179-day work requirements in regional areas will be retained so tourism marketing organisations and tourism businesses can continue to invest in marketing to attract long stay WHMs to their regional destinations.
3. Provide the tourism industry with more detailed information (currently not publicly available) on the average length of stay of 1st, 2nd and 3rd year WHMs so that the economic and jobs impact of these visas can be more accurately assessed.
4. Undertake industry consultation on expanding the specified industries work requirement and any other measures to enhance WHM choice of employer and employment practices.
5. Undertake research on the expected net increase in WHMs working in different regions and industries if more WHMs were to stay longer and disperse wider if given greater employment choices.

Thank you for considering the concerns, analysis, and recommendations of the tourism industry on this matter. I would appreciate the opportunity to meet with you soon to discuss the above recommendations.

Yours sincerely,



Evan Hall
Chair of the Australian Tourism Industry Council



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i Proportion of WHM visa holders on 2nd and 3rd Year WHM Visas

In the most recent published figures, the proportion of WHM visa holders in Australia who are on a second or subsequent WHM visa was 23.5% figures for the 2022-2023 Financial Year. This calculation treats the COVID related 'Onshore nil VAC visa' as a second visa. (Source: Department of Home Affairs BR0110 Working Holiday Maker visa program report 30 June 2023).

WHM Visa holders in Australia figures were significantly affected by COVID from FY2020 to FY2022 resulting in a higher proportion of second visa holders. These figures are not relied on. However, the average proportion of WHM on second visas was 23% over the 5-year pre-COVID CY2017-CY2019 (Source: Department of Home Affairs BR0110 Working Holiday Maker visa program report 30 Dec 2019). This figure is consistent with the FY2023 figure of 23.5%. For the purposes of this analysis, it is assumed that 23% of WHM are on second (21.5%) or third (1.5%) year visas.

ii 2nd and 3rd year WHMs - minimum visitor nights.

The number WHMs visitors in Australia was proportioned by 23% to estimate the number of WHM visa holders staying more than 12 months. The minimum 365 visitor nights of these WHM visa holders on 2nd and 3rd year visas accounted for a minimum 59% of all WHM visitor nights. These nights were allocated based on the number of WHM visitors in each State and Territory (IVS Y/E December 2023).

This is the minimum nights attributable to 2nd and 3rd year WHMs as it only counts the minimum 365 nights for the first 12 months, not the total number of nights.

iii 2nd and 3rd year WHM – minimum visitor spend.

The average daily spend of WHMs in Australia is \$63 per day, but ranges between \$45 and \$85 in different states and territories. The minimum spend was determined using the avg daily spend for each State and Territory applied to the estimated minimum nights in each State and Territory for 2nd and 3rd year WHMs (IVS Y/E December 2023).

This is the minimum spend attributable to 2nd and 3rd year WHMs as it only counts the spending over the minimum 365 nights for the first 12 months, not the total number of nights.

iv 2nd and 3rd year WHM – minimum jobs

The minimum total tourism filled jobs was estimated from the minimum spend using the ratio of total Australian tourism consumption by international visitors to direct Gross Valued Added (GVA), and the ratio of direct GVA to total tourism filled jobs in the latest Tourism Research Australia, State Tourism Satellite Accounts 2022-23.

The minimum total tourism filled jobs includes both the direct and indirect contribution to employment. The national ratios and multiplier were used, rather than the State and Territory's.



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