

2 September 2016

Dear Sir/Madam,

## YHA Australia submission to Working Holiday Maker Visa Review

I am writing with regards to the above review, to raise YHA Australia's concerns on the issues.

YHA has been operating budget accommodation for travellers in Australia for over 75 years, and has a network of 85 youth hostels across the country. YHA hosts guests from more than 180 countries each year, recording over 1.5 million overnight stays annually across Australia. Many of YHA's guests are on Working Holiday Maker visas (class 417 and 462). YHA has a long history of supporting this important cultural exchange of youth across continents.

YHA is a not-for-profit membership based organisation with the mission: *"To provide opportunity for all, but especially young people, for education by personal development, fostering friendship and bringing about a better understanding of others and the world around them"*.

As such, YHA considers reciprocal youth mobility schemes such as the Working Holiday Maker visa as essential in developing young people's perspective on the world.

Australia has a very successful working holiday visa scheme which allows young people from nearly 40 countries to come to Australia on extended working holidays. Equally important is that it gives young Aussies the opportunity to work and travel in the reciprocal countries. The scheme started off small in 1975 with just the UK, Ireland and Canada participating. Japan joined in 1980 in a significant gesture of deepening international relations with that country. Subsequently, most other European countries came on board, and also other Asian countries such as South Korea, Taiwan and Hong Kong. Most recently in the last 12 months, 5,000 visas were extended to youth from China.

I myself arrived in Australia in 1978 as one of the early working holiday makers from the UK. My wife, Akiko, came from Japan in 1985 after the scheme had historically been opened up to the first Asian nation. So I am personally, as well as professionally, a great believer in the power that such opportunities provide, to bring people of different cultures together.

The scheme has enjoyed bi-partisan's support for most of its history, and whilst there have been many adjustments to the policy settings, the fundamental idea of work being incidental to the cultural, educational and social objectives has remained core to the scheme. The Working Holiday Maker visa scheme is essentially a *holiday* visa, with limited working rights attached (as opposed to vice-versa, which seems to have been lost sight of in some of the recent debate).

The scheme, which is administered by the Department of Immigration & Border Protection, has continuously evolved. Slow manual visa processes were replaced by fast turnaround online; youth was more broadly defined from the original age limit of 18-26 to 18-30 and the length of time that a Working Holiday Maker could work with one employer was doubled from 13 to 26 weeks. In a significant move to boost agricultural labour from 2006, working holiday makers who completed three months regional harvest work were entitled to a second year on their visa.



However, despite the evolution of the visa over time, its prime purpose remains one of educational and cultural exchange, with work secondary to the holiday. It is not a jobs need visa. One of the most appealing aspects of the visa is that it is generally it is open to all youth. Australia as a long-haul destination is expensive and not accessible to many young people unless they are able to defray costs through some employment. The visas are open to anyone with a passport, to get up and go, take the initiative, save the money for the airfare, the visa and have sufficient funds for their stay.

The scheme is very actively supported by embassies and consulates of participating countries in Australia. A major study of the scheme by the National Institute of Labour Studies at Flinders University found that Working Holiday Makers were also generally very positive about Australia and that they travelled widely through the country. Somewhat counterintuitively, it found that the scheme was a net creator of employment for Australians. Most specifically, for each 100 working holiday makers, six full time jobs for Australians were created due to a multiplier effect of the economic activity generated by the visitors.

Some young Australians, through their parentage, have work rights in other countries. The reciprocal working visa, though, affords opportunity to all for a working holiday. While young people may learn about the world from family, school and tertiary study, the opportunity to travel not just as a tourist but on an extended basis is powerful, and broadens their global understanding and experience. Many employers also look for applicants who have taken the initiative to undertake a Working Holiday overseas.

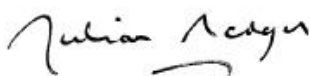
Australia's Working Holiday Maker visa scheme has grown steadily over the years to over 200,000 visas issued annually. However, in recent times, the scheme has been under stress and the numbers have been falling. Firstly, in 2013, the then Federal Government increased the visa fee twice in a 12-month period by 50% (to \$420 and more recently a further increment to \$440) with a significant decline of more than 40,000 applicants. Secondly, in the 2015/16 Federal Budget, it was proposed to withdraw access to the tax-free threshold available to Working Holiday Makers who can prove six-month's residency in Australia for tax purposes. This has been publicised as the so-called "backpacker tax".

The current review needs to weigh carefully how Australia can remain an attractive and competitive destination for backpackers. Generally, Working Holiday Makers are mobile and willing to do seasonal agricultural work in regional areas, doing jobs that Australians will not themselves do. Working Holiday Makers are also generally happy to pay a fair level of tax, but not at a rate much higher than Australians as that acts a barrier and a deterrent - and is against the Australian concept of 'fair go'. There is, for consideration, a precedent in the flat rate of 15 cents which is already in place for the Pacific Seasonal Worker Program, and which equates to the effective marginal tax rate paid by an Australian working full time on a minimum wage and enjoying a tax-free threshold on initial earnings.

We are looking forward to a sensible outcome on this matter as significant damage has already been done to Australia's reputation as a welcoming destination for backpackers. There is much work to be done by tourism bodies to repair that damage.

I will be pleased to elaborate on the issues raised above, and can be contacted at the address below.

Yours sincerely,



Julian Ledger  
CEO, YHA Australia

