

**Senate Standing Committee on Economics****ANSWERS TO QUESTIONS ON NOTICE**

Resources, Energy and Tourism Portfolio

Additional Estimates

14 February 2013

**Question:** AR15  
**Topic:** Tourism Industry  
**Proof Hansard Page:** Written

**Senator Ronaldson asked:**

**4. 'Working Holiday Maker' and 'Work and Holiday' Visa**

Please answer the following questions:

- a. Does the department consider it possible that the Department of Immigration and Citizenship has made a mistake in not considering a 'lag' effect when it put forward charts at the *Tourist Visa Advisory Group*, including the 'Seasonality/elasticity trends' chart with respect to the 'Working Holiday Maker' and 'Work and Holiday' visas?
- b. If one looks at the aforementioned chart, while there is an upward trend in the 'Working Holiday Maker' and 'Work and Holiday' visa holders 'holiday making' after a fee increase, might this not be explained by people buying their tickets a month or so in advance?
- c. Does not the chart show a downward trend in demand in the months after (following the points in time where fees were increased)?
- d. Has the department asked the Department of Immigration and Citizenship for an update on the demand for 'Working Holiday Maker' and 'Work and Holiday' visas since the fee increase came into effect on 1 January 2013? Did the fee increase make any impact on lodgements during January or February 2013?

**Answer:**

- a. As these charts were not produced by the Department, it has sought advice from the Department of Immigration and Citizenship on its consideration of lag effects. The DIAC has advised that the data presented in the chart does not support the view that VAC price increases resulted in a negative impact on demand for WHM visas between the 2009/10 to 2011/12 program years. The chart shows that program demand grew strongly during this time, and that growth was in line and above the pattern of seasonal variability that is typically experienced during a program year. Strong evidence of inelastic demand was observed in the data as sustained increases in annual lodgement volumes continued to be recorded despite VAC price increases of up to 20 per cent occurring in each of the three program years. The evidence suggests that the overall benefit of the WHM visa relative to its monetary cost continues to remain favourable.
- b. Since 2005-06 the number of WHM and Working Holiday Makers nearly doubled from 114,686 to 222,992 in 2011-12. . The Department of Immigration and Citizenship has advised that this pattern is explained by seasonality. The chart shows that visa lodgement volumes for the WHM program typically increase between April to August each year before experiencing a regular decline from September to December. These patterns of variability are driven by a variety of external factors and are all in line with the seasonal trends in visa

lodgement volumes observed in the data. Seasonal fluctuations do not correspond to a change in overall program demand, but are rather an indicator of when clients are more (or less) likely to lodge a visa application. The additional charge is not likely to have a material impact on the timing of the purchase decision for a flight to Australia. For instance, the charge that came into effect on 1 January 2013 accounts for less than 1 per cent of the \$13,000 average WHM visa holder spend while in Australia

- c. The Department of Immigration and Citizenship has advised that the year-on-year data between 2009/10 to 2011/12 shows that visa lodgement volumes grew strongly in every equivalent month over the three year period. Accounting for seasonal variability, increases in visa demand over the three year period appear to be irrespective of the time of year the client chose to lodge an application. This trend is inclusive of the period prior to, and following, VAC price increases occurring on 1 July in the data set.
- d. RET has been advised that lodgements for January 2013 continued to trend upwards. This upward trend continues to 30 April 2013.