

VISITOR VISA REFORM

TTF 2016 ELECTION SPOTLIGHT #1

Introduction

The 2016 Federal Election is a timely opportunity to shine a spotlight on Australia's visitor economy and the need for political parties seeking to lead our nation for the next three years to develop and unveil positive policies that will allow the tourism sector to reach its full potential.

Australia's continuing transition from the end of the mining boom to a diversified services-based economy means that the next Federal Government must develop an economic strategy that will support the future growth industries. Australia's booming visitor economy is one of those super-growth industries. Australia is currently attracting 7.7 million overseas visitors each year who are spending a total of \$36.6 billion in our economy. This is a positive result for our industry but is under threat by aggressive competition from other international destinations and Australia must keep up if we are to continue to grow our visitor economy.

TTF has been a vocal advocate of a strong reform agenda to ensure that the tourism industry can reach its full potential as an economic wealth and jobs juggernaut. A key plank of our reform agenda are competitive visas policies to attract more international visitors to our country.

The cost and complexity of obtaining visas can deter potential travellers to Australia. As countries look to facilitate cross-border movement of goods and services to support their international trade agendas, removing restrictions on the movement of travellers should receive equal attention.¹

Our competitors have recognised the immense opportunities that flow from lowering barriers to travel and are responding accordingly. Evidence of this renewed focus on lowering barriers to attract visitation is particularly evident in countries attempting to capture Chinese visitation.

In December 2015, the Brazilian Government announced the addition of Australia, Canada, United States and Japan to countries with visa requirements waived in the period from 1 June to 18 September 2016² with the aim to increase tourism in Brazil during the Olympic Games, with Brazil's Tourism Minister projecting an increase in 20 per cent of visitors from the four target markets. The decision to add these four countries to this list was based on an assessment of a number of factors including the strong Olympic tradition in these countries, a strong record of tourism in Brazil, and security.

In March 2016, the Indonesian Government announced the removal of their tourist visa fee for an additional 90 countries, including Australia. This brings the total number of countries eligible to travel to Indonesia on a one month tourist visa fee-free to 169. Such policy adjustments demonstrate a real attempt by the Indonesian Government to meet their target of attracting 20 million international visitors over the next five years.

Globally, tourist numbers grew by more than four per cent in 2015 to reach 1.2 billion, or 50 million more than in 2014.³ The market share of emerging economies increased from 30 per cent in 1980 to 45 per cent in 2014, and is expected to reach 57 per cent by 2030, equivalent to over 1 billion international tourist arrivals.⁴

¹ World Economic Forum (2014) *Smart Travel – Unlocking Economic Growth and Development through Travel Facilitation*.

² Brazilian Gazette (2015) *Joint Ordinance No. 216/2015*.

³ United Nations World Tourism Organisation (2015) *International tourist arrivals up 4% driven by strong results in Europe*.

⁴ United Nations World Tourism Organisation (2015) *Tourism Highlights, 2015 Edition*.

Reforming visa policy

TTF was pleased to see that the Federal Government has been listening to the tourism industry and committed to maintaining visa fees at current levels in the 2016-17 Federal Budget. This is a step in the right direction to the goal of reducing the cost of visas and making Australia a more attract destination for international visitors.

However, without significant reforms in visa policy, we are at risk of potentially losing the real level of extra growth to those economies that are playing in the field more aggressively.

In joint research conducted by UNWTO and WTTC and presented to the fourth T20 Ministers' Meeting in May 2012 a series of case studies (of 46 bilateral pair policy changes) concluded that facilitative visa policy changes increased tourist arrivals from the targeted market in a range of 5 per cent to 25 per cent per year on average over a three year period.⁵

Given the cost and time sensitivities of travellers at the pre-travel decision making stage any barriers can act as a potential deterrent. Costs should be lowered and processes simplified to encourage greater conversion of 'intentions' to travel.

Accelerate international visitation

Regaining a world-leading position on visa processing has the potential to even further accelerate international visitation to Australia and deliver a corresponding uplift in expenditure, helping to create thousands of jobs across the country. Doing so requires reforms to make it quicker, easier and more affordable for more international tourists to come to Australia. In addition, perceived inefficient visa processes breed a negative brand impact, while innovative and efficient visa processes speak to a great place to visit and do business.

In October 2014 TTF released its research paper, *Visitor Visa Reform: Reducing Barriers for Travel*. This paper outlined Australia's competitive position on visa policy relative to other destinations and some of the opportunities for reform.

In the 18 months that followed, there have been a raft of changes in Australia and around the globe as countries compete to attract more visitors. In this edition of TTF's *Election Spotlight*, we outline below some of the key policy updates over the past 18 months, including a snapshot of some of the policy developments undertaken by our competitors to increase their share of the lucrative Chinese market.

These policy announcements and where we sit in comparison speak for themselves – we need to take seriously the importance of adjusting visa policy to capture demand.

KEY AUSTRALIAN POLICY DEVELOPMENTS

▪ Multiple entry visas:

- + In May 2016 the Federal Government announced a ten year multiple entry visa for approved tourist and business applicants from Indonesia; and a three year multiple entry visa for visitor visa applicants from India, Thailand, Vietnam and Chile.
- + In November 2015 the Federal Government announced a three-year multiple entry visa for all Indonesian travellers.
- + In June 2015, as part of its Northern Australia White Paper, the Federal Government announced a pilot ten-year visitor visa for Chinese travellers. The pilot is expected to be in place by December 2016 but will require legislative change. It is anticipated that the visa will cost AU\$1000 and will allow Chinese visitors to stay in Australia for up to three months each visit. It is anticipated that the visa will attract additional requirements around the upfront collection of biometric data, as well as provide for regular revalidation.
- + In April 2015 the Federal Government announced the extension of an online visitor visa pilot for three-year multiple entry visas to approved Chinese applicants at no additional cost.

⁵ World Travel and Tourism Council (2014) *The Impact of Visa Facilitation in ASEAN Member States*.

- **Online lodgement:**
 - + In November 2015 the Federal Government announced that online visa lodgement will be expanded to all Indonesian citizens by 2017.
 - + In June 2015, as part of its Northern Australia White Paper, the Federal Government announced that it would expand online lodgement to all Chinese passport holders by the second half of 2016 and all Indian passport holders by the end of 2017. Online lodgement for individual visas is on track to be rolled out by end of 2016 to Chinese passport holders and mid-2017 to Indian passport holders.
 - + In January 2015 the Federal Government announced a new pilot program for online lodgement of visitor visas for Indian business and tourism visitors through select travel agents in India.

- **Multilingual applications:**
 - + In June 2015, as part of its Northern Australia White Paper, the Federal Government announced a trial of online lodgement in simplified Chinese by the end of 2016, however there are no active plans to trial lodgement in any other languages.

- **Visitor visa cost:**
 - + The 2015-16 Budget increased the cost of subclass 600 visas (including e600) from AU\$130 to \$135. This cohort includes Chinese and Indian passport holders.
 - + The 2015-16 Budget also increased the cost of work and holiday maker visa application charges, from \$420 to \$440.

- **Priority visa processing:**
 - + In May 2016 the Federal Government announced a trial priority processing service for India and the United Arab Emirates.
 - + In March 2016 the Federal Government announced a trial priority processing service (48-hour processing) for Chinese visitor visa applicants resident in China at a cost of AU\$1000 in addition to the base visa application charge of AU\$135.
 - + In June 2015, as part of its Northern Australia White Paper, the Federal Government announced a premium visa processing option for Chinese visitors. From March 2016 the Department of Immigration And Border Protection commenced a trial of a priority processing service (48-hour processing) for visitor visa applications from Chinese passport holders resident in China, with a cost of \$1000 in addition to the base visa application charge which is currently AU\$135.

- **Common Australia-New Zealand visa:**
 - + During the period of the Cricket World Cup, from late January to early April 2015, a 'common visa' arrangement was in place with New Zealand. This allowed visitors who qualified for an Australian visa to enter New Zealand without having to apply for a separate visa. A report from the NZ Ministry of Business, Innovation and Employment showed that half of the more than 7,000 visitors who used the visa to enter NZ were from Cricket World Cup countries, while 44 per cent were from China. Australia's Department of Immigration and Border Protection has yet to complete a review of the scheme.

KEY GLOBAL POLICY DEVELOPMENTS

- **United Kingdom:** In January 2016 the UK Government announced a new two-year visit visa for Chinese nationals. The new visa costs £85, the same as its existing six month visitor visa. In October 2015 the UK Government announced it could eventually cut the price of a 10-year visa to £85 from its current level of £737 (AU\$1532) once it has assessed the economic benefits of the change.

- **Singapore:** In May 2015 Singapore extended the validity of the Multiple Journey Visas (MJVs) issued to nationals from China from two years to 10 years. All visas to Singapore cost SG\$30 (AU\$30).
- **Canada:** In March 2015 the Canadian and Chinese Governments introduced a reciprocal agreement for 10-year multiple entry visas. The Canadian visa costs CA\$100 (AU\$105).
- **United States:** In November 2014 the US introduced 10-year multiple entry visas to Chinese travellers at no additional cost beyond the basic visa processing fee of US\$160 (AU\$225). This drove an immediate 70 per cent increase in the number of visa applications.
- **Indonesia:** In March 2016 the Indonesian Government announced the removal of the fee requirement for a one month tourist visa for an additional 90 countries, bringing the total number of countries on Indonesia's fee waiver list to 169.

TTF VISA REFORM PLAN

1. Prioritise the implementation of **online visitor visa processing** for key markets and commit to firm delivery dates
2. Continue to review and **simplify documentary requirements** of visitor visa applications
3. **Extend multiple year multiple entry visas** to leisure visitors from more countries
4. Implement a **more competitive visa fee structure**
5. Identify the next tranche of **multilingual application forms**
6. Introduce a fee-for-service **premium option for faster processing** of visitor visas
7. Develop a **common visitor visa** for Australia and New Zealand

Snapshot – CHINESE VISITORS

Rising disposable incomes, appreciating currency, easing of restrictions on foreign travel and improved travel facilitation have all contributed to China becoming the fastest growing tourism source market. It has been the world's top spender since 2012, with a total global expenditure of US\$164.8 billion in 2014.⁶

Inbound Chinese tourism now represents the single biggest economic opportunity in the Australian tourism sector. Despite being the second highest source tourism market (behind New Zealand) in 2015,⁷ Chinese visitors recorded the highest visitor expenditure, collectively spending AUS\$5.1 billion in Australia.⁸ This is forecast to grow, with China expected to overtake New Zealand in arrivals by 2019-20.⁹

As of February 2016, Australia had experienced a 22.4 per cent increase in Chinese tourism from the previous year.¹⁰

While in isolation these numbers indicate strong market performance, Australia's share of the Chinese market has not substantially increased. Australia only attracts around one per cent of Chinese travellers and around two per cent of total Chinese tourism expenditure.

KEY AUSTRALIAN POLICY CHANGES

- In June 2015 the Government announced a trial 10-year visitor visa for Chinese travellers to commence in December 2016. It is anticipated that the visa will cost AU\$1000 and will allow Chinese visitors to stay in Australia for up to three months each visit.
- In June 2015, as part of its Northern Australia White Paper, the Federal Government announced that it would expand online lodgement to all Chinese passport holders by the second half of 2016.
- In June 2015, as part of its Northern Australia White Paper, the Federal Government announced a trial of online lodgement in simplified Chinese by the end of 2016.
- At the 2015-16 Budget, visa application charges for Chinese visitors increased from AU\$130 to AU\$135.
- In April 2015 the Government announced the extension of an online visitor visa pilot for three year, multiple entry visas to approved applicants at no additional cost.
- In February 2014 the Government announced three year multiple entry visitor visas for Chinese business visitors.

KEY GLOBAL POLICY CHANGES

- In October 2015 the UK Government announced it would reduce the price of a two-year multiple entry visitor visa for Chinese tourists to £85 (AU\$181) from £324 (AU\$674) from January 2016. It has also flagged cutting the price of a 10-year visa to £85 from its current level of £737 (AU\$1532) once it has assessed the economic benefits of the change.
- In June 2015 the UK and Belgian governments announced a new pilot scheme to further streamline visa application processes for Chinese visitors to the UK, Belgium and the wider Schengen area, by allowing Chinese customers to submit visa applications for both destinations from a single UK visa application centre (VAC). The change came into effect in July 2015.
- In May 2015 Singapore extended the validity of the multiple journey visas (MJVs) issued to nationals from the People's Republic of China from two years to 10 years.
- In March 2015 Canada introduced a 10-year multiple entry visas to all Chinese travellers. All visa applicants are automatically considered for 10 year visas (for a maximum stay for up to six months per visit). Canada also reduced its visitor visa fee from CA\$150 to CA\$100 (for single and multiple entry visas) to encourage greater tourism.

⁶ United Nations World Tourism Organisation (UNWTO) (2015) *UNWTO Tourism Highlights, 2015 Edition*.

⁷ Australian Bureau of Statistics (2015) *Overseas Arrivals and Departures data*.

⁸ Tourism Research Australia (2015) *International Visitor Survey*.

⁹ Tourism Research Australia (2015) *Tourism Forecasts*.

¹⁰ *Ibid*.

- In January 2015 the South Korean Government introduced a pilot program of e-Visa services (online application and receipt of visas) for Chinese tourist groups with a view to a full rollout by January 2016.
- In November 2014 the US introduced 10-year multiple entry visas to Chinese travellers at no additional cost beyond the basic visa processing fee of US\$160.
- In November 2014 the UK extended their Super Priority Visa Service (24 hour turnaround) to additional countries due to high demand. The Government simultaneously expanded the priority visa (three to five day turnaround) services to over 100 countries.

SUMMARY OF VISA FEES – CHINESE VISITORS

DESTINATION COUNTRY	VISITOR VISA	COST	PROCESSING TIME	PRIORITY PROCESSING	ADDITIONAL INFORMATION
AUSTRALIA					
Visitor Visa	Visitor visa (to visit or for business visitor purposes up to 3, 6 or 12 months)	AU\$340 (applicant in Australia)	Lodged in Australia + Low risk – 1 working day + High risk – 1 week	Additional AU\$1000 for 48-hour processing (trial commenced March 2016)	
Multiple Entry Visa	Three year multiple entry visa (for stays up to 3 months)	AU\$135 (applicant outside Australia)	Lodged outside Australia + Low risk – 1 working day + High risk – 1 month		Australian Government has announced a trial 10 year multiple entry visa to Chinese citizens, at a cost of AU\$1,000 to commence in December 2016
CANADA					
Visitor Visa		CA\$100 (AU\$106)	Lodged in Canada + Online – 4 days + Paper – 8 days Lodged outside Canada + 10 days		Visa fee reduced from CA\$150 to CA\$100 in Feb 2014 to promote tourism Transit visas (for stays up to 48 hours) are free
Multiple Entry Visa	10 year multiple entry visa (for stays up to 6 months)				Single and multiple entry visa fees harmonised to make the process simpler for applicants
SCHENGEN ZONE					
Visitor Visa	Visitor visa (for stays up to 3 months)	€60 (AU\$90)	2 working days	N/A	

Multiple Entry Visa	6 month multiple entry visa (for stays up to 3 months)				
JAPAN					
Visitor Visa	Single Entry Visa (15 or 30 day stay)	3000 Yen (AU\$34)	5 business days	N/A	Single-entry Group Tourist Visa (for stays up to 15 or 30 days) available to Chinese travellers
Multiple Entry Visa	Double/Multiple Entry Visa	6000 Yen (AU\$68)			
	3 year multiple entry visa (with stay up to 30 days)	Free stay if 1 night in Okinawa Prefecture or any prefecture in Tohoku Region; and have either 1) a sufficient level of financial capability; or 2) a certain level of financial capability and travelled to Japan at least once in the last 3 years for a short-term visit			
	5-year multiple entry visa for travellers with a substantially high level of income (with a stay up to 90 days)	Free if they enter and spend a night in Japan for the first time through one of three earthquake-stricken areas – Fukushima, Iwate or Miyagi			
NEW ZEALAND					
Visitor Visa	Visitor Visa (with a stay of up to 90 days)	NZD\$165 (AU\$149)	Up to 25 days	Streamlined visitor visa processing service available to China Southern Airlines Gold or Silver status cardholders and China UnionPay Diamond or Platinum status credit card holders	Bilingual China section available on the Immigration New Zealand website to make it easier for Chinese visitors to lodge a visa application
Multiple Entry	Most applicants for visitor visas will be granted a multiple entry visa	As above	As above	As above	As above
SINGAPORE					

Visitor Visa	Visitor visa (duration of every visa application considered on merits)	SG\$30 (AU\$30)	3 working days	N/A	Chinese visitors can stay up to 30 days without a visa in Singapore
Multiple Entry	Eligible Chinese travellers will automatically be assessed for a multiple entry visa validity period of up to 10 years when they apply)				
SOUTH KOREA					
Visitor Visa	Single entry visa (for stay of up to 90 days)	US\$40	5 working days	N/A	Chinese visitors can stay up to 30 days without a visa in South Korea Visa-free entry to Jeju Island for those that arrive directly by flights or ships (less than 30 day stay)
Multiple Entry	5-year multiple entry (must have entered South Korea at least twice in 12 months prior to date of application. Maximum stay is 90 days)	US\$90 (AU\$126)	5 working days	N/A	5 year multiple entry was introduced in April 2015 to encourage Chinese visitation
UNITED KINGDOM					
Visitor Visa	Visitor Visa (for stays of up to 6 months)	£85 (AU\$181)	10 days	3 to 5 days Priority visa service available for additional payment of 1236 RMB (AU\$271) 24 hour Priority visa service available for additional payment of 6180 RMB fee (AU\$1359)	Chinese translation available on main website, online visa application available in Chinese
Multiple Entry	2, 5, 10 year multiple entry visas available (for stays of up to 6 months)	+2 years – £85 (AU\$158) + 5 years – £600 (AU\$1120) + 10 years – £752 (AU\$1405)* *The UK Government plans	10 days		

		to introduce a new 10 year multiple entry visa at the same price as a standard visitor visa			
UNITED STATES					
Visitor Visa	Visitor visa (for stays of up to 90 days)	US\$160 (AU\$224)	5 business days (but can take weeks/months)	N/A	
Multiple Entry	Up to 10 year multiple entry for business and tourism travel (for stays of up to 6 months)	US\$160 (AU\$224)			Major increase in visas issued to Chinese by US after reciprocal 10 year visa arrangement came into place