



COMMONWEALTH OF AUSTRALIA

**JOINT STANDING COMMITTEE ON
MIGRATION**

Reference: Working holiday visas

SYDNEY

Monday, 2 September 1996

OFFICIAL HANSARD REPORT

CANBERRA

JOINT STANDING COMMITTEE ON MIGRATION

Members:

Mrs Gallus (Chair)

Senator McKiernan (Deputy Chair)

Senator Stott Despoja

Senator Tierney

Senator Troeth

Ms Gambaro

Mr Holding

Mr Kerr

Mr Martin

Mr Sinclair

Matter referred for inquiry into and report on:

The regulations relating to working holiday visas, with particular reference to:

- (a) the adequacy of the existing working holiday arrangements, including the criteria and conditions relating to the grant of working holiday visas;
- (b) the appropriateness of setting a limit on the number of working holiday visas granted annually;
- (c) the efficiency and effectiveness of the administration arrangements relating to the grant of working holiday visas and compliance with their conditions;
- (d) the impact on the Australian community of the working holiday arrangements, including any impact on the Australian labour force; and
- (e) the adequacy and effectiveness of reciprocal working holiday agreements established with other countries, including any potential for expansion of such agreements.

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Present

Mrs Gallus (Chair)

Senator McKiernan

Ms Gambaro

Mr Martin

Mr Sinclair

The committee met at 9.03 a.m.

Mrs Gallus took the chair.

CHAIR—I am pleased to declare open the first public hearings of the inquiry into working holiday visas by the Joint Standing Committee on Migration. Australia's working holiday program has been in existence since 1975. While some departmental reviews of that program have been undertaken, this is the first major public inquiry into the scheme. The inquiry was established on the basis of recommendations made by this committee's predecessor in its January 1996 report on Australia's visa system for visitors. This inquiry is an important opportunity for the Australian public to have its say on a program which has become of increasing significance to Australia.

Working holiday visas enable young people to enjoy an extended holiday in Australia and to supplement their funds by incidental work. At the same time, the reciprocal nature of the scheme provides the opportunity for young Australians to holiday and work overseas. During this inquiry we will be evaluating how the scheme is operating and what its future direction should be. The committee has received a large number of submissions from people and groups across the country. Over the next few months, we will be hearing from many of those who have made submissions to the inquiry as we conduct public hearings in cities and regional centres around Australia.

As part of our inquiry we intend to ensure that any changes to the program take account of its impact on job prospects for young Australians. Over the next two days in Sydney, we will be hearing from various representatives of the tourism industry who have a special interest in the program. As part of these hearings, we want to explore how important the working holiday program is for Australian tourism, particularly as we move closer to Sydney Olympic Games.

Before commencing with our first witnesses, I remind everyone that these are proceedings of the parliament and that they warrant the same respect which proceedings in the parliament deserve. The committee does not require witnesses to swear an oath or affirmation, but this does not diminish the importance of these hearings.

HUDSON, Ms Margaret, Manager, Corporate Strategy, Australian Tourist Commission, 80 William Street, Woolloomooloo, New South Wales

MIDDLETON, Mr Graham, Project Manager, Backpacker Tourism, Australian Tourist Commission, GPO Box 2721, Sydney, New South Wales 2001

CHAIR—Welcome. Thank you for your submission to the inquiry. We note that you have given us quite a lengthy submission and we would like you to talk to that. I would prefer you not to read sections of it, because we have obviously read it; but, if you would like to talk to that for about five minutes, that would be good. I invite you to make a brief opening statement before the committee proceeds to questions.

Ms Hudson—First of all, thank you very much for the opportunity to appear before the committee and also to put in a submission. We believe it is, as you have already said, an important inquiry and we primarily believe that working holiday-makers are very important contributors to Australia's overall tourism perspective and tourism numbers.

I would like to highlight a number of key issues that we have raised in our submission and take you through in some detail some of the key things that we have already said in our submission. Firstly, I would clarify that the role of the Australian Tourist Commission is to promote Australia internationally as a holiday destination and to maximise the social and economic benefits to Australia from international tourism.

In terms of evidence to this committee, we would say first of all that the Australian Tourist Commission does not believe that there should be a cap on the working holiday-maker program. We are of the view that market forces should determine the number of working holiday-maker visitors who come to Australia, similar to the way that any tourists are able to come to Australia.

We are aware of some of the impacts that the cap has caused in the last few years and we can certainly provide more detail in answer to questions. We also have some examples of press clips that we would be happy to table that highlight some of the impacts that have occurred around the world when there are problems with the number of working holiday-maker visas that have been available in certain countries.

We would also like to say, in relation to the efficiency and effectiveness of the scheme, that we have some concerns with regard to how the program actually is operating in markets. These are primarily communication issues. It has come to our attention that there have been a number of occasions when it has been very difficult for a potential working holiday-maker to find out what is happening in terms of the program—firstly, about the existence of the program itself and, secondly, when there have been changes in policy, specifically in recent times relating to the capping. It has sometimes been very difficult for working holiday-makers to find out what is happening in the program and

whether or not they are able to come to Australia.

Thirdly, we are of the view that at the moment it appears that it is quite difficult for WHMs to extend visas whilst they are in Australia, and often they have to leave the country. Whilst there are obvious reasons for that policy, we are of the view that that does cause problems as some of these visitors who may leave the country may, for instance, go to New Zealand and may not necessarily return to Australia, although that had been their intention. Therefore, we are of the view that if it was made easier for them to be able to extend their visas whilst in Australia, there could be more benefit.

To conclude my opening comments, I would like to say that we believe there are a number of other countries that it would be of great benefit to have included in this scheme. Those countries are detailed in our submission. But the ones that we are talking about primarily are the United States of America, some of the EC countries—Germany, France, and Scandinavian countries—and South Africa. Whilst individuals from those countries—as I understand it—can apply for a working holiday-maker visa, if they are not formally part of the program it is a little bit more difficult to do so from those countries which are ones we target very strongly as backpacker market countries. The fact that some of those countries are not in the reciprocal arrangements means that it is difficult for individuals in those markets to become working holiday-makers to Australia.

That basically summarises our position. We would be very happy to elaborate and, as I said, we have some press clips from other countries that I think provide good input about the impact when there have been problems in the program's administration. We also have some examples of some of the backpacker material that we are supplying around the world at the moment and, again, we would be happy to table and discuss that.

CHAIR—Okay, if you would like to table them, thank you.

Mr Middleton—These are examples of articles that were run in mainstream media in the UK when the cap was reached earlier on this year, and of the negative press that was generated from that capping.

CHAIR—We will have these photocopied so the committee can have a copy. Mr Middleton, did you want to add anything to what Ms Hudson has said?

Mr Middleton—One of the reasons that we are looking to develop and extend the program is that the working holiday-maker scheme is a stimulus for other travel because of the extended length of stay from the working holiday-maker visa. It is certainly a stimulus for visiting friends and family which is an important sector of the tourism market that we are developing as well. So we see it from that perspective and also the importance of the economic benefit to Australia through the working holiday-maker travellers' extended travel into regional areas of Australia and local communities. The distribution of that expenditure is an important angle.

CHAIR—Ms Hudson, I assure you that we are trying to negotiate with other countries to extend the working holiday visa into the countries that you mentioned. We are quite eager to be doing that but some of the other countries are less eager than we are. However, we are continuing the negotiations. That is one of the aims of the government at present.

Senator McKIERNAN—You said you would be able to provide us with some information on the impact of capping over the past few years. Are you promising to do that at a later time or are you in a position to do it now?

Ms Hudson—I guess there are two key aspects to the impact of capping. The first comes from the press clippings that are being copied, which you can have a look at that. The press clips basically indicate that when the capping target was reached—I think that was March this year—there was a lot of negative reaction in the trade press to that. There were lines in the press about whether Australia is really welcoming people, given that people who were trying to come in under this program were being told that the cap had been reached and that therefore they were no longer able to come. The second one, and Mr Middleton might like to comment, was more in regard to the impacts for the trade in Australia, the people in the tourism industry in Australia who are relying on this type of business.

Senator McKIERNAN—Essentially, you are talking about earlier this year, rather than in the past few years.

Ms Hudson—Yes. Primarily, we are talking about the problem that occurred when the cap was reached. But I think I would go further and say that, in terms of not wanting a cap, we believe that the popularity of Australia as a tourist destination is on the increase. That can be seen by the fact that our current annual growth rate is about double world tourism growth rates. That is certainly something that we want to maintain and we want to gain more market share. Therefore, we are of the view that, as we move into the future, there will be an increased demand for all travel to Australia and also for working holiday-makers travelling to Australia. I guess we are projecting into the future and saying that that is an impact that we would certainly like to see minimised in the future by not having a cap.

Mr Middleton—Earlier this year, once the cap was reached, I was contacted by a range of Australian operators who expressed a great deal of concern about the capping. Some of the operators who worked specifically in the youth market and exchange programs, said it had a significant impact on their businesses. For example, one of the operators who contacted me was running six programs in the second half of the last fiscal year and then had those programs reduced to two. He said that, basically, that was a loss of 250 passengers that he would normally have brought down through to his business. A lot of Australian operators are contacting us and providing anecdotal evidence of loss of business through programs being cut.

Senator McKIERNAN—You mentioned New Zealand in your submission. How many working holiday-makers go to New Zealand each year?

Mr Middleton—The program is being increased to 2,000 at the moment.

Mr SINCLAIR—Two thousand; did you say?

Mr Middleton—Yes. Two thousand visas are being issued.

Senator McKIERNAN—Is that the doubling effect you talk about in the submission?

Mr Middleton—Yes.

Senator McKIERNAN—So it has gone from 1,000 to 2,000. In your submission you quote the *Lonely Planet* as saying that if the immigration official does not like the look of the person that person might only get a visa for two weeks. How many working holiday-maker visas of two weeks duration have been issued?

Mr Middleton—I think it would be more appropriate to ask the Department of Immigration and Multicultural Affairs about that. One thing that is quite important with this sector of the market is the power of the word of mouth. An impact study showed that 75 per cent or approximately three-quarters of youth travellers or backpackers to Australia use guide books. The *Lonely Planet* travel guide is one of the predominant publications out there. These publications are produced from actual travellers writing in. We do not have a specific number for you; that would have to be something directed to the Department of Immigration and Multicultural Affairs. But it certainly does have a negative impact.

Senator McKIERNAN—If I were to put it to you that the *Lonely Planet* was wrong in the information that it has put out in its booklet, next time you make a submission to a parliamentary inquiry on behalf of your organisation, would you use incorrect information?

Ms Hudson—I guess that my answer would be that the reason that was highlighted was to indicate the perception that may well be in the market. So we certainly sourced it, but it was not our view. We were quoting and, as my colleague has said, it indicates the importance of word of mouth. In that sense we were suggesting that this is what the *Lonely Planet* is saying to indicate the perception and the importance of perception that is there.

CHAIR—I do not think that it was meant to be taken quite literally, but rather just as an example of what bad publicity can do in a book such as the *Lonely Planet*.

Senator McKIERNAN—Yes. But when I read the submission, one of the things that struck me was that your submission was actually targeted more on an inquiry into the backpacker market than on the working holiday-maker market. The working holiday-maker market is not the backpacker market, although sectors of the working holiday-maker visa holders are also part of the backpackers group. It is not backpacker market in itself. If you look the figures and the numbers of visas, as opposed to the total number of backpackers coming in, that proves it. In the last calendar year, it would have been much less than 20 per cent.

Countries that you suggest the scheme be extended to do not include any of our near neighbours in the Asian region. Is there any particular reason for that?

Mr Middleton—The markets that have been selected in our current campaigns are considered growth markets in the youth sector. There is potential for the development on to other sectors, such as the one I mentioned before—visiting friends and relatives. Certainly, we see the Asian markets as having solid potential, but we have looked at the situation as a case of priorities at the moment. You could certainly argue a case to open this scheme up to all youth travellers, or to all A-teams in all sectors, but it was a case of prioritising the markets, as we saw it.

Senator McKIERNAN—I ask you again: you have not included any Asian countries in here. I do not think that you are saying that you do not end up globally. You have targeted a number of areas and a number of countries. None of those countries or areas are part of the Asian region which, we know, is very important to our tourist market. Is there any particular reason that you have not, for example, included places like Indonesia, Malaysia or Thailand in your suggestions of where we ought to extend the scheme?

Mr Middleton—Korea is already a member of the program.

Senator McKIERNAN—I know that.

Mr Middleton—The working holiday-maker scheme is currently available to all travellers. We were pushing the program into developing into areas that we have proposed, such as Scandinavia, the EC, South Africa and the US.

Senator McKIERNAN—Not Thailand, not Malaysia, not Indonesia, and not the Philippines. Is there any reason that you did not include some Asian countries, or suggest the inclusion of some Asian countries?

Mr Middleton—The countries that were chosen were selected in relation to the potential for development within the youth market with the current programs that we are developing and have in place. We would certainly see a potential for the program in the future to be opened up to Asian countries.

Mr SINCLAIR—I have a few questions I am interested in. Firstly, where do you get your statistics? Do you get them from the ABS, or are you involved in some group that identifies how many people are of which category? Do you rely on the department itself for the figures?

Mr Middleton—Our core statistics come from the Bureau of Tourism Research which is based in Canberra. Specifically in relation to the working holiday-maker visas, the statistics are provided by the Bureau of Immigration, Multicultural and Population Research.

Mr SINCLAIR—Are you satisfied with the figures that are available?

Mr Middleton—Yes. However, with all research there are some limitations and as long as those are considered when reviewing the research then—

Mr SINCLAIR—One of the things that strikes me about the department is that it seems to me to be more notable that for the questions you want answered they do not seem to have the data. For example, have you a breakdown of the number of those who have working holiday-maker visas by source country? Have you graphed them? Have you made your recommendations on the basis that there are more from Britain than there are from Germany, or the reverse? I am interested in a range of statistical information that is essential if I am going to make a judgment. I have not seen anything yet that gives me any confidence that the data is available.

Mr Middleton—The Department of Immigration and Multicultural Affairs has breakdowns of all the issuance of working holiday-maker visas.

Mr SINCLAIR—Do they know how many have decided to take up another visa status? For example, people may come here on a working holiday visa but may wish to become students. How many of them want to become students?

Ms Hudson—That is something you would need to put to the immigration officials.

Mr SINCLAIR—Putting that matter aside, if you are not going to have a cap—following up Senator McKiernan's question—then why do you select countries? Would it not be better, if you are not going to have a cap, that you allow working holiday-makers from everywhere? Why designate countries?

Ms Hudson—In the longer term we would probably say no specific countries. We were probably working on the basis that we were identifying the priority markets in terms of where we believe the most potential is. I am also aware there is a reciprocal nature to any arrangements. Certainly, we would say in the longer term that if there was no cap then perhaps it should be available to all countries.

However, one of the limiting factors, and it is probably something best answered by the immigration people, would be that at the moment the number of countries that are represented requires some effort from immigration in terms of servicing the scheme, the provision of information, et cetera, as we mentioned earlier. Therefore, if you were going to open it up it is something you would need to talk to immigration about. You would have to talk about the impact of that visa type being available in all markets. But from where we sit, we believe the youth market, the backpacker market, is important around the world. What we have identified is the priorities as we see them within the number of countries in the world. But certainly there are others that we would say would have potential as well.

Mr SINCLAIR—I would not have thought you would have been particularly worried what demands there were on the department. That is for them to worry about. I would have thought your campaign would have been to get in as many people as wish to have a working holiday, and it does not matter where they come from. It is for the department to determine whether they are going to issue the visa and they will set their own criteria. I just cannot see why the ATC would suggest you should have a list of countries. I would have thought you would open it up and the department could then say, 'No, there are going to be more overstayers from one source than another.' Are you only doing it because the department have told you it is too difficult for them?

Ms Hudson—No, what I was primarily saying was that the countries we have listed are the priorities. If there are reciprocal necessities such that each one needs to be negotiated then these are the countries of priority but in the longer term we would probably have the view that we open it up to everyone.

Mr SINCLAIR—Does the ATC engage in a marketing effort in particular countries?

Ms Hudson—Yes.

Mr SINCLAIR—In this particular area?

Mr Middleton—The Australian Tourist Commission has been conducting major campaigns for the last two and a half years to specifically develop the youth market. They have been conducted in all our major source markets but with a primary focus on North America and Europe. We have been doing work in the youth market through other sectors, as well. We have brought along a couple of examples of material that we have produced to develop that youth market.

Ms Hudson—Perhaps we could table those documents.

Mr SINCLAIR—Madam Chair, could we get that tabled?

CHAIR—Yes.

Mr Middleton—There are sections within those that relate specifically to the working holiday-maker visa and the availability of that. The ATC produced those publications. The first one is *Australia Unplugged*, which had a circulation of 150,000 throughout North America and Europe. Another one is a North American publication which has a public circulation of 250,000. In conjunction with those publications, we have been conducting advertising and direct mail campaigns and agent programs in North America, Scandinavia, Germany and the UK.

Mr SINCLAIR—Is the ATC aware of the source countries of students who come to Australia to study at our secondary schools and universities?

Mr Middleton—We are actually working on targeting the educational market at the moment. We are doing work with Austrade, ELICOS and the Australian International Education Foundation at the moment.

Mr SINCLAIR—It seems to me that you are promoting working holiday visas for one set of countries while all our students come from another set of countries. Have you thought of this and tried to look at whether or not people who might want to come to Australia might like to stay on and do an undergraduate or postgraduate degree or, perhaps, a trade course? Have you thought of parallelling the two visa statuses in your promotions?

Mr Middleton—Yes. Actually, students would be better off coming through on a different status of visa. That is why, whilst there is the opportunity to do that and we place very high priority on educational tourism, we see that as very much focused on coming through under a different visa.

Mr SINCLAIR—Do you not think that students also want to work?

Mr Middleton—There is a student visa. As I mentioned before, the Department of Immigration and Multicultural Affairs would be a good one to direct such questions to. But the student visa program has, I think, 20 hours working entitlements a week. So whilst, as you have said, there is a bit of a crossover, the student visa is certainly a more appropriate one for our promotions towards the educational market in tourism.

Mr SINCLAIR—We are looking at the status of the visa. Apart from anything else, it has always seemed to me to be absolute nonsense that you do not get some parallel between student visas and working holiday-maker visas. Essentially, if we are going to promote Australia as a source destination for students from some countries, I wonder why at the ATC level you have not thought, ‘Well, we might try and marry the two and see whether we can get people to come here and work.’ You might offer a sprat to catch a mackerel—offer them a bit of a thumb around the country before they go and study. Have

you not thought of promoting it in that way?

Mr Middleton—No. Now the student visa has an entitlement of 20 hours, it certainly does have that. That is one of the programs, as I mentioned, that we are promoting through the cooperative campaigns that we are running now with the Australian International Education Foundation and Austrade.

Mr SINCLAIR—I might take you to another area. I was interested in the number of working holiday-maker visas to New Zealand that you gave Senator McKiernan. Do you mean that the total number of working holiday-maker visas in New Zealand is 2,000 a year?

Mr Middleton—Yes. The program has been increased to 2,000. It has been reported—as you would have seen in press articles—that it has come at a time when the cap to Australia has been reached and the negative press has been circulated. I do not think we included this before—I might table this press release that was put out by a UK publisher to the trade. One of things that happened during that period wherein the cap was actually reached was the promotion of New Zealand and Canada as alternative destinations for working holiday-maker visas. They are key competitors for Australia.

Mr SINCLAIR—I will come to Canada in a moment. In terms of Australians going to New Zealand, where there are no visas required, have you any data that would give you an idea of how many Australians go to New Zealand and New Zealanders come to Australia under the general concept of a working holiday? I know you go to Bondi and you see a few, but they seem to stay on. I was interested in the movement between the two countries. Have you any figures on those New Zealanders who come into the youth market?

Mr Middleton—No, the New Zealanders just come over, they do not necessarily have to come over on the working holiday-maker visa because—

Mr SINCLAIR—No, they do not have a visa. You have no figures?

Mr Middleton—No. We just have the straight arrival figures and we can break them down by age, but there is no guarantee that they are working or they are not working, so we cannot apply it.

Mr SINCLAIR—So we have got no real idea of how many young Australians are going to New Zealand and how many young New Zealanders are coming to Australia in this general category?

Mr Middleton—No.

Mr SINCLAIR—And yet New Zealand would be one of our major tourist

markets, would it not?

Mr Hudson—Overall, it is our number two market at the moment in terms of numbers.

Mr SINCLAIR—So you have not got any data on the people from there? What about Canada? Have you got any data on them, because they do require visas, as I understand it. Have you got any figures on Canadians coming to Australia?

Mr Middleton—Yes.

Mr SINCLAIR—Has that gone up? How has the figure been moving?

Mr Middleton—The growth market for tourism generally, as Margaret was mentioning, has grown double the world average. The youth market for Australia has grown at about 25 per cent up until the end of the last fiscal year. The world average was approximately 20 per cent at the time for the youth market because it is certainly a booming area. So Australia's growth has certainly been well in advance of other sectors or other destinations.

I also want to table a publication the Australian Tourist Commission has produced which examines 15 different source markets on their propensity to travel to Australia, and this again is specifically looking at the youth market. As was mentioned earlier, whilst this is not all working holiday-maker visas, they are backpackers and the backpackers are the largest group of consumers of the working holiday-maker visa. So we certainly see this as an example of targeting of research that has been done into specifically looking at the youth market out of those source markets.

Mr SINCLAIR—Does the ATC have any cooperative effort with New Zealand and Canada, both of which you might say in many ways are parallel markets to Australia, looking at this particular segment of the market? Have you discussed with the Canadian Tourist Commission and the New Zealand Tourist Commission working holiday-maker visas at all?

Ms Hudson—I am not aware of specific negotiations on that part of the market. Certainly, in a more general sense, in some of the Asian markets—for example, Korea—we are aware that a large number of the Korean potential travellers to Australia also wish to see New Zealand. So we do do some work with New Zealand cooperatively at that general level. Specifically for the youth market, I am not aware of any particular arrangements with New Zealand.

With Canada I would say it is much less likely, in fact, in terms of the source markets and the length of time, et cetera, whether a working holiday-maker chooses to do one part of the world versus another. I am not sure that we have really talked to Canada

about that particular segment and the combination.

Mr SINCLAIR—It would seem to be feasible, at least with New Zealand, to have some form of cooperative marketing. I know that many of the young Scandinavians, for example, who come to Australia seem to spend a little time here and a little time in New Zealand. You do not see it as beneficial?

Mr Middleton—The ATC has several campaigns where we are working cooperatively with New Zealand in developing sectors of the market. This sector of the market, whilst they are complementary, they are to a degree one of our strongest competitors as well. Certainly, there is a lot of anecdotal evidence that suggests that there is a loss of market share or a potential loss of market share to New Zealand. So whilst there is the opportunity to work closely with them, they are certainly one of our key competitors as well with this market because of the heavy adventure activities and strong youth networks, transport networks, that they have in New Zealand specifically.

Mr SINCLAIR—You are probably aware that today the Prime Minister is going to the Marshall Islands to participate in the South Pacific Forum. One of the requests from a report that has been produced for consideration at that forum has been that there should be virtually free market access for workers from the South Pacific in Australia. That is not a position that governments of either persuasion have accepted. But it does seem to me that we might look at working holiday-maker visas. Are you aware of any efforts in the South Pacific countries to encourage young people to come and work here on a working holiday-maker visa?

Mr Middleton—No; we have not embarked on any specific activities working solely on the youth market in the South Pacific. The South Pacific is one region that we see as very important, and it is one that we are working to develop. We had approximately 42,000 arrivals out of the South Pacific last year, so it is certainly a key market for us. But, within the priorities that we have placed on potential countries to develop, it is not one that we have positioned.

Ms GAMBARO—You mentioned capping. Do you have any specific figures for when there are special events, such as the Olympics or the Commonwealth Games, to show if there is an increase in working holiday-makers leading up to those special events?

Ms Hudson—I am not aware of any specific figures in that regard. Again, perhaps the Department of Immigration and Multicultural Affairs would be able to provide you with that data. Mr Middleton may like to comment.

Mr Middleton—No. The department of immigration would be the best bet.

Ms GAMBARO—You are against setting a target, as such, on capping, but shouldn't we rather look at events that are coming up in the future, such as the Olympics

or whatever, and adjust the working holiday-maker market numbers accordingly? Would that be a preferred option, in your view?

Ms Hudson—It would be a possibility, but I guess we are saying that, in an example like the Olympics, which is an obvious one that is not too far away, the way that we are marketing Australia at the moment is not just geared to trying to get people here for the year 2000. In fact, we are wanting to extend the benefits that come from the increased exposure that Australia is given around the world, to all segments, including this one. Therefore, we would like to see a situation where the number of arrivals in a general sense, and specifically in the segments as well, increases every year after the Olympics, rather than just being a hump in the year 2000.

In the past, for instance, the experience of Expo makes it very obvious that it is extremely important from a marketing perspective to make sure that you do not just highlight one year but that you ensure that a number of events and promotions extend the benefit of an event. So, in that sense, I would say that increasing it just for a one-off year around an event would probably negate the impact that we are trying to promote in order that in future years there will be a larger increase.

Ms GAMBARO—You highlighted a few non-agreement countries' processing problems. I would just like you to expand on some of the problems that working holiday-makers are experiencing when they have to apply in their country of origin, if they are not from a working holiday agreement country. Could you run through those, and also timing, delays with processing and anything else of that nature?

Mr Middleton—As Margaret mentioned in her opening presentation, communication is one of the key points that has been highlighted through all our feedback from our overseas markets and also from Australian operators who are working with this specific market. Certainly, in some of the markets that do not have reciprocal agreements, there is basically zero awareness of the fact that people can apply under the current scheme, which is available to all their markets as long as they prove that there is a value culturally for Australia and for their own benefit. So, awareness from those non-reciprocal countries is one of the key points.

Ms GAMBARO—I will stop you there. Is that due to your marketing campaign in those non-agreement countries, versus your campaign in the agreement countries? Is it based on that?

Mr Middleton—One of the things that we have been promoting through the backpacker program or through the youth market development activities is this issue because we have identified it as a concern. You have seen the publication *Australia Unplugged*, which I think the secretary has. There is a section specifically relating to increasing the awareness that people from these different markets can apply to it. But previously there has been virtually zero awareness reported to us.

Specifically relating to the area of communications, when the cap was reached there were reportedly very poor communications between those people who were applying or who wished to apply for the program and the Australian consulates in the respective markets, which had in turn—because of word of mouth, which is the major source of communications in this sector of the market—a multiplier effect on the negative impact for Australia.

Ms GAMBARO—In the communication area, where do you see an improvement could have been made in the past to people not being adequately informed? Is it an administrative thing? How could that have been avoided?

Mr Middleton—In relation to the capping?

Ms GAMBARO—Yes, and letting people know. I think you mentioned in your submission that by 31 March the cap was on, and then you had from March to July that people were still unaware or applying.

Mr Middleton—Communication can certainly be press releases, initially from the Department of Immigration and Multicultural Affairs out to the community; and also responding to the people who had actually applied.

I have spoken to the department and our officers in the respective markets and I have spoken to the consulates in relation to that. They certainly came back with the response that there was very much a breakdown between the applicants and the consulates in the working holiday-maker visa—whether they would actually hold over the visas until 1 July when the new allotment of visas was available without notifying the applicant; whether they would just send them back and say, ‘No’; or whether they would advise them and say, ‘No, come back in several months in the new fiscal year.’ There did not appear to be any set, standard way of responding to them, and that certainly generated quite a lot of negative press—which has been tabled.

Ms GAMBARO—I have another question as to the mechanics of it. Getting a visa from a non-agreement country and the processes there, is it extremely more complex and does it take a longer period of time than getting it from an agreement country, and do you have any figures or evidence on that?

Mr Middleton—Again this is probably a good question to direct to the Department of Immigration and Multicultural Affairs, but one of the procedures is that applicants from non-reciprocal countries are not entitled to apply for the program outside of their home country. So that is certainly a restriction that is placed on them.

Ms GAMBARO—A disincentive, do you feel?

Mr Middleton—Certainly, once they embark on their travels, it severely limits

their travels to Australia down to a visitor visa, which is a three-month program, as opposed to a 12-month visa with working entitlements.

CHAIR—Can I take you back to New Zealand. I was picking up a tremendously schizophrenic reaction to New Zealand, like ‘They’re our rivals so we had better be careful’, but also another, ‘Gee, maybe we can do something with them.’ I was just getting this feeling that you have not got a particular policy in regard to New Zealand and that you cannot decide between whether you are scared to death of them or whether we should be partnering with them.

Mr Middleton—No, we certainly are not scared to death of them. The routes that the travellers take on their round-the-world tickets that they have, certainly New Zealand is a very key component of those. The marketing specifically for this sector of the market is something that to date has purely focused on promoting Australia. The region itself, we see with this sector of the market, is a high enough attraction, so it is not something that we need to develop cooperatively with New Zealand. There is certainly a promotional angle that we are taking to promote Australia as opposed to the region, because we see the region, certainly for these sectors, as having a large enough appeal to bring the travellers down here, so we do not see it as something that we need to cooperatively develop.

CHAIR—You did mention that New Zealand offered the same sort of adventure holiday as you can often get in Australia and this was, you felt, perhaps taking some of our adventure. Isn’t it the situation in fact, rather than taking ours, that this is tremendously complementary? The person who wants to whitewater raft in Cairns and in Tasmania is probably just as eager to do it in New Zealand, and back the other way, so if you could tie all those together you are offering those people another product which might bring more of them here.

Ms Hudson—It is a very fine line marketing situation, and I am sorry if it comes across as a bit schizophrenic. The reality is that we need to look at the overall appeal of Australia as a destination. We need to make very fine line decisions as to whether working with another country cooperatively increases the overall likelihood of getting a tourist from somewhere else in the world to come to this part of the world.

Another angle that we usually look at when we are looking at whether we will work cooperatively with any other country is the actual market share situation in terms of the number of nights, and therefore the economic and social value that X tourists will deliver to Australia. That is, if, as you say, they are interested in adventure travel, and if we work with New Zealand promoting a particular product which we may not feel we have enough of but that will increase the overall likelihood that that person will choose that combination package, that is a good thing. But if in fact what we are doing is getting a potential tourist to, say, spend less time in Australia, and substitute those nights that could have been of economic benefit to Australia with extending their stay in New Zealand by taking on particular activities, that is when we would be a little bit more

cautious. So it is a very fine line judgment on the way that we work cooperatively with other countries.

CHAIR—Has the commission actually got papers on trying to work out the advantages of cooperation and not? Do you circulate papers within the commission?

Ms Hudson—I am not aware of any specific papers that look at that. It is really a marketing issue also for our people in each market, and it depends very much on the source market. For instance, when we talk about some of the long haul markets, there may be more likelihood in terms of what we know about the type of traveller, and we certainly do look at that in our research, that they are more likely to want a combination of destinations.

I cited Korea as an example even though it is not such a long haul market but one where we know that that market wants both Australia and New Zealand—you can see that in the figures in terms of the number of Koreans that will choose to go to both countries. Therefore, in the market we will make a decision that yes, we should work cooperatively with New Zealand. It is a market-by-market judgment.

CHAIR—Do we have a profile of these young working holiday-makers so that we can say that there is so much per cent who are looking for an adventure holiday alongside their working, and so many who are looking for a cultural holiday? Do we have any sort of breakdown?

Mr Middleton—We have research on the different types of activities that the travellers in the youth market undertake. The Bureau of Immigration, Multicultural and Population Research publication looks at expenditure and activities, and we also have the Bureau of Tourism Research material which specifically looks at the activities that are undertaken by youth.

CHAIR—So what is the answer?

Mr Middleton—On priority.

CHAIR—What is the most popular?

Mr Middleton—We tend to break it down. As you see, they are different for each market. The research publication that we have tabled, *Backpacking, it's a state of mind*, looks at the 15 different source countries, and it is actually broken down by each market, with those being different in each. Overall, there is a focus on nature. Nature is certainly without doubt one of the key ones, and adventure activity following after that.

CHAIR—So is the largest group of working holiday-makers looking at an environmental type, ecotourism type of holiday with adventure thrown in?

Mr Middleton—Yes, that is some of the Bureau of Tourism Research material. Just for example, the summary of chosen holiday activities in Australia is: see natural wonders, take pictures, travel around the country, meet the real locals, see the sights, see the wildlife and explore the countryside.

CHAIR—You focus on this when you are doing the publicity for it?

Mr Middleton—Yes, very much.

CHAIR—This is how you sell it?

Mr Middleton—This publication was produced prior to our advertising drawing up a campaign specifically for this market. We went in and looked at the 15 different major markets that we work in and prior to conducting any activities within the markets.

I would just like to point out, specifically back on the New Zealand issue and the activities that they have undertaken, that it was previously seen that New Zealand was an adjunct to Australia for this youth market and it is now certainly seen that New Zealand is becoming a destination in itself with Australia becoming an add-on as well.

CHAIR—Seeing we are onto the publicity, what do you see as some elements of getting these young holiday-makers here? Obviously there is the publicity you put out and presumably you target universities overseas and things like that, and following that you have got feedback from other young people. How important is feedback from young people who have come here and worked?

Mr Middleton—Very important. We certainly take into consideration all research publications that review and look at the feedback from the youth market such as the one that you already have. So that feedback is highly important for us and we have a continuing research program. We have a division within the Australian Tourist Commission devoted to research.

CHAIR—So it is very important. Would you say it was more important than publicity or publicity is more important? When young people come here, what is the hook that has got them here?

Ms Hudson—I think one of key things we try to highlight that is specific to this particular market segment, as opposed to all tourists coming to Australia, is the word of mouth issue and the informal networks that operate. Probably another relevant point is that, from our research and also anecdotally, this particular market segment does not necessarily want a lot of prepackaged, easily understood information. One of the reasons that they are choosing to come to the other side of the world in many cases is for an adventure. It is very important and you can see perhaps from some of the publications and the way that we package that information that it is as if they want the adventure part of it.

So they are going to rely on what other people have told them to a larger extent perhaps, although it is important for all tourists, than the average tourist, because a whole part of their exploring is to come here, to look up places that other people have told them about and to do it in a more informal way than, say, at the other extreme, the very structured package type tourist. So in that sense I would say that the word of mouth and the informal information sources are extremely important.

They are also very important in Australia, and again this is specifically talking about backpackers, but there is the relationship we have discussed before. The sort of informal network that they access when they are in Australia is another key information source in terms of information at the various places that they stay, the people that they talk to on the road. That is a key factor, as well as when they return to their own country.

CHAIR—In backpackers' hostels they obviously get to talk with each other. Senator McKiernan raised the issue that you have mentioned with the quote in the *Lonely Planet*. Not on the subject of the cap and the effect that that is having but just on immigration and the way of dealing with bureaucracy, getting a visa in the first place, do you have any feedback that there is a negative there at all? The reason I ask this is that I am aware that some young Australians when they get to England, dealing with the Home Office, report that they are made to feel like criminals when they face the bureaucracy. I wonder what the other nationalities face when they come to face the Australia bureaucracy in getting visas in particular.

Mr Middleton—We recently have anecdotal evidence—we have not conducted any research specifically in relation to that—but it certainly is seen as a laborious and quite an expensive task in extending visas. Also if you are an applicant from a country with a non-reciprocal agreement, you are not entitled to apply for the visa outside of your home country.

CHAIR—That has created a problem. You would like to see that—

Mr Middleton—Yes, we would like to see that changed so that you could apply to any consular office around the world, for all the countries that are in the program.

CHAIR—I can now turn to the question of jobs. I think a couple of submissions have mentioned complaints that the working holiday-makers, particularly from Asian countries, are being used instead of young Australians who have those language qualifications. So, for instance, somebody who has been through a Japanese course and feels they are fluent enough in Japanese to talk to Japanese visitors finds they cannot get a job because those jobs have already been taken up by Japanese or, for instance, Korean nationals. A subsidiary complaint to that was that this was, in a way, cheating the tourists who came here because instead of dealing with an Australian who had a large knowledge of Australia and Australians' cultural habits, they were dealing with one of their own nationals who was here only as a tourist themselves. I would like you to comment on that.

Ms Hudson—It is obviously a difficult issue. I guess my first response is that, on the compliance side, how the actual program operates and the programs around it operate to ensure that that sort of thing does not necessarily happen is beyond our particular role. Immigration might want to comment on what type of checks and restrictions they make. From our perspective, we are wanting tourists to have genuine tourist experiences and would therefore be saying that this sort of situation that you put would not be one that we would think was necessarily beneficial to give a tourist a real-life experience of Australia and meeting with Australians. Again, I do not have any specific knowledge to impart on that issue in terms of what we know.

CHAIR—Is your answer similar on link companies? I would like you to comment on whether you think the three months limitation on working in one place is appropriate. As you may be aware, there is an arrangement between tourist operators to the effect, ‘Look, I’ve got Freddy from Canada and you’ve got James from Canada or wherever, I’ll have him for three months and then we’ll do a swap because we know the industry.’ That is, I guess, the less blatant scenario, because what they are also doing, I believe, is having arrangements between companies, especially when companies, I believe, are owned by foreign nationals, that, ‘We’ll put him on your books for three months but we’re really keeping him for six.’ Do you have any comment on that?

Ms Hudson—Again, I hear those sorts of things as well, anecdotally, but it is beyond our role. I would say it is a compliance issue in terms of how the program is administered. Certainly, if things like that are happening, I would say it is against the overall spirit of the program and the way it is meant to be implemented.

CHAIR—But you are not getting any feedback at all on it?

Ms Hudson—I am personally not aware of any.

Mr Middleton—A lot of the feedback we get is from the travels of potential applicants from overseas markets. The feedback from the actual implementation and the situations that you have put forward, we have not heard. We do not get much feedback on that. In relation to the three month issue, you mentioned whether we saw that as something that we would wish to be continued. We certainly see that that is to the benefit of the program, so we would certainly endorse that continuing.

CHAIR—Just the limitation to three months?

Mr Middleton—Yes.

CHAIR—You would not like to see it at all extended to six months with one employer?

Mr Middleton—No. Again, it comes down to the Department of Immigration and

Multicultural Affairs.

CHAIR—But from a tourist's point of view, your job is to get the tourists here, enjoying themselves. So from that point of view, you do not see the three months as being a restriction on that?

Mr Middleton—Because a lot of the work is transient, because of the nature of the travellers and because the visa is for them to move around and work, we see that as something that is complementary to the promotion of Australia.

CHAIR—What is the biggest complaint that you get from young working holiday makers?

Ms Hudson—I might just point out that, in terms of the way we operate, our head office is in Sydney but our contact is in the market. So that is perhaps why we are not able to answer some of your questions about some of the realities when they actually come here. The biggest complaint would tend to be—and it is based on what our role is; we are talking to people around markets overseas, we are talking to people before they come to Australia—the fact that it is difficult to get the working holiday-maker visa in some countries. There is some uncertainty about how easily available they will be.

Mr Middleton—And also the issues in relation to renewing it once you are here in Australia or extending the program, or possibly flipping over onto a visitor visa as well. So they would be the key points.

CHAIR—My final question is: do you have any information on our young people when they go on working holidays overseas? Do we have any feedback? You do not have any feedback on that, how successful it is, any complaints, if it is working?

Ms Hudson—Again, I am not aware of that because our role in life, as we have said, is to bring in people from other countries, so we do not have any role in promoting Australia in terms of Australians going abroad. I cannot really comment. I would suggest the Bureau of Statistics certainly would, if you looked at a breakdown, have available data—

CHAIR—No, I just wondered if you had any feedback at all, which you obviously do not.

Mr Middleton—No.

Ms Hudson—No, I am not aware of any.

Mr MARTIN—On the issue of jobs in Australia for people, and as part of the ATC's marketing plan, do you actually, as part of that marketing strategy directed to

young people, give an indication as to what employment opportunities may in fact be here in Australia for them?

Mr Middleton—Yes, we do. The publication *Australia Unplugged* is one of the main response pieces that we have for the youth market. When you are looking through this, we have sections in relation to working holidays which give examples of the type of transient work that you can pick up, for example, fruit picking. The specifics in relation to the mechanics of the working holiday-maker visa scheme were actually written for this publication by the Department of Immigration and Multicultural Affairs.

Mr MARTIN—The reason I asked is that one of the newspaper articles that you have tabled, from the *Times* of March, I presume it is this year, says:

Working holidays are particularly attractive to students who take a year off between school and university. Many take jobs as sheep shearers, fruit pickers, teachers or hotel staff.

Sure, you mentioned fruit-pickers. I do not know about the AWU being particularly interested in people taking sheep shearing jobs for that period of time. But with teachers, where there is a limitation of three months, for example, with that sort of message appearing in the *Times*, which I guess is directed to a particular market in the UK, what sort of a message would that be sending to young people in the UK about coming to Australia? Are teachers mentioned, for example, in that publication?

Mr Middleton—No, teachers certainly are not.

Mr MARTIN—Are shearers?

Mr Middleton—Yes, I think they make some reference. The references are mainly in relation to, as you mentioned, bar work, sheep shearing and fruit picking—more transient, casual, unskilled labour, which is the only angle that we promote in relation to the working holiday visa.

Mr MARTIN—What proportion of your marketing in respect of the ATC is in fact relevant to the employment aspect compared to, say, the issue of the broader adventure, the challenge of Australia, the reasons why people are going to come here and what you as the ATC are actually promoting?

Mr Middleton—The destination is the key thing, and the experience. This market is very experiential, so they are looking for adventure, nature, wilderness, escape. They are the main things that we promote. The actual mechanics of visas is only a very small component because it is basically seen as unnecessary. Visa-free travel would be ideal, but the focus is on the destination. The mechanics, such as the working holiday maker visa, make up a very small component.

Ms Hudson—I think if you look at the *Australia Unplugged* publication you will really get a feel for the way that we are promoting to this market. As Graham has said, it is very much the experience—what you can actually do while you are here.

Senator McKIERNAN—I would like some clarification of some of the terminology we are using; I think to a certain extent we have been talking around each other and sailing past each other. What is your definition of the youth market? What is your profile for the youth market?

Mr Middleton—There are several definitions of the ‘youth market’.

Senator McKIERNAN—I will ask three questions at once, then. What is the definition of the youth market, the definition of the backpacker market and the definition of the working holiday-maker market? I have got a perception that they are all clearly distinct and different. But I feel that while we have been talking here this morning we have interspersed each and every one as it suited us. Am I correct in my assumption that there are definite and distinct differences between each of those named categories?

Mr Middleton—Using the titles that you have taken, in looking at the youth market and the backpacker market, we see them as the same. ‘Youth’ is very much a state of mind—they seek an independent and youthful experience. We certainly see the backpackers or the youth market as being the major consumers of the working holiday-maker visas. So there certainly is, without a doubt, a link between those markets or those definitions. They are interrelated.

Senator McKIERNAN—Okay. Something like 20 per cent of the backpacker market or the youth market, as you say, is made up of working holiday-makers. Is that not, in itself, a unique group that ought to be specifically targeted rather than just taken as part of the global thrust?

Mr Middleton—It certainly is targeted. We provide specific information in certain markets where there are reciprocal agreements. We certainly do take into account the fact that the working holiday-maker visa is a per cent of the total youth market and enact our marketing activities accordingly.

Ms Hudson—Again, I refer to a publication such as the one before you. It is geared at, in the most general sense, the ‘youth market’. Within that youth market there is a backpacker component. Within the backpacker component, a certain percentage—you are saying 20 per cent—actually apply for the working holiday-maker visa. But that entire publication, as opposed to many of the other publications and many of the other things that we produce, is geared at that part of the market.

Senator McKIERNAN—I am sitting down and watching the Eagles getting trounced, as they did on Saturday, and I am thinking that I could do better, because I have

got a couple of Swan ales in me. I am thinking 'youthfully'. Am I really part of the youth market just because I am thinking youthfully?

Mr Middleton—When it comes down the working holiday-maker visa?

Senator McKIERNAN—No, in terms of the 'youth market'.

Mr Middleton—You are if you are going out and utilising the adventure and experience. As I have said, it is basically a state of mind.

Senator McKIERNAN—Thank you. What is that state of mind?

Mr Middleton—It has been defined as a preference for budget accommodation, independence and unstructured travel and longer rather than shorter stays. So there are several definitions or characteristics of it.

Senator McKIERNAN—Could you give us a list of those characteristics?

Mr Middleton—Yes. They are actually in the research publication that we have tabled.

Senator McKIERNAN—You have got a real advantage over us because I will not have the opportunity, during the hearing, to go through and pick out each of those. Maybe you could reference them and we could look at them later.

Mr Middleton—I might just read through the five key points that have been defined as constituting the youth market.

Senator McKIERNAN—That is actually what I asked for in the first instance. We will get there.

Mr Middleton—Yes. They are: a preference for budget accommodation; an emphasis on meeting other travellers; an independently organised and flexible travel schedule; longer rather than brief holidays; and an emphasis on informal participation in holiday activities.

Senator McKIERNAN—Thank you for that. In terms of the working holiday-maker visa, age is of particular importance. It is one of the criteria that have to be satisfied. If you are not within a particular age group, you are not a factor. When one is asking about the unique working holiday-maker category in your targeting, is that not something that ought to be highlighted as such?

Mr Middleton—Yes, certainly within the age groups. We have age breakdowns of the travellers and there is also a publication put out by the Bureau of Tourism Research

which also breaks them down by age. Because of the restrictions on age on the working holiday-maker scheme we can take that across into the definition that has been used in looking at the age breakdown from the research that we and the Bureau of Tourism Research have conducted.

Senator McKIERNAN—Thank you for that. I have had a chance to have a look at the material you gave us from the *Evening Standard*. The headline says, ‘Canada cashes in on Australia visa curbs’. Do you know the extent to which Canada was able to cash in on the curbs that Australia put on last year?

Mr Middleton—We have not got any specific information from Canadian immigration in relation to the numbers of arrivals of working holiday-maker visa holders during that period.

Senator McKIERNAN—Are you aware that Canada is one of the few countries that has a cap on its working holiday-maker program?

Mr Middleton—No, I am not aware of their programs—the actual arrival figures that they have had under the scheme.

Senator McKIERNAN—You do not know if Canada actually increased its cap in order to take advantage or cash in on what Australia did?

Mr Middleton—The anecdotal evidence that we have from the market is that there was increased travel, and increased awareness of Canada as a destination for consumers of the working holiday-maker scheme. So it certainly did raise their profile, as with New Zealand, over Australia’s as a potential destination for the youth market.

Ms Hudson—We very much do do a lot of analysis on the market share situation—that is, where our potential market is going rather than to Australia. One of the problems with doing that is the quality of the data that you can get. But certainly once Canada has their arrival figures for 1996—and that is the specific year we are talking about in terms of the cap—we would do an analysis of that and look at where they have increased or decreased within certain age segments. We are able to do that from a country like Canada because their statistics are very good. With other countries we have more of a problem. But that is the sort of thing you can only really get the full perspective of when you have seen what has actually happened in the market.

I know for certain that the 1996 arrival figures for Canada are available, say, two months after the full year. So we would then look in detail and see what the impact is of this and many other factors. If, for instance, we are also aware that a particular competitor has embarked on a range of new marketing activities, we then look at the numbers and see what that has really led to and what you can conclude about whether a particular campaign has been effective. We are doing that as a continuum in terms of evaluating our

own programs. So the impact of something like that would be the sort of thing we would look at, but we cannot really look at it until the impact is down the line.

Senator McKIERNAN—No, but you still presented evidence to us here this morning which says, ‘Canada cashes in on Australia visa curbs’, and the article goes on to embellish that headline. The article actually reflects the headline which is something that tends to be a bit unusual these days. But what I am concerned about in this is that, when we are comparing the statistics, we are comparing apples with apples, and pears with pears. As part of your response to me then you talked about looking at the age profiles going into Canada. Well the age profiles going into Canada would not necessarily reflect what is happening with the working holiday-maker visa which Canada has in place, which is capped.

A final thing I want to ask about is the reciprocity. We have only got agreements with a few countries, and different conditions apply to the issuance of working holiday-maker visas for people coming into Australia. But Australians, young Australians, going overseas are also subject to different conditions for different countries. So there is advantage to Australians by having such a scheme in position. Would you have a view as to what the reciprocal arrangements ought to be? Should they replicate what, for example, Japan is willing to give young Australians? Or, if we were to get into Indonesia, should we give the same conditions to young Indonesians coming to Australia as Indonesia is prepared to give to Australians going to holiday and work in Indonesia? Have you got a view on that concept? I have not asked the question particularly well. Do you understand what I am seeking to get to? Do you have a view?

Ms Hudson—I guess our view would be that we are supportive of tourists from any country. If reciprocal arrangements are going to make that an advantage in terms of the way that will be seen in a particular market, then that is where our interest is. In terms of the impact of turning that around for Australians being able to go to those countries, that is beyond our actual scope and role in terms of our primary purpose as an organisation. But, from the point of view where we can comment—that is, the arrangements within a number of different countries—then the answer would be yes.

Senator McKIERNAN—I think, as I recall, you are supporting the recommendation the previous committee made about 15 months ago that the Australian working holiday-maker visa be extended to 15 months rather than the 12 months it is at the moment. You are supportive of that proposal still.

Mr SINCLAIR—Having read that very good report on backpacking, I feel confused about just where your organisation sees itself moving with respect to people who are working holiday-makers. In the number of people who come to Australia under the backpacking survey a very big percentage come for two weeks. Have you any figures or are you aware of the period that people actually stay when they come under a working holiday visa? I know we have just talked about you supporting last year’s extension from

12 months to 15 months, but it suggests that those who are particularly from Asian countries stay very little time, whereas if they come from Scandinavia or Europe they seem to stay a lot longer. I am interested in whether there is any statistical data available that would indicate the period of stay for people across the breadth of those who come for a working holiday. Are you aware of that at all?

Mr Middleton—Yes, this publication, *The Labour market effects of working holiday makers*, which is produced by the Bureau of Immigration, Multicultural and Population Research, details the average length of stay, expenditure, movements within the market and the length of work with certain employers. It profiles, to quite a depth, the working holiday-makers specifically.

Mr SINCLAIR—What is the average length of stay of those who come under the working holiday visa? I presume it varies again from country to country.

Mr Middleton—I will just look it up.

Mr SINCLAIR—It does not matter—we can look it up. The reason I am interested is that, in other words, there are quite a lot who stay—

Mr Middleton—It is approximately 100-odd days with the expenditure of \$13,000.

Mr SINCLAIR—In your marketing of the visa do you look at the countries and say, ‘On average, they are only going to stay six months’? Do you try to present a package according to that or isn’t that the way you promote a working holiday visa?

Mr Middleton—The presentation of it is a completely independent thing. As I mentioned before, in relation to presentation of it as a package the key focus is the destination with information specific to each market in relation to the working holiday-maker scheme. We actually do not package tourism product itself; we purely market Australia as a destination.

Mr SINCLAIR—I see. There is another thing that I am a little confused about as a result of the evidence today. When you suggest there should be no cap on these working holiday visas it gives me the impression that there are far more people out there wanting to come to Australia than in fact are now allowed in. Is that so? Are you aware of a great untapped market, or is it just a feeling that if you were to lift the cap there might be people out there, but you don’t know they are there?

Ms Hudson—It is hard to quantify, or forecast what might be an actual number, but we are basing it on the past experience where a cap was introduced. Apart from the actual number there was the psychological factor—sending a message to the market that Australia is only allowing in X number of people—which made a perceptual point as well. We believe that, given the comments we have made about word of mouth and the importance of that in the market, some of that will continue into the future.

We talked earlier about the Olympics and the awareness we have of the overall popularity of Australia and the publicity that will be generated through the Olympics. There are, as well, a number of other factors that are moving well in our direction, increasing the overall popularity of Australia in the future. Therefore—particularly when you look at what is happening in populations around the world—interest in this particular segment is only likely to increase, with more people in education and more people wanting to travel after education et cetera. Therefore, we have an overall view that demand in the future will be larger than it is now and that an artificial cap may well serve to restrict that.

Mr SINCLAIR—All I know is that we would have problems, in presentation terms, with a differential working visa. But it seems from the data that if you were, for example, to offer lots of Asian countries a six month or a three month working holiday visa, you would probably cover more than 90 per cent of the market, whereas for other countries they seem to want to stay a lot longer. I know that creates enormous difficulties in presentation and we probably would not want to do it for political reasons, but have you thought about having promotions to suggest that people come for even a short period? If the average backpacker comes for a fortnight from Japan and Korea, I suspect that the average working holiday visa applicant would also stay for a far shorter period and it seems that you could have a different marketing concept. Have you looked at this at all? I know that there seem to be different areas where they work, but I am trying to get a handle on where the future market is and the way by which we might attract more tourists.

Mr Middleton—Certainly for the working holiday-maker's scheme we have gone out to specific regions to look at the potential from those markets. We have a lot of anecdotal evidence which has come back from the markets on the potential for those areas and we have combined that with research we conducted which looked at the youth market and the potential for growth out of those areas. We have tailored the information and the presentation of the information that we send out into those markets accordingly. We have looked at the potential from those markets and have prioritised the ones that we have recommended.

Mr SINCLAIR—Have you done any surveys of the people who have working holiday visas in Australia? Do they say to you, for example, that there are disadvantages? They pay superannuation, which seems a bit paradoxical, and they pay a Medicare levy and do not get Medicare benefits. Have they come to you and told you of problems they see in the nature of the arrangements in Australia, particularly when they are working?

Mr Middleton—No. Our charter is international marketing and our focus is offshore. We only have one head office here in Australia, and that is not frequented by travellers nor does it receive correspondence from them once they are here in Australia. As I mentioned, this publication has done quite a lot of research into the market, into the issues that have been raised and also quite a few others. One the points that came out of that is that there is a net positive effect on the labour market of Australia.

Mr SINCLAIR—I was really wondering whether there were disadvantages. In other words, if somebody is looking at travelling somewhere, are there conditions in Australia which make them say, 'Oh, no, I think I'll go to Canada. I've got to pay super and pay the Medicare levy and do all sorts of things in Australia, whereas I don't have to do that somewhere else'? But you have made no analysis of that sort?

Mr Middleton—No.

Mr SINCLAIR—Thanks.

Ms GAMBARO—I think I know what you are getting at with your question. I see that you have identified your segments and you answered that you target those segments by doing your research, and I have looked at your marketing plan which is very good; but we lose track of those people once they go back to their countries of origin. What things keep working holiday-makers coming back to us and what are the disincentives that stop them from coming back? Our tax system varies and that is one of the disincentives. How could we track them once they leave Australia? When you are looking at your overall marketing budget, how do you know that we tend to have success from these countries of origin and that we should target greater marketing dollars into those? How could we get that information?

Ms Hudson—It is a difficult one. One answer is visitor satisfaction studies, which the ATC has done over some time, looking at specific travellers as they are departing and then asking them to fill in information questionnaires. We have certainly referred to those, very often in looking at some of the problems in the market. That is a research methodology. I do not think we have done a specific one on this segment of the market.

Graham, you might like to comment based on your involvement in student travel associations and organisations like that which are looking at those issues overall. We may well, by tapping into those markets, get some information. Perhaps the conference you attended may have touched on those issues.

Mr Middleton—Certainly we have had some feedback from the trade side of it through access to the schemes, the capping and the implementations. A network of organisations and companies in Australia provides assistance and advice on jobs and tax for travellers who come in under the working holiday-maker scheme.

One of the things raised in the market is that knowledge of full entitlements under the working holiday-maker scheme is very low. That need is being serviced by Australian industry providing information on those areas to help satisfy a lack of information currently in the marketplace.

The world youth and student travel conference on the Gold Coast is coming up. This is certainly something of interest for that sector of the industry in that working

holiday-maker schemes, student exchange and cultural exchange programs are very important to that sector. Last year I was at the conference and capping was of concern for that market for their outbound travel which is our inbound travel. I may have a couple of brochures on the actual conference that is coming up.

Ms GAMBARO—I am a first generation Australian of Italian origin. Would it be better to look at the cultural mix of people like myself and people of Greek origin et cetera—and there are a large number; Italian is the second most widely spoken language in Australia, and Greek is fairly widely spoken—rather than saying, ‘I think we should encourage holiday-makers from Canada or the UK or whatever’? Should we encourage people of our cultural mix as working holiday-makers in Australia?

Mr Middleton—I completely agree there. The working holiday-maker scheme is a program designed for cultural exchange and mutual benefit to the countries and the traveller. Because of Australia’s history with immigration, we have focused and proposed the EC as one of the groups to be considered.

Ms Hudson—Finally on that question, the visiting friends and relative market, the VFR, is something that in an overall sense we are very aware of and we really do try to work very hard on maximising any benefit that we can have through that link.

Mr Middleton—On the length of stay, with the youth market that is certainly another stimulus; so with, say, the Italian connection there is the multiplier effect with the visiting friends and family.

CHAIR—One final question, and it is regarding something that you said in your submission. I am not sure what page of your submission it was so I will read it to you. It says:

The reception a traveller from a country not in the WHM scheme receives from the Australian immigration officials may be susceptible to processing inconsistency and may not be in accord with policy.

Can you tell us what evidence you have for that?

Mr Middleton—When the first inquiries were being held we conducted quite a bit of research into the processes from the different countries where non-reciprocal agreements were. There was a lot of anecdotal evidence provided on inconsistencies in how the visas were applied. Under the scheme, if you can provide evidence that there is a cultural benefit for Australia and for yourself, you are entitled to apply. There was anecdotal evidence provided that in certain countries there was a blanket ‘no’, irrespective of what applications you make and the credence or the quality of your application. Certainly there were inconsistencies in relation to the periods of turnaround and information and communications within those markets from non-reciprocal countries as

well.

CHAIR—So it is entirely non-reciprocal countries that this comment was made in relation to.

Mr Middleton—There was a focus on non-reciprocal countries. From reciprocal countries communication again was an issue that was brought forward.

CHAIR—The committee would be very interested in any documentation that you have on this. If you did have some, I am sure we would look at it with great interest.

We have a number of documents tabled there from the Australian Tourist Commission. Is it the wish of the committee that the documents be received as exhibits to the inquiry? There being no objection, it is so ordered.

I thank you both very much for coming and giving your evidence today.

[10.36 a.m.]

BAIRD, Mr Bruce, Managing Director, Tourism Council Australia, Level 13, 80 William Street, Kings Cross, New South Wales

SAYERS, Ms Pamela Gaye, National Policy Manager, Tourism Council Australia, Level 13, 80 William Street, Kings Cross, New South Wales

HENDERSON, Ms Narelle, Human Resources Manager, ID Tours South Pacific Pty Ltd, 30 Atchison Street, St Leonards, New South Wales

CHAIR—Welcome. I invite you to make a brief opening statement before the committee proceeds to questions.

Mr Baird—We thank you for the opportunity to outline some of our concerns with the artificial cap that was placed on this scheme last year. We know that several members of the committee have listened to our concerns about the most important issue of visas on short-term holiday-makers. We certainly congratulate one of your members for having the courage to stand up and speak on issues that were sympathetic to the tourism industry—Mr Ian Sinclair.

The introduction of the cap was seriously regarded and we saw it as contrary to the fundamental elements of a demand-driven reciprocal program when it was introduced. There was no consultation with the tourism industry when it was introduced to determine what would be the impact. The cap was introduced almost halfway through the year. The level selected was blatantly lower than demand for the scheme and, therefore, whether it be fruit-pickers or the tourism industry who were relying on this as a source for people into the industry, it did have a detrimental impact. I think in any area of government where there is no consultation that has its ramifications.

The TCA would like to reiterate support for Minister Ruddock's actions in raising the cap from 33,000 to 42,000 for working holiday visas and then in subsequently raising the cap further to 50,000. In terms of the adequacy of the existing arrangements and that the applicant's entry to Australia would be of benefit to the applicant and to Australia and that the principal purpose is to spend holidays in Australia, the tourism industry agrees with the criteria.

However, we would question the appropriateness of an annual limit. It is contrary to the overall aim of the scheme and it is contrary to the primary objective of the reciprocal WH arrangements with other countries. There is only one other country with a reciprocal arrangement that puts a similar cap on the program, and that is Canada. Many people on the WHM visas have travelling companions, so they often come together with backpackers who are visiting Australia on normal short-term visitor visas and, as you have undoubtedly been told by the ATC representatives, they spend on average \$883

million per year in export revenue, and some \$3,200 to \$5,200 per person, so they are big spenders. Limiting the number of WHMs has a direct flow-on effect of discouraging other tourists.

The anecdotal evidence from countries is that when the cap was imposed cancellations began in terms of visits to Australia by this particular market segment. The imposition of the cap, either formally or informally, can lead to significant administrative and political difficulties. There are significant benefits for Australia in terms of the WHMs coming back to their country and advocating the benefits and the joys of visiting this particular country. As part of that, I highlight the fact that one of our strongest advocates in terms of the Olympic bid, Dr Nat Indrapana, came to Australia under a similar program and worked as a bus conductor. He was, in fact, one of our strongest supporters. He is from Thailand.

The efficiency and effectiveness of the scheme is such that we have not received any specific complaints, but there have been some concerns regarding the Medicare levy and superannuation payments, because there is no call on those, and they leave the country without having received any of the benefits of their superannuation, despite the fact that companies are required to pay in relation to superannuation. Also, when WHMs are employed, difficulties and inconsistencies can occur; and Narelle Henderson is going to highlight some of those inconsistencies.

It is important that Australian employers are aware of, and understand, the requirements. For example, there is no more than three months with one employer, and the three-month question is also an issue in itself, particularly in relation to foreign language entrants, such as the Japanese tour guides. It takes one month to train them and then two months to actually be on the job. That is not working. We have talked about whether we should have something specifically in this proposal. The labour agreement is another aspect. ID Tours have been waiting three years. It is the biggest inbound tour wholesaler operating in Australia. And the employer nominated scheme for temporary residence is another approach. But both of those are not working well in this particular category.

There is a view that there is a need to look at a six-month period, particularly because of the aspect of the peaks in which they operate. The Japanese visitors come between October and March and having them for three months, having been trained for a month, and then having them disappearing out is a problem. The professionalism of these tour guides is important for Australia: they must know Australia, so that they can answer all the queries, and the three-month period is a real problem. But I understand the overall requirement of trying to limit the length of stay.

On the question of the impact on the Australian labour force—and I am sure the trade union movement has made its own representations on this—it is important to recognise that the WHMs are a very small part of the labour force and represent 0.4 per cent. They form an important backup supply of labour, particularly in those occupations

requiring seasonal or temporary labour.

There are three areas in which WHMs are used the most. The first is where there are specialist skills required, especially in the language areas, with the Japanese tour guides. There is a fallacious argument that we are stopping Australian young people trained in Japanese from getting these jobs. In fact, as Narelle will tell you, that is fallacious. A lot of our young kids going through university do not want to have this as a long-term career. They will work at university but, once they have graduated, they will move on to other things. Courses that TAFEs have put on have been very poorly attended. So there is a real shortage of skills in those particular areas.

The second area in which WHMs are used is in remote areas, particularly tourist areas, and in fruit picking, where there is just not the availability of Australian labour in those locations. In the tourism industry, if you go up to Darwin you will find that a lot of the young people there are under this scheme. The third area is in jobs that Australian young people just do not like doing, such as washing dishes and cleaning kitchens out, et cetera. You will find a lot of WHMs in that area. Overall, in terms of where the tourism industry—tour wholesalers, et cetera—employs them, it is a very small percentage, only about 20 per cent of operators overall. It is not a huge number. So we would just ask you to look at whether there is a real or an imaginary impact in terms of young people looking for jobs.

In summary, the selection criteria for the scheme already limit access to the scheme. The majority of people accessing the scheme are from countries with which Australia has a reciprocal arrangement. So, from that aspect, we have got a lot of our young people working in those countries and it is important that they get those benefits from the scheme. We need the overall tourism export benefits so that we are bringing in a lot of young people who not only bring their friends in but also go back to their own countries as strong advocates for Australia and, of course, very often come back in the two, three and five star category, as they progress in terms of their own careers.

Any suggestion that WHMs restrict access for Australians to certain occupational sectors, such as tourism, is unsubstantiated. Information suggests the overwhelming majority of tourism employers do not employ WHMs. The main areas where WHMs are employed are as tour guides and in duty-free shops where high level language skills and cultural skills are required.

In conclusion, TCA's view is that the working holiday-maker scheme should remain a demand driven exercise rather than place artificial caps on the situation. I think all of Australia could be beneficiaries: in the rural area, in terms of fruit picking; in the tourism industry, across the board; and in terms of bringing in specialist skills and opening up the opportunity for young people from around the world to experience Australia and to go back to their own countries as firm advocates and supporters of and ambassadors for our own country. In short, the requirement for an artificial cap is not supported by the

tourism industry.

I think that Narelle particularly would like to speak on the question of whether these WHMs take the jobs of young people.

CHAIR—We would love to hear it, seeing as that is one of the big questions.

Mr Baird—Narelle is the human resources manager for ID Tours, which is the largest of the Australian operators. Japan Travel have got their own people; Japan Travel is probably larger. But, as an Australian group, they brought in 40,000 Japanese in the last 12 months.

Ms Henderson—I have been the human resources manager at ID Tours for the last 4½ years. My experience is that it is very difficult to get local people who want to be tour guides and have the required fluency in the Japanese language. The Japanese market is not our only business but it is around 65 per cent of our business. Our experience has been that in Sydney we can get university students who are studying Japanese—really, to be a fluent Japanese speaker you need to have studied it at school and be further studying it at university level—and, usually, have had a year in Japan on a student exchange or perhaps a working holiday.

By way of anecdote, we had a student last year who had been working with us for three years on a casual basis over the uni holidays. He came to me and said, ‘I won’t be able to work any more. I’ve got my honours year coming up so I am just handing in my resignation.’ I said, ‘Look, there’s a great career here for you—not just tour guiding but also within the operations side.’ He looked at me quite askance and said, ‘I’m going into the diplomatic corps.’ So his aspirations were not to be a tour guide. His language was incidental to his legal studies and everything else he was doing. But he could speak fluent Japanese and it was a great holiday job for him—our peak season coincides with university vacation. Really, for local people that has been our experience.

In regional areas, such as Far North Queensland and the Gold Coast area, it is very difficult to get local people with the level of language that is required. A couple of years ago, I was involved in an advisory capacity with Tourism Training Australia, developing TAFE courses—which Bruce mentioned earlier—for tour guides. In the Cairns area there was a TAFE course looking to take on over 30 students. The requirement was that you be able to speak Japanese at a conversational level. You did not have to be fluent. They did not get one person who met the criterion in that area. So they actually had to change the course. They had the funding and they wanted the course to go ahead. What they did was run the tour guiding course but add on to it 300 hours of Japanese language. Now, after 300 hours you are still not a fluent Japanese speaker; you are ‘conversational’.

The same thing happened on the Gold Coast. There were three courses scheduled to run there. They dropped that criterion of Japanese language because they could not get

enough people. They ended up running one course with, I think, 10 people. So there is not the interest and there is not the level of Japanese language fluency in the local community. That is why we are dependent on temporary residents and working holiday-makers during our peak season, which is, as Bruce said, from October through to March.

Mr Baird—Narelle, could you just talk as well about the problems with having a three-month cap on it, especially in the language area.

Ms Henderson—Yes. If we select somebody as a tour guide, there is one month of intensive training. We can then use that person for only two months. So we would seek that the time be extended to six months on the understanding that a person can have only one six-month working placement, not two such placements which would fill up the whole twelve months. Six months would cover the peak season when we rely on casual employees, and it would also give us enough time to train the people so that they are of the standard and quality that international travellers—whether they be Japanese, American, Italian—expect of our tour guides.

CHAIR—Actually you have hit on something that is of particular interest to me. What you say conflicts with some of the submissions that we have had. A couple have said that it discriminates against our own young students, those who have learnt Japanese in particular. There are instances where they have gone to apply for jobs but have not been able to get them in the tourist industry because those positions have been taken by working holiday makers from Japan. So they say, ‘You are closing us out of this industry because you are using these professionally speaking people from another country.’

And, as an addendum to that, they also saw it as being to the detriment of the Australian tourist industry. They said, ‘You are using tour guides from another country to tell the people from their country about this country.’ They thought that that was not a good idea. So perhaps you would like to—

Ms Henderson—Hence the one month’s training which also involves a lot of product knowledge. Australia is a product in our terms. We recruit all the time. Under the temporary residence immigration rules, we have to be placing advertisements for each applicant that we are trying to sponsor. Those advertisements have to be placed nationally, as well as in the local papers of where we are actually wanting people.

We do not get local people with the level of fluency in the Japanese language and an understanding of culture and custom. If we could get them, I would take them immediately. You are absolutely right. It is better to have a local person that has the local knowledge and the skills, but you do not get the local people with the level of fluency that is required. Part of the tour guides’ job is constant commentary and answering questions, so they are constantly speaking. You really have to be fluent. The language has to just come rolling off your tongue.

CHAIR—So does that, then, reflect on what we are making available to our young people in regard to their language training—in, for instance, Japanese? Do they need to be brought to a much higher level so that they can converse? I understand what you mean culturally because it is not just a matter of language; you have got to actually understand the cultural mores of how you actually put things across.

Ms Henderson—Yes.

CHAIR—Is the deficiency in that area more than the language, or is it in both?

Ms Henderson—Once again, I can only be anecdotal because I have not done reams of research into this. We take a lot of work experience people. I took a high school student last year as a work experience person. She was fluent in Japanese. She had spent a year in Japan on an exchange program. She wanted to be a tour guide. I said, ‘Great. You can come and do some work experience. You can actually go on a tour.’

She came back to me after her two weeks’ work experience and said, ‘God. I have got so much to learn. I thought that my language was fluent. It is not. It is nowhere near fluent.’ She said that when the Japanese tourists were trying to talk to her, she could not answer their questions. She was just a trainee wearing a uniform with trainee badge and the tourists were obviously trying to include her in their conversation. She said, ‘I now recognise how much more study I need to do.’ Admittedly, she was a year 11 student, but she had been studying Japanese since she had started high school, and she had spent a year on exchange.

Mr Baird—At what point do they have sufficient fluency? Is it after doing three years at university in Japanese, for example, or two or one?

Ms Henderson—Our experience has been that the university students are fluent enough after about two years tertiary plus their high school. But that is individual; it would depend on the person.

CHAIR—Does that include the cultural component as well?

Ms Henderson—Yes, because during that time they have usually spent some time in Japan.

CHAIR—You keep coming back to ‘time in Japan’; you obviously regard this as fairly critical.

Ms Henderson—It is in terms of understanding the culture, as you mentioned yourself. It is not just the language, it is actually understanding the protocol, the custom and culture. You pick that up by living in the culture.

Mr Baird—It is also part of the reciprocal arrangement; for our people to get the

experience they have to have that reciprocal arrangement with Japan.

CHAIR—Do you have any information on that? When you talk about living in Japan, are the students who have gone across there on an exchange, for instance, and lived with a family better able to cope, or do the working holiday-makers come back with sufficient knowledge?

Let me give you some background to that: I am aware that some of our young working holiday-makers go to Japan and are put in, let us say, a large hotel with other Australians. They complain that in the end they spend all their time with other Australians and do not get to mix enough with Japanese.

Ms Henderson—There is one organisation, World Education, which places people in jobs and has a counselling service and emergency contact and that sort of thing. People who have come back through that and whom we have recruited are very good. They have usually finished their tertiary qualifications in Japanese; they go over there for a year and work in a hotel or wherever they can find work. I have not heard any complaints that they have been left with other Australians. What they have said is that they have been thrown in the deep end; they have had to learn to speak fluently, and to get working and doing the shopping and all the things that normal people do.

CHAIR—They would fill your qualifications but then, getting back to what you said earlier, I gather that maybe you do not fill theirs because they already have a tertiary degree and experience of a year in Japan as a working holiday-maker; they have their sights on something other than being a tour operator.

Ms Henderson—Yes. They would like to come into the operations side, rather than the tour guide side. They do not aspire to be tour guides for the rest of their lives.

Mr MARTIN—Taking the flip of that, having got these people trained in the language and understanding the culture of the tourists coming into Australia, how convinced are you that after one month's training these people know enough to tell visitors about the culture of Australia and about what they are seeing.

Ms Henderson—Obviously, it is not the same as a local person, but we continue that training. There is a standard they have to reach; they have to pass a verbal and a written test. But, that is what we are left with. We have to be able to supply the service to the tourists. I have to agree with you that it is not ideal. It is not the same as a person with local knowledge who has lived here all their life, but we do not have those local people who have the fluency in Japanese language and who aspire to the job.

Mr MARTIN—What about people who come from, say, Europe, the United States or UK? English is perfectly understood in most of these countries. I would presume, therefore, that the travel guides and the others that you employ in your particular

organisation, and, more generally, within the tourism industry in Australia, would reflect those considerations and those sorts of issues, and, as a consequence, the people employed would be the well-rounded Australians who could comment on what they are seeing.

Ms Henderson—What you find in those markets, because of the migration history and pattern within Australia, is that you have a lot of Italian speakers; you have a lot of German speakers. What we do not have is the Asian languages because we have not welcomed those people to Australia in the same way that we welcomed the European people post-war. So there are a lot of people out there who have a European language, and are fluent in that language; it is probably their mother tongue or their parents' mother tongue, but we do not have that in the Japanese area.

Mr MARTIN—Is it similar with other Asian languages, with the increased number of Koreans and others?

Ms Henderson—That is growing. We have a lot more Korean people coming to Australia as permanent residents. But particularly for Japanese, we do not have that. There is not that source to call on.

Mr Baird—Coming back to your original question, I think there is something that your committee might want to look at in terms of the overall training: how do you get our young people up to a stage where they can move into those jobs with all the skills required? They move on from school to university and they get to a certain point at university where they are reasonably fluent, by which stage they have got aspirations to be something more than a tour guide. It is a bit of a catch-22 in terms of the process. So whether there is an alternative approach of intensive training that the government provides at the end of schooling—

CHAIR—Do you see an opportunity for a TAFE course directly linked to this?

Ms Henderson—I think you would have to look at the experience that TAFE has already had in trying to meet those needs, and they have not had a lot of success in attracting the fluent Japanese speakers. I do not think there are a lot of them out there, anyway.

CHAIR—I am starting from the fact that TAFE would actually take them through the language and the tour-guiding as a specific course.

Ms Henderson—Yes.

Mr Baird—I think also, because Japanese is a fairly complex language—for an English-speaking person to take on Japanese—the person who takes it on is fairly skilled and comes in at the top end of the IQ range, so their aspirations by definition are often a lot more senior.

CHAIR—You are giving us an insoluble problem there if you are going to put it in those terms.

Mr Baird—It is something the committee could certainly address. We are reflecting the requirements of the industry, that we do have a problem of bringing people into the industry with those skills. We can only at this stage meet it by getting people from overseas, and undoubtedly there is a structural problem there for which, in terms of our capacity, we do not have ready solutions, but perhaps it should be looked at by your committee.

Mr SINCLAIR—What has happened, for example, in Canada or in Hawaii, where there is an equally large number of Japanese tourists moving in? What do they do?

Mr Baird—They have certainly got a cap, as you probably know.

Mr SINCLAIR—No, in terms of the particular problem of getting these highly qualified Japanese, Korean or Mandarin speakers, and having people with the local knowledge? The quandary that I think Steve Martin identifies seems to me to be part of the problem. Do you look at somebody who is able to sell Australia or somebody who is able to isolate the Japanese from Australia because they know Japanese, or whichever language, well? Surely, a country which has a longer history of dealing with Asian tourists than we do might have something for us to learn. Do you know what they do over there?

Mr Baird—I can only speak anecdotally. I was there a month ago. I had a week in Canada and went through the Rockies. All over the Rockies there are tours of Japanese being led very firmly by Japanese nationals.

Mr SINCLAIR—But you do not know the status of those nationals?

Mr Baird—No. It is quite possible that these people could be migrants who have settled there. They have quite a large Asian intake, which has been higher than ours. Certainly, you did not see obviously European Canadians leading these groups. They were almost entirely, from my observation, Asian-led groups. They were there in large numbers.

Mr SINCLAIR—Do you know, Narelle?

Ms Henderson—I do not know. My only experience in Hawaii is that there is a large Japanese-American population, both in Hawaii and in mainland America, that they could draw on.

Mr SINCLAIR—It seems to me that the working holiday visa is not really the one that you look to if you have a particular problem. In fact, the people you are talking about, you want them to stay longer than three months and the working holiday visa concept was developed for a different reason and a different market. What you are

identifying is a problem which may require a different sort of visa status. My worry in changing the working holiday visa is that it has a particular embrace. You are suggesting it needs to be changed, but you want a change for a problem, rather than looking at whether there is a problem and therefore whether you perhaps need another category of entry.

Mr Baird—I think your assessment is right.

Ms Sayers—We know there is the inquiry into the employer nomination scheme and also labour agreements. Some sort of assistance with the labour agreements area may be helpful. In our industry there are some labour agreements for chefs who have got particular skills. But from what I have been told—again, it is anecdotal from industry people—there is difficulty for areas such as tour guiding in that labour agreement area. It has been very difficult to try and get labour agreements for that category of skill.

Mr SINCLAIR—The chef is a bit difficult because you do not really need to know Australian food or cuisine to the degree to which you need to know Australia as a tour guide. I can see that is a real problem.

Ms Henderson—The difficulty that we have had with labour agreements is that the immigration department does not define tour guides as skilled labour. They define them as unskilled labour. For labour agreements, say, in the information technology area, it is quite easy to bring people in as computer whiz kids, but it is very difficult for tour guides because they are not considered skilled, although as an employer we would consider them skilled. So for the last three years I have been trying to negotiate with the immigration department for a labour agreement but with no success.

Mr Baird—I think your analysis is right. I think that should be addressed as a separate issue. Pam's submission to your committee did not raise that specifically because we saw that in general terms there was agreement with the three month period, but we had this problem in relation to Japanese tour guides, and also I think with Mandarin and Korean. Do you have the same problem with Mandarin or not?

Ms Henderson—We do not work in that market but I think in the Korean market and the Mandarin market there is still a shortage of people with the—

Mr Baird—You would think with the number of Chinese migrants it would not be the same issue.

Ms Henderson—But you have got to take the two things into account.

Mr SINCLAIR—But Taiwan is growing and it might not be—

Ms Henderson—The other thing is: do they aspire to be tour guides? Clearly, a lot

of people do not. If they have got those sort of language skills, they aspire to be something higher, in their perception, than a tour guide.

Mr SINCLAIR—One of the other areas where—and I know it is not specifically related to this inquiry—we are trying to promote Australian exports is in terms of promoting education. Have you had any discussions with TAFE about offering a course, for example in Japan, which might encourage those who might wish to come out here for a limited period and work, so that they learn about Australia, so that they get a TAFE education in Japan and, having passed that, they then become, somehow or other, tour guides? Have there been any discussions with TAFE along these lines?

Ms Henderson—Not that I have had, but it is certainly a good idea. It is certainly something that I would follow up. It gives them the basic understanding of Australian geography, history and what is available and then could encourage them with more local knowledge.

Mr Baird—So you do not have the one month period of training?

Ms Henderson—You would still need a period of training.

Mr SINCLAIR—You would need a period of training but what you would be doing would be marketing a course in Australian identity or something—a bit of geography, a bit of history, a bit of social culture, who we are and what we are—and offer some certificate or whatever at the end of a course. From that, you have got a basis of being able to say, ‘Well, we will give you a job if you have that certificate.’ So your industry would be the ones who would say, ‘Well, we would prefer people who have that qualification.’

Ms Henderson—That type of thing is very popular within the Indonesian market, sending their students down here for three months to learn English and do a TAFE course and learn about Australian culture.

Mr Baird—Turning it the other way around is a different way of looking at it. It is worth looking at.

Ms Henderson—Yes, absolutely.

Mr Baird—Tourism Training Australia is obviously the organisation to talk to about that. I am on the board of Tourism Training Australia so I might ask them to put a submission together. I think that is worth looking at.

CHAIR—Are there any more questions on this particular area that Ms Henderson raised because it is a major area? When I was up there talking to the tourist operators this is exactly what they were saying to me. They were not saying, ‘Look, it is how we get

tourists and the way they spend money in our industry', rather they were saying, 'We need the labour.' The problem was in getting labour and this was filling a hole, as Mr Sinclair said. I am not sure that that was quite what the whole idea was in the first place.

Senator McKIERNAN—What type of salary package would a tour guide attract?

Ms Henderson—Tour guides are paid on a per job basis. Jobs are meet and greet, which is a minimum of four hours. They go to the airport, meet them and take them to the hotel. Alternatively, it can be a half-day or a full-day. The rate for a meet and greet is \$80. The rate for a half-day is about \$120 and then the rate for—

Mr SINCLAIR—Is this per hour or per period?

Ms Henderson—For the period, they are paid by job. The rate for a full-day is \$180. In most cases you would use a working holiday-maker for meet and greets because that is the entry level job. That is the job that you start off on. You obviously need more skills to be able to do a half-day and more skills again to be able to do a full-day. I mean skills in terms of knowledge, a build-up of product knowledge and an understanding of Australia and being able to answer questions about local history, local knowledge.

CHAIR—What happens when the groups go out on a reef tour? Presumably the tourist operators themselves—

Mr Baird—They pay their \$6 first!

CHAIR—We were not going to get into that!

Mr SINCLAIR—It does not guarantee their return.

CHAIR—Presumably the tourist operators themselves are going to be talking about the reef and the fish. They do not bring somebody from overseas who has just arrived here to do that sort of—

Ms Henderson—With technology these days you can put on a set of headphones and the spiel, as we call it, would already be there. They would listen to the same thing that might be being conducted in English for the majority of English speakers. But they would use headphones, just as we do when we go overseas.

CHAIR—If they were going scuba diving then presumably you do not do that through headsets.

Ms Henderson—No. With scuba diving they would have to be instructed in the Japanese language or in English if the Japanese person's language is suitable. I am not an expert in this area so I cannot—

Mr Baird—I think you would find that Quicksilver, which is the biggest one there, use them as well. They do not just rely on the headphones. They are big and they take a lot of Japanese visitors there.

Mr SINCLAIR—They have what they call an on-boat dive and they have them in different languages but they do it all in fairly symbolic terms. They offer a plastic milk container and show you what happens. That can all be pre-prepared. So at Quicksilver, at least, I know they do it in Japanese.

Ms Sayers—I cannot remember the name of the other large operator I was talking to on a totally different issue but they were saying that in employing people they like them to have two languages apart from English, if possible. They like them to have Japanese as well as something else. These are the people that are taking them out on their day trips. I can find out which company it was.

CHAIR—So they are requiring two languages.

Ms Sayers—Yes, if possible.

CHAIR—Does their rate of pay go up according to these qualifications.

Ms Sayers—I do not know. It just came up in conversation because we were talking on a totally different issue, which Bruce has already alluded to. We were just talking about people that were going out. But they definitely needed Japanese and they said it was nice if they had something else apart from Japanese, if possible.

Mr Baird—Just as an aside, I think they are probably a real example of professional young Australians at work when you see them on those Quicksilver tours. They really are first-rate.

Ms Sayers—And a lot of those are trained as marine biologists and have tertiary training anyway.

CHAIR—On the three-months limit, are you aware that this has been to some extent rorted in perhaps two ways, the worst way being when an organisation has an agreement with another organisation to put a young working holiday-maker on their books when, in fact, they will keep the person at the first organisation so they can benefit from that training period which you mentioned. This has obviously been raised that you have got that early training period and then you have only got two months to reap the benefit. Are you aware that that is happening?

Ms Henderson—I have heard that but I have not experienced it myself. At ID Tours we operate within the guidelines. Obviously I have heard that that happens but I do not know any companies that do it.

Mr Baird—Clearly we very much support the right thing being done. We would want to come down hard on those who do not.

One of the issues at the moment is that one particular country from which we have a very rapid increase in the number of visitors coming to Australia has got some significant problems in terms of licensing, so that most of the operators are not licensed. That is a separate issue we are addressing at the moment. There will be a tourism summit up in that country—it is an Asian country—later this year. I would guess that it is in that particular grouping where the problems are occurring.

There are a number of issues coming up and we are addressing them through the licensing one at the moment so that you do get a handle on them. We are talking to the state consumer affairs ministers in New South Wales and Queensland first off to try and get some agreement on guidelines for wholesaler operations and tour operators in this country.

CHAIR—Some of the local operators in Queensland told me that they got over this by doing ‘swappies’. We will have this chap at my restaurant for three months and then we will swap him with you over there. We know we are getting somebody who is trained and you know you are getting someone who is trained. The problem with that was that they took all the competitor’s secrets with them. I do not know if you have any feedback on that at all but it obviously shows that this is one of the big needs.

Mr Baird—No, the rorts they do not share; the problems they do.

CHAIR—They do not tell you how they are getting around them. They just tell you what their problems are.

Mr Baird—That is right. But I think that the rorts that are going on, in particular with tourists from a particular area, are being addressed separately.

Senator McKIERNAN—Ms Henderson, you said in your submission in opening that you do sponsor people on the employer nomination scheme to come into Australia. Is that in the tour guide area?

Ms Henderson—Yes.

Senator McKIERNAN—They are tour guides. How many would you sponsor per annum?

Ms Henderson—It would be close to twenty temporary residents.

Senator McKIERNAN—Per year?

Ms Henderson—Yes. That is spread throughout Australia.

Senator McKIERNAN—For what period of time would the people be coming in?

Ms Henderson—Two years plus two years. They can be extended for a further two years.

Senator McKIERNAN—Right. What type of salary packages are offered to those people in order to attract them to come to Australia? I do not want you necessarily to divulge any commercial-in-confidence information.

Ms Henderson—Their salary package would be around about \$30,000 per year. That would be a permanent salary that is paid to them because under the immigration guidelines it has to be done that way. They are rostered their thirty-seven hours around that. The working holiday-makers just top up over our peak season which is October through to March when we get most of the tourists in.

Senator McKIERNAN—All right.

Ms Henderson—We also employ locals. We have got a number of local Japanese speakers as well.

Senator McKIERNAN—Australian Japanese?

Ms Henderson—Yes.

Senator McKIERNAN—Mr Baird, you talk about the six-month limit on the employment—to change the three-month limit now to six months.

Mr Baird—We are raising it as a problem and I follow Mr Sinclair's comments that we are talking about an issue that perhaps could be addressed by another means. I think that may be valid. So we are not saying that we will want the limit changed overall, but that there is a problem in terms of those brought in for their language. So that should be addressed, and I think your comments are appropriate that it probably could be addressed by these labour agreements. If they were freed up you would not have the problems of the three-year wait, as you do now.

Senator McKIERNAN—I am glad to see the unanimity between Sinclair and the ATC is still continuing! But I was actually taking a different track—

Mr SINCLAIR—You would be worried if it were not, Jim!

Senator McKIERNAN—Indeed. I was actually going to move to a different track and ask you if you were influenced in your thinking on six months by the fact that Japan imposes a six-month limit on their working holiday visas, whereas we do not?

Mr Baird—I think that is of interest and maybe should be considered in the equation, because that is the major source, and I think anything should be on a reciprocal basis. But, if we are going to work on the reciprocal issue, remember that all these countries that we have got reciprocal arrangements with do not have a cap and we have got a cap. Canada is the only country that has the cap. Do you find that a problem, Narelle? I suppose it does not affect you because you are inbound.

Ms Henderson—Yes.

Ms Sayers—I suppose the other reason for the six months is also the peak period time, as Narelle has said. You have got the October to March period, and that is virtually common throughout Australia. I think that was more the thinking behind the six months, rather than the Japanese.

Mr Baird—We would actually like to make it longer than six months. Part of the problem of the industry at the moment is that it is seasonalised and yet Australia's weather is such that it could be sold year round. One of the problems is high demand during the peak season, when you have a lot of the hotels booked out for October, and in the winter months they have below level occupancy. The occupancy level was less than last year for a lot of the major five-stars and they are looking at how they can extend the season out. That is an issue for a later time, but we hope this phenomenon of the six-month season is not long term.

Senator McKIERNAN—Just on the matter of caps—and you did agree that Canada has a cap—are you aware if that is a major problem for WHMs who are seeking to go to Canada? You were in Canada last month, I think you said.

Mr Baird—Yes, that is right.

Senator McKIERNAN—Was it an issue that was raised during your visit to Canada?

Mr Baird—No it was not, so I cannot comment.

Senator McKIERNAN—The Australian cap is an overall cap. It is not a country-by-country cap.

Mr Baird—Yes.

Senator McKIERNAN—The minister has put a cap on for this current financial year. If a cap is going to remain, or if the committee is going to recommend that a cap should remain, what views do you have about a country-by-country cap within an overall cap?

Mr Baird—There is some immediate attraction to it. But, on the other side, you get into discrimination and you open up a whole can of worms. That is why, in terms of the overall issue that we debated before, we argued that there should a trial and then you should open it up to 32 countries, in the same way that New Zealand did, so you are not trying to pick out some countries. But on the overall question of these short term visas—I just thought I would take the opportunity to say this—once you start trying to move to—

Senator McKIERNAN—It is a wonder Sinclair did not lead you!

Mr Baird—No, no, no.

Mr SINCLAIR—I am truly impartial, whatever our guests!

Mr Baird—Me too. Well, I am partial these days—partial to the tourism industry. I just think you are going to create a lot of problems. Pam, did you want to say something on that?

Ms Sayers—We have put that in our submission. Although it was supposedly an overall cap last year, we understand for administrative arrangements that there was essentially an allocation given to each of the countries. When the alarm bells rang in the UK that the cap was being reached there, our suggestion to the Department of Immigration was, ‘Why, if they are not being used in another country, don’t you transfer any excess numbers across to the UK?’ The answer came back that effectively there had been a nominal—I think was the term—allocation to each of the countries that we have reciprocal arrangements with. In fact, the cap was reached in the UK at virtually the same time as the cap was being reached in other countries, so there was no capacity to move numbers around.

We just consider that there are real problems in doing that. We raised in our submission the question of what you do in trying to deal with that cap. Do you nominally give an allocation to individual countries, which they then sort of keep, and if the numbers are then higher in a particular country for a year because there is some particular growth in that market, does that mean that you cannot allocate more visas? You then start getting administrative processes where you start delaying the processing of applications so that you are saying that you have not actually run out of working holiday visas in this country but you are just stretching it out so that you reach the end of the year without saying that you reached your cap limit. Do you see what I am getting at? We just think it could create some real problems, particularly politically.

Mr Baird—It highlights the nonsense of putting on an artificial cap anyway. A lot are coming from the UK and that is where you start hitting your head in terms of the limits put on, but the UK remains one of our major tourism sources and it has been and will be for a long time to come. It is number three, I think, after Japan and New Zealand.

Senator McKIERNAN—It is argued to the committee in submissions that there is no need for the cap because the working holiday-maker program is driven by economic considerations and people have used the figures from previous years that show that when the recession was on the numbers declined.

I have read other submissions which I could have interpreted as saying that the numbers ought to be falling off now because of the high levels of youth unemployment. That is essentially the area where working holiday-makers get jobs, and we have a lot of young people who are not able to get jobs in today's economic environment. What drives the WHM program?

Mr Baird—I think there are a couple of things. One is that tourism continues to increase. It is the fastest growing industry and it is the largest employer and our demands in the tourism industry continue to grow while other industries might be falling by the wayside. But it comes back to that point that our requirements are still in those three categories that we outlined before—whether there are specific skills, area problems of lack of supply, or whether it is jobs that Australians do not wish to take on. I do not think that equation is going to change. If they were taking jobs away from young Australians, I would be the first to say, 'Let us stop the program.' The reality is that they do not. The reports that have been done in the past show that the impact is not there.

Senator McKIERNAN—What do you think drives the working holiday-maker program, as distinct from, but still being part of, the general tourism program?

Mr Baird—I would say the same thing that drives the backpacker market. It is just the youth going and exploring other countries, the same as we have Australians going overseas in large numbers. I think it is a good thing. It breaks down prejudices and builds understanding and all those good things.

Ms Sayers—One of the things that could be interesting with the recent appreciation of the Australian dollar—not that it has been all that great compared to a lot of those other countries—is whether if it increased further it would then give some change in the number of working holiday-makers that came, because they would not necessarily be able to get the same amount for their money that they are earning or that they are bringing with them. We have no indications at this stage that it is having any impact.

Mr Baird—Bear in mind that some of the segments differ. Japan has now matured as a market and is still growing at about 8½ per cent, but Korea last year had a 50 per cent growth rate and this year's growth is 50 per cent on last year's. Taiwan is growing strongly. Indonesia, India, Malaysia: all of these countries continue to grow rapidly. Of course, the big demand areas are those where specific language skills are required, which goes back to Narelle's problems with trying to meet the requirements internally.

CHAIR—I want to bring out a couple of things that Jim said on jobs. Seeing that

we are on this topic, we will stick with it for a moment. I understand what you said about tour guides and obviously that is a very special category; but what about things like waiting on tables? Is there not a chance that we are excluding our young people who are just out of school, or even out of university because they cannot get jobs in their own profession, from getting a foothold anywhere so they have got a job?

Are you finding a blockage, especially in places like Cairns, if they are trying up there? You have got working holiday-makers moving in who—going back to what you said before about levels of education—tend to be highly adaptable, intelligent people who have probably had experience somewhere else and are very attractive to employers, especially at restaurants. That is closing out a segment of our young people who would like to get a traineeship and start in that industry.

Mr Baird—That is not the experience of the industry. They do give first preference to Australians. I can see the logic of your argument, but I do not think experience bears it out. From discussion with the various association groups and the restaurant and catering groups, that was not their experience. They genuinely have problems, in a number of areas, finding people to carry out the work.

Ms Sayers—We have not put all the figures together, but we have done a quick survey which was sent out to all of our major associations. I call it a survey, but I will just say that informally we have had some responses, and about 80 per cent of the ones that have come back have said that they do not employ working holiday-makers. That is just in the tourism business generally around the country. We asked where they would get workers from and what they would use them for, and the majority said it was with specialist language and cultural skills, focusing very heavily on the Japanese market. There was some mention of some other markets, and geographically it was coming back to Cairns, the Gold Coast and, obviously, New South Wales, as Narelle has said—

Mr Baird—And Darwin.

Ms Sayers—Darwin was another one where we had those sorts of responses; but not Western Australia, South Australia, Victoria or Tasmania.

Mr SINCLAIR—That is really concentrating on the Japanese language and specialist language. There are a lot of British working holiday-makers. Where do they work? Do they compete?

Mr Baird—You find a heck of a lot of them in Darwin, because of the lack of availability of local labour supplies. Some of them are in Cairns. The fact is that a lot of the people that you are talking about do not take themselves up to places like Cairns and say, 'I am available to do work in a restaurant.' They are looking for them in the major cities. The further you are out from the major cities, the greater the shortage of people available, and that is where the greater usage of WHMs is, in that type of job.

Ms Sayers—That happens particularly in the peak periods—so people were saying—where they may actually be employing local labour but they do not have enough, so they will use WHMs as a top-up.

Mr Baird—They do fill gaps in the market; there is no doubt about it.

CHAIR—I had an interesting case on Triple J on a talkback show. Unfortunately, the person who rang in never made a submission, but he was complaining that there was a sort of Irish cabal in one town and particular jobs went to all the Irish working holiday-makers and nobody else in the town could get a look-in. The jobs were just passed on from person to person. I did invite him to make a submission, but I do not think we have got any such submission.

Mr SINCLAIR—I think you ought to ask Senator McKiernan whether he wishes to make any comment.

Senator McKIERNAN—I think it is very interesting, very interesting.

Mr Baird—I am glad to hear you are listening to Triple J.

Mr MARTIN—While you still can.

CHAIR—Can I just follow up on the other question on the reciprocity agreements with the other countries. Senator McKiernan talked about the six-month agreement that we have with these other countries and he did mention Japan. Are you aware that in Japan they do not police that and that in fact our young people on working holiday visas go over to Japan and happily work for the whole 12 months?

Ms Henderson—I was not aware of that.

Mr Baird—I suppose that is not our problem.

CHAIR—I just wondered if that had come up at all when they come here.

Mr Baird—No; it is all power to them if they do, I suppose.

Ms GAMBARO—Ms Henderson, you were talking about the training aspects. You must have quite a number of people doing that one-month training course. You mentioned, is it 65 per cent of—

Ms Henderson—Of our business is Japanese.

Ms GAMBARO—Is that company-specific or can you team up with other operators and perhaps have a training course for tour guides, or would that be impossible?

Would your training course be specific only to your particular—

Ms Henderson—No, and we did actually a couple of years ago under a DEET funded project do a pilot AVTS, Australian vocational traineeship system, which was to train people in tour guiding and tour coordination, which is behind the scenes putting the tours together. That was to include an on-the-job component. Unfortunately, on the educational side we put the whole course together. That was fantastic, but when we got to actually getting the people placed we came up against some problems with the unions, because still now the inbound industry does not have an award that covers tour guides or tour operators. Obviously the tour operators, because of the nature of their job, are covered by the federated clerks award but tour guides were kind of living in a no-man's-land. Since then the industry as a whole has been logged by the ASU. Very shortly we will have an award in place which should facilitate being able to set up the traineeships so that tour guides can train people and then we can place them doing tour guiding work, on-the-job training.

The difficulty with tour guiding is the hours, and that has really got very little to do with the industry. It has got more to do with the airlines—the flights arrive at seven o'clock in morning through until 10 o'clock and then the airport is dead for the rest of the day. So the tour guides have to meet those flights and then take the travellers to their hotels. There were all sorts of inconsistencies in the hours that they were working and the short duration, like a four-hour job per day, that the union had some problems with. However, once the award is in place, hopefully we can once again try to do a traineeship system.

Ms GAMBARO—And how far away is that from eventuating, do you think?

Ms Henderson—The award?

Ms GAMBARO—Yes.

Ms Henderson—I should say that that would be in place by the end of this year; we have been working on it for two years now.

Ms GAMBARO—I was interested to hear you speak of the Europeans, and you mentioned that you had no difficulty getting tour guides of first generation Australians, those people of Greek and French and German origin. Going the other way with our working holiday-makers going overseas, people from other cultures who are predominant in Australia, do you see some good benefits from that? Do you see any benefits from us looking at non-agreement countries?

Ms Henderson—Do you mean Australians who may have a language going over and working in the tourism or any hospitality industry—which is where the bulk of the jobs are when you are a working holiday-maker?

Ms GAMBARO—Yes.

Ms Henderson—There are obvious benefits. They increase their language skills. They then come back to Australia with a better understanding of the culture, the customs, and an understanding of the market that they can work in when they come back to Australia.

Ms GAMBARO—So it would enhance their tour guiding skills enormously as well. That might be an area to look at for training possibilities and enhancing opportunities. Thank you very much.

CHAIR—Are we finished on the job side?

Mr SINCLAIR—I have a different series of questions, not specifically on the employment market about which we are still talking.

CHAIR—Okay, I have one question on the employment market. Mr Baird, what is the likelihood that we are going to have a huge application with the Sydney Olympics?

Mr Baird—Of people coming—

CHAIR—Yes, and wanting those working holiday-maker visas and, on the other hand, that we are going to have a huge need for those working holiday-makers.

Mr Baird—We will have a significant need for additional people. I am sure though, if the experience is the same as for other Olympics, we will fulfil most of those requirements from volunteers, et cetera. I do not know that we should be specifically gearing up a program to have this huge influx during the Olympic period.

It is something that obviously SOCOG will need to address, but it is more the longer term requirements of tourism that we are concerned about than an individual two-week period. We will see what the requirements are going to be, but in Atlanta it was mainly volunteers who met that situation.

CHAIR—Taking up Ms Henderson's point before, you do not think there is going to be a specific need for those people with the high language skills and the cultural knowledge in that two-week period?

Mr Baird—There certainly will be. Undoubtedly we will need to take in additional people, but whether you create then a further problem for yourself after it is another question. The Sydney Games may well be different from Atlanta where the North American market was huge. We have a small domestic market and a big Asian market for the Olympics on our doorstep.

Ticket sales that are allocated from different parts of international markets will tell you. It is not entirely a free market situation. The national Olympic committees in each of those countries have an allocation. The allocation to Japan may be a little larger, to come down to the Olympics during that time, as it was in Atlanta, but it will not be hugely different; the same with the other markets. Bear in mind that during that two-week period the traditional tours will stop so that the tour guides that you have can all be directed to that market. My own view is that we will need some additional ones, but it will not be a huge quantum leap.

Ms Henderson—If I can just add to what Bruce just said, it is the flow-on from the Olympics rather than the actual two weeks. Just as the 1988 Bicentennial increased the exposure of Australia to the rest of the world, so too will the Olympics, and it will be the flow-on after that of an increased number of tourists.

Mr Baird—A key lesson from Atlanta was not to go in for the quick bucks, but to position yourself for the next 20 years in terms of tourism. I think that is what we are going to be focusing on very much.

Mr SINCLAIR—Was not one of the other lessons from Atlanta that the flow-on benefits did not in fact meet expectations?

Mr Baird—Yes, that is right, absolutely. They have the reverse problem. Expectations were high and they were not met and so I think they are going to have to counter that with a significant PR campaign.

Mr SINCLAIR—I do not know whether it compared with Barcelona. My impression was that a lot more people travelled to Spain who would never otherwise have travelled to Spain, whereas because Atlanta was in the middle of the United States, I guess, it was more just a—

Mr Baird—Yes, but certainly Barcelona was a tourism experience whereas Atlanta was very much events driven. They did not concentrate on giving people a tourism experience. I think that will be very detrimental for them. I think Sydney is very much in a different situation in that it has got the wonderful tourism environment. But we need to remember that—not have the street stalls with T-shirts, but make it a great tourism experience, so that you can reap the benefits from there.

Mr SINCLAIR—I think there is a real lesson, too, with Expo 88. There was a build-up, tremendous tourism during Expo 88, but somehow, after Expo 88, tourism fell off. Brisbane, for a while, was almost dead following Expo 88. I think we need to look at the Olympics and register that we do not want the same to happen.

Mr Baird—I think it is a bit different from Expo. It had a lot of visitors but it did not have international attention. There are 3½ billion people around the world who watch

the Olympics, so if the footage is good, and they are going to spend a couple of years putting together the footage from around Australia, then we will have significant benefits. But we have also got to build on the base of the convention market as well. We have got a problem in Sydney because we have run out of space. That is another issue for another day.

Mr SINCLAIR—Yes, but the other problem is that Expo went on for six months, which makes it a lot easier than for a fortnight event.

Mr Baird—That is right, plus the Paralympics.

Mr SINCLAIR—Do you produce your spectrum of how you see tourism for the next five years or 10 years? Obviously, the year 2000 is a peak attraction, but there are a lot of other events. Have you looked at whether there is a spectrum of tourism. If so, where does this WHM program come within it? While the question is specifically related to the Olympics and the attraction for WHM, I think it would be a very small part of the overall tourism picture.

Mr Baird—The answer is that we do not do it. There is the Tourism Forecasting Council, of which Sir Frank Moore has been appointed chairman, and Pam is our nominee on that committee. They do their forecasting as to the number of international visitors. As part of that, we had 3.7 million international visitors last year; in the year 2000, six million; in the year 2005, just on nine million. So this problem will not go away. It is going to get bigger, and in very big leaps. Pam, do you want to comment on that?

Ms Sayers—Just to add to that, apart from the Tourism Forecasting Council doing the large numbers and looking at the individual country market segments, the Australian Tourist Commission also has a look, in conjunction with the Bureau of Tourism Research, at key markets that should be developed. A lot was heard last year about ecotourism being a significant market. In fact, the ATC have done work, and I understand are still doing work, on the backpacker market, of which WHMs are a component but obviously not the entire backpacker market. Although it is, as you rightly say, a small market segment out of the total tourism picture, it is an important growth market, not just in terms of numbers, but also in terms of yield. The high spending tourists do not necessarily spend per day as much, but because of the length of time that they stay here I think the figure they spend is about \$3,500 per person. For the average tourist, I do not know the latest figure but I think it is about \$1,900.

Mr Baird—In terms of what the profile is going to look like in the year 2000, 60 per cent of the market will be from Asia. The figures are that there will be over a million per year from Japan alone. Then you have the other rapidly growing Asian countries, such as Korea, which I cannot quite remember, but it is about 350,000, and Indonesia. So each of these countries where we need those language capabilities are the fastest growing. That is why the work you are doing is so critical, because if we are not addressing the

structural problems which I think you raised, in terms of how we produce these people locally, it is going to be not only a continuing sore but a much bigger and more significant one. In 10 years the numbers from Asia will probably be three times what we have now.

Mr SINCLAIR—But even though somebody apart from you is doing the figures, surely, in your analysis, you would look at what the components of tourism are going to be. It is not just the total; it is what sorts of tourists they are. One of my concerns is the link with educational tourists. It seems to me to be a bit paradoxical that you provide some work capability for students that is different from those who are under the WHM program. I wondered whether in your profile you had said, ‘Of the million tourists from Japan by the year 2000, there will be’ and break them into categories and say, ‘These are the growth categories, and this is the way we are going to promote them.’ Do you do any of that?

Mr Baird—We do not do that ourselves. I am not sure whether the Tourism Forecasting Council breaks them down to that extent. It would probably be useful if they did. Maybe it is something you can raise in terms of Pam being recently appointed to the board. With regard to the segments of the market from Japan, for example, the concentration has been on the honeymooner market and the single office ladies. There is a need to expand that out to the silvers, as they are called—the over 55s—and also the family groups and the students coming in. They see that as quite a growing market.

So you have got the students there and alongside that the working holiday people and the backpacker market, which is also seen as growing. The free independent travel group is expected to grow quite significantly, as opposed to the tour groups. As the market matures, you get more people from the Japanese market, for example, getting their own cars and going on their own tours up to the Gold Coast, et cetera, whereas the new markets such as Korea are almost entirely group dominated.

Mr SINCLAIR—If you have not got the statistics you probably have not got the next answer, either. If you are looking for a removal of the cap, I wonder whether you have got a handle on how many people there would be if there were no cap. Therefore, how many who are in that age group come under another category? In other words, if they are not coming under a WHM program, are they coming under a traveller’s visa, a student visa, or some other form of entry?

Mr Baird—Why don’t we ask, through Pam, the Tourism Forecasting Council to have some information for your committee? I think that would be useful in terms of what work they have done on that, to provide some type of rough estimate for you. But if the demand is there, then it should not be a problem. If the demand is not there—

Senator McKIERNAN—Why has the demand grown so much in this particular year? Last year there was no cap.

Ms Henderson—Yes, there was.

Mr SINCLAIR—Yes, there was. There has been a cap since you introduced it. We did not have one in days gone by.

Mr Baird—It is a free market.

Senator McKIERNAN—Forgive me; in 1994 and 1995 there was no cap. The previous minister introduced a cap in December 1995.

Mr SINCLAIR—The previous Labor minister, that is right.

Senator McKIERNAN—Why do you think there was such a reasonably phenomenal growth in the number of applications from 1994-95 to 1995-96?

Mr Baird—Growth in the market continues to move ahead. There was a slowing of the Japanese market last year. There was some concern as to whether there was going to be a permanent one, but it took off in the early parts of the year and it has been slowing a bit since then. Some concerns have been expressed about what was happening.

Ms Henderson—Yes. The market did slow with the Japanese recession or worldwide recession. What the wholesalers in Japan did was to start selling tours at rock bottom prices—I mean really no-profit tours.

Senator McKIERNAN—Tours as distinct from working holiday-makers?

Ms Henderson—Yes, but all the advertising and marketing that they do for what we call a skeleton tour, which is air fare and first night's accommodation, still stimulates the market. Even a working holiday-maker might have taken that option because they were very cheap tours that they were selling, to keep the market buying. The Japanese wholesalers are looking long term; they are not looking short term. They are wanting to keep the market buying.

CHAIR—They did not want a dip.

Ms Henderson—Yes. So they will sell very, very cheap tours. That advertising and marketing they do would have had a flow-on effect to working holiday-makers.

Mr SINCLAIR—Do you think part of the reason for the increase in Japan was that with the downturn in the economy the WHM program was a way by which they could come to Australia, make a bit of money while they were here and therefore—

Ms Henderson—No.

Mr SINCLAIR—That was not the reason?

Ms Henderson—No, I do not think so. It could have been due to the attraction of Australia because when the wholesalers are marketing Australia as a destination by television, magazines, et cetera in Japan, that is also attracting other people to come here.

Mr Baird—We had a summit in Tokyo last October where all the wholesalers got together. There was a big focus on Australia at that time. They all promised they would promote it because we were trying to battle against Bill Clinton's getting together all the Japanese and American operators in the States and guaranteeing they were going to reach these huge markets. There was a bit of a focus again on Australia in terms of promotion.

Mr SINCLAIR—But the WHM program went up while general tourism tended to be a bit flat, did it not, last year?

Mr Baird—Last year it did, but in the first part of this year it moved up and then died a bit during the middle of the year.

Ms Henderson—The phenomenal growth in the Japanese market has to get to a point where it plateaus.

Mr Baird—And matures.

Ms Henderson—Yes.

Ms Sayers—That also goes back to what Bruce was saying about a mature market, as well. Once that happens you get a lot of people who are more comfortable being free and independent travellers; that could relate to that as well.

Mr SINCLAIR—Do you do any surveys of the people who are leaving Australia? Have you any figures about their observations on the program?

Mr Baird—There are various groups that are significant in terms of playing the part. The Tourism Forecasting Council is looking at the future demand and the countries they are coming from and reporting on that. The ATC is looking at the consumer demand as well. They are carrying out regular surveys, not only in Australia but internationally. They do them regularly: what things they like to do, what things they did not like, et cetera.

Ms Sayers—The Bureau of Tourism Research does their international visitors survey, which is an exit survey for the ATC. That includes a whole range of things, like expenditure, where have you been, how long have you been here—quite a breakup of information. Off the top of my head, I do not think it breaks out WHMs, but we can go back to them and see if those data are still there; it is just a matter of accessing those data.

Mr SINCLAIR—The reason for the question was to find out the extent to which you, within your commission, focus on this as a market. All your answers suggest to me that it is incidental and, apart from the particular problem in getting these language skills for tour guides, is not an area of the market on which you would focus particularly.

Mr Baird—No. I represent the industry per se. Here is an operator: here is the real, live article. Our people's focus is on backpackers as a generic group. The WHMs are more meeting individual needs—in language, in our industry in Darwin and Cairns, or washing dishes and picking fruit in terms of other industries. So it is not a market that we seek per se. Rather, we seek the backpacker market as a generic one. Do you think that is true?

Ms Henderson—Yes. The working holiday-makers will do the tours—the full-day city sights tour, the Blue Mountains tour or the reef tour—but they are not going to want to buy the sorts of coordinated itineraries that we, as inbound tour operators, put together. That is for the other side of the Japanese market, the European market or the American market. They are not going to buy those sorts of things, so we would not be targeting them as a particular segment of the market. But we are certainly interested in utilising their specialist language skills for our labour needs.

Mr SINCLAIR—It really seems there is a very narrow focus. You seek the specialist language skills and access to a group of employees who would otherwise not be available, rather than a total tourist opportunity.

Ms Henderson—I am talking as an employer.

Mr Baird—She is talking on behalf of ID Tours. We are talking in terms of the wider industry, which is in a whole range of jobs. They are of interest, but as part of the broader backpacker market.

Mr SINCLAIR—Why remove the cap, if you are not particularly interested in them?

Mr Baird—We are interested. They form part of the broader backpacker market, so we are very much interested in them. They provide a lot of skills. They are also good advocates for Australia when they come back. They also bring a lot of their friends: you find that groups come down, and some of them come under the WHM program and others come as straight backpackers. That is experienced. So they are important as part of the broader group. But the agency does not go out with ads saying, 'Planning to work overseas? Australia is the place for you.' It is generic advertising—it is part of the fun and adventure and all those things that you and I do.

Mr SINCLAIR—I would have thought that a lot of the WHMs would also be second-time visitors. That is part of the reason for my question. I am trying to see where

they fit into the market. I would have thought that if you had been whitewater rafting somewhere in New Zealand or Australia and had seen a high mountain and thought, 'I would like to go back next time and do a walk,' that would have all been part of the attraction.

Mr Baird—You have got to turn it the other way around, because our experience of the people who create the same markets overseas is better. Our kids, on their first trips overseas, go and work in the 'Daily Planet' or something in London, as my daughter did. I think there are a lot of people in that position.

Mr SINCLAIR—She went to London, though, and that is the genesis of this program. That is why I am not too sure of the program. I observed to you in private that, having read all the background, I am quite sure this is another product of the Enoch Powell legislation which excluded Australians from Great Britain. We had to do something to get back. I am just trying to see whether this still has a place within the embrace of our visa categories. I gather from what you say that it certainly does in one narrow area. You find it supplements the backpacker program. But I am not too sure whether, as a visa status, it really has quite the relevance that other forms of entry have.

Ms Sayers—I do not think I could say that we agree. Looking at it from a broader perspective—and going back to what Bruce said—a lot of them do come with other people. What we found last year, when the cap was being reached in the UK, was that travel agents were telling us that there were cancellations from groups of people. It was not just single people that were not coming. There were groups of often five or six that were saying, 'No, we are not going to go to Australia,' and it was related to the fact that one or two of them could not get working holiday visas. The backpacker market which is getting to the stage of being worth about nearly \$900 million, which is not insignificant, does have a relationship with working holiday-makers.

Going back to the original reasons for having the scheme, it really is to give young people the ability to come and, I suppose, taste something which for most of them is a first time experience, just as it is a first time experience for us to go overseas. It gives that sort of cultural opportunity. It may seem odd but it is also not allowing people to be in the mainstream labour market, which is what we want. It is really letting them come here knowing that they have got enough to get back—because they have got a return ticket—and that they meet certain criteria for age, health and all of the other things we are always concerned about. It gives them that small ability to get closer to the Australian culture than if they were just tourists that were going around.

Mr Baird—It is an important segment of the market.

Ms Sayers—It is important.

Mr Baird—On the question of whether you need a cap, we clearly do not believe

you do.

CHAIR—Mr Sinclair has one short question.

Mr SINCLAIR—I have one other concern. To what degree do you consult with countries like New Zealand and Canada in the composition of the program, particularly thinking again of this WHM program? It seems to me we are told of more competition from there. Do you work with them and look at where their programs are going to see whether there is some parallel?

Mr Baird—The answer is no. There is a lot of consultation with New Zealand generally but not much with Canada. Rather interestingly they have just recently restructured the whole of their tourist promotion body on the ATC but the answer in short is no.

CHAIR—I think Senator McKiernan has one very short question at this stage.

Senator McKIERNAN—We heard this morning from the tourism commission that there were public complaints about the introduction of the cap this year when it had its effect. They mentioned Britain in particular. They did not mention the Asian countries, particularly Japan and Korea. What was the public criticism if any at that time about the introduction of the caps?

Mr Baird—I am not aware of any beyond Britain and some of the European countries such as Sweden, et cetera where you traditionally have a lot of young people coming through. But in Japan it is the more specialised language skills tour operators from that area so it is a different segment, I believe.

Ms Sayers—We did receive at least one or two from Japan but the bulk of complaints that we got—probably three times that—were from the UK and Ireland.

Senator McKIERNAN—And Ireland, you have got an entree!

Mr SINCLAIR—They are not coming exclusively to my office.

Senator McKIERNAN—A final question, which you might take on notice: the committee is keen to go to Cairns. If there are any particular individuals, bodies or institutions that we ought to visit in Cairns if we get there, the committee would appreciate receiving information on that.

Mr Baird—Okay, the Far North Queensland Promotion Bureau are the obvious people to start with. We will give you a list anyway. Not Darwin?

CHAIR—Not yet. Have we got any submissions from Darwin?

Mr Baird—Darwin is interesting because no matter where you dine out you will strike WHMs.

Mr SINCLAIR—I agree with you.

CHAIR—Can I then just very quickly wind up with one question about the requirement that citizens from non-agreement countries have to apply from their own countries. Do you have any comment on that at all, or any complaints about that?

Mr Baird—I think it is important to have a reciprocal agreement so that outside of the loop, yes. In the broader sense, we are interested in encouraging tourism from wherever, but I think in terms of fairness to our young people if there is no agreement in terms of a reciprocal basis, then why do it?

CHAIR—Okay, thank you very much. I am sure we could have come up with a lot more questions given more time.

[12.12 p.m.]

BEAVON, Mr Norman Charles, Chief Executive Officer, Australian Duty Free Operators Association, 37 Doody Street, Alexandria, New South Wales

CHAIR—Welcome. I now invite you to make a brief opening statement before the committee proceeds to questions. You may like to summarise your argument, but we would prefer you not to read from your submission.

Mr Beavon—I noted earlier, while listening to the previous speakers, that you were interested in some statistics. Perhaps it might help if I start with those. In the duty free industry in Australia, the percentage of sales made in the categories of Japanese is 36.5 per cent. The percentage of sales made to Korean, Taiwanese and South-East Asian is 9.5 per cent; for New Zealand visitors, it is nine per cent; for the rest of the world—which is Europe and America—it is 15 per cent; and for Australians going overseas it is 30 per cent. In our particular case, that makes up of a turnover of \$1.3 billion.

CHAIR—And the rest of the world includes the UK?

Mr Beavon—That is right.

CHAIR—That is interesting. Did you want to go on from there? Otherwise, we will move straight into questions because I am very curious about that. But if you would like to keep going—

Mr Beavon—Just to enlarge on the point that we are making for our industry: with the continuing increase in the foreign tourists—and we are looking at something like a 10 per cent increase every year, and see that continuing—the requirement for multilingual or bilingual staff is something like 200-250 people at any one time.

CHAIR—Over the whole industry?

Mr Beavon—Over the whole industry, yes. That is out of an employment of 4,500 people. We have found that, whilst there are a number of Australians obviously learning various Asian languages and, indeed, becoming proficient in those, and looking to choose a career, their aspirations obviously go further than just selling in a duty-free shop. And so it is very difficult to procure bilingual and multilingual Australians, as such, to employ in the industry.

We look to the working holiday visa people from Asia to fill those positions, both from a language and a cultural point of view, frankly. Where we see a problem is the three-month restriction that applies in working for one company. If a large company employs one person who trains that working holiday-maker for possibly a period of a week at least, and probably more, it reduces the effectiveness of that worker over the three

months period. Whilst we understand the intent of the working holiday visa, the reality is that these people wish to work, as well as get cultural advantage from the country.

They move on to another duty free company, for example, and get re-employed by somebody else. Again, that system applies. They get retrained in the new company's doctrine, as it were, and so on. So we see that as a problem. Really, what we are asking for is greater flexibility within that working holiday period. We are not necessarily looking for more working holiday visas. I think that in time that will be necessary because of the increase in tourism within the country.

As Bruce Baird said earlier, I would suggest that that two-week period of the 2000 Games is not the be-all and end-all of everything. In fact, in our industry we really do not see a great deal of increase during that two-week period. We certainly do prior to those two weeks, and we certainly do afterwards.

Restaurants, hotels and the fast T-shirt shop on the street corner, as we said earlier, may do more business. But, in our industry, we do not see that happening at all. They are here for the Games; they are here to see the place. They are not here to all of a sudden go berserk with buying duty-free because they have regulations—the same as we do—on how much they can bring back into their country. So they just cannot buy willy-nilly.

CHAIR—But what about the actual increase in numbers? The Japanese have 36 per cent of your market now and there will be an increase in numbers. Do you think you have the people there to cope with that increase in numbers?

Mr Beavon—Yes. Obviously the people that arrive in the country will be more through the Olympic Games, but not necessarily will they be spending their time in duty-free shops. So we do not see a marked increase during that two-week period.

CHAIR—So is my assumption not correct that everybody who comes into a country usually carries duty-free out of it?

Mr Beavon—Yes, they do. But that could be at an airport; it could be downtown. And what are we talking about—a bottle of liquor and maybe a carton of cigarettes. Not necessarily will they be spending time buying the Cartier watches and the upmarket merchandise which is bought, in general, with time; it is not purchased quickly going through an airport. And they will be here for the Games, not to do that.

CHAIR—This is off the topic a bit, but what is the allowance for Japanese going out of the country?

Mr Beavon—There is no allowance. A foreign traveller can purchase whatever he or she wishes in Australia, but the allowance applies in the country where they return to.

CHAIR—That is what I mean. How much are Japanese coming here allowed to spend under Japanese rules?

Mr Beavon—It is something like the equivalent of \$200.

CHAIR—So it is not very much at all.

Mr Beavon—No, it is not very much.

Senator McKIERNAN—How does your organisation see this working holiday-makers scheme? Is it there as a labour market scheme or a tourism oriented scheme, or do you see it as something different?

Mr Beavon—Because of the problem of bilingual and multilingual people within this country not being available to us, we see it as a means of filling a position within our stores that is very necessary. We do not see that that is the be-all and end-all of it. We use it because it is there.

Senator McKIERNAN—So you see it essentially as a labour market scheme?

Mr Beavon—Yes.

Senator McKIERNAN—Does your organisation sponsor anybody in under labour agreements or employer nomination schemes?

Mr Beavon—No.

Senator McKIERNAN—I would have thought that that would be the area under which your industry could resolve its problems, rather than the very hit-and-miss working holiday-makers scheme which is essentially not designed as a labour market program at all.

Mr Beavon—I understand what you are saying. But going back to what I said earlier about the aspirations of people and the salaries that they can earn and what they are looking for in doing that, we do not offer that. In other words, we are not an extremely highly paid industry for a salesperson in a store. Therefore it is difficult to get people to come from Japan, Korea, China to work here on a labour basis.

Senator McKIERNAN—Conversely, is it difficult to get Australians who have got the language skills and employ them?

Mr Beavon—Very difficult, yes—that is what I said earlier on. For example—and this is just as an aside—there was a program on Channel 9 where they were discussing this particular problem of people not being able to get work within Australia but who had

various qualifications—and one of them was language. This particular person spoke Japanese fairly fluently and had not been able to get a job for some nine or 10 months. No names were mentioned on the program so I did ring Channel 9 and ask for the name of this person and a telephone number, and I contacted the person. They said, ‘Thank you very much, but no thanks.’ It was as simple as that. I do not want to denigrate the position of shop assistant, but it was because they were looking for something more than being a shop assistant.

Senator McKIERNAN—What type of salary packages would a person in your industry be looking at?

Mr Beavon—It does vary, depending on the other skills that the person may have. It is one thing being able to speak a language and it is another being able to converse with customers and have knowledge of the product that they are selling. So I would say between \$24,000 and \$35,000, depending on the skills.

Senator McKIERNAN—I will not divert. The issue of capping of the program has been somewhat controversial in recent times, since the introduction of capping. Have you got a particular view on capping? Should it be in place? Should it be a country by country cap, if you do agree with capping at all?

Mr Beavon—The industry view is that we do not necessarily see a problem with capping as such, but being allowed within that capping, as I said, to eliminate what we can. In other words, the three-month limitation is where we have a problem.

Senator McKIERNAN—The three-month thing is continuing to receive attention by way of submissions to the committee. Indeed, the current minister was a member of the previous committee—a member of this committee in its previous life—who heard evidence of how the situation was being rorted. At that time it was alleged there were a number of rorts in the industry and that is part of the reason why this particular committee of inquiry is going on. The minister has recently announced that he has approved an amendment to the regulations which would prevent a three-month limit being circumvented by practices such as the use of transfers to subsidiary companies or subcontractors, for example. The amendment will be included in other regulation changes in November. Were you aware of those changes?

Mr Beavon—Yes, I was.

Senator McKIERNAN—And what is your reaction?

Mr Beavon—I think that brings up another problem to us. We need the people, and at the moment we are only just able to manage with the amount that are available now. I am sure there are people—I mean, how do you stop an individual going from one company to another, if that is what they wish to do? Only by legislation saying, ‘You

shall not employ that person.’

Senator McKIERNAN—Getting a conditional and a concessionary entry into Australia—it is very discriminatory, what they are getting. It is a real privilege that some people get. It is not available to everybody else, and in order to take advantage of that privilege they make certain undertakings which they are expected to fulfil when they get here. I appreciate that you have a problem in your industry, but would you not be better seeking to address your problem by way of the labour market programs, rather than something which is really tourism oriented?

Mr Beavon—It may well be correct, but there are fluctuations within the industry and therefore not necessarily are you looking for someone who is permanent for a full 12-month period. It may be only six months. There are seasonal changes, as you could understand, certainly with the Japanese situation.

Senator McKIERNAN—But those changes can be accommodated, surely, in the labour market programs, can’t they—the amount of time people can come in, the length of time?

Mr Beavon—Yes.

Mr SINCLAIR—I am a little interested in the extent to which the problem is one-nation oriented. We have heard earlier evidence that the Japanese language seems to be the principal problem. Are there other countries or other language groups where there is an increasing difficulty for you?

Mr Beavon—I think Korean is coming to the fore now, with the increase in Korean tourists. Taiwanese are on the increase, too, but—

Mr SINCLAIR—Is that Mandarin, or—

Mr Beavon—Yes. But by the percentages I gave to you earlier they are small, as Japanese is the major one.

Mr SINCLAIR—That being so, have you thought of contacting, for example, TAFE or a university and suggesting some training for Australians which might enable them to develop so that they could become tour vendors within the duty-free operating sector?

Mr Beavon—Under the previous government, I had an interview with Senator Bolkus on that subject. We, as an industry, even offered financial help relative to training the Australian worker in language skills. Nothing eventuated from that. But certainly we are happy, as an industry, to help in any way we can in that regard.

Mr SINCLAIR—I am very pleased to hear that you offered that. It did seem to me that you might have some sort of a bonding arrangement: you might give somebody an offer of a job for a period of time following their completing a course. Demonstrably, many of them would want to move on. But, if they gained the language skill and some experience, even though they might not wish to remain working within the industry, to be there for a period of time in return for the training would seem to be quite attractive.

Mr Beavon—I understand. It is very difficult. I go back to that aspiration situation again—people believe that through education they can become bilingual. Having done that, they do not see themselves in a sales assistant capacity. So it is very difficult to tie the two together.

CHAIR—I think what Mr Sinclair is suggesting is that what we are looking at now are people who have come through a whole education system, and possibly a tertiary education system, where they have acquired the language. But we might take young unemployed people—and I imagine we would give them a test to see whether they had the capacity to take on languages—and give them language skills at the same time as training with the tourist industry. Is that what you were thinking of?

Mr SINCLAIR—I have a couple of other ideas.

CHAIR—Something like that would then feed into your industry. It involves not highly-skilled tertiary people but people who have skills in your particular industry who could then start off in your industry and, as they realise that they have quite an asset, graduate to other areas of the tourist industry in which there is a lot of competition.

Mr Beavon—I understand what you are saying and I think that that is possible. But, as I said earlier, it is not just a question of language but a question of culture. There is a great deal of culture within the Japanese.

Mr SINCLAIR—But there are a lot of Australians who go as exchange students, for example, to Japan. Whether they go with Rotary, AFS or one of the other many student exchange programs, many of them travel there having just finished their HSC or at about that stage of their maturation then come back to Australia and want to do courses. I am sure many of them would be quite attracted to the idea of working in the industry. It might only be part time, but a lot of your work would require people at weekends. I would have thought that if you were, for example, to canvass all the exchange students who had been on exchange in designated countries and send them an invitation to go through some training program, you would find that there were many who could fill the bill.

Mr Beavon—I think you are right, in so much as there are many Australians that could fill the bill, but they are not prepared to fill it.

Mr SINCLAIR—They might be in the short term. I put it to you that many students badly want something to supplement their incomes. I have spoken to numbers of them who have returned. They find it difficult to maintain their linguistic skills simply because they do not get the opportunity to practise. I think you would be quite surprised. But I think you would have to target them and, as an industry, you would have to develop a program which would give them something in return.

Mr Beavon—Yes, I understand.

CHAIR—On that, I am aware of at least one person who returned from Japan, applied to a hotel on the basis of his Japanese skills, was hired and never got to meet a Japanese. It was simply not used, so it was a waste of his skills.

Mr SINCLAIR—But that is a way in which you can do it. In terms of these working holiday-makers in the WHM program, do you find that, from the overall package of people—quite apart from linguistic skills—your industry employs Brits or Canadians or others? If so, to what degree are they an important part of your work force?

Mr Beavon—A lesser part.

Mr SINCLAIR—But you would employ them?

Mr Beavon—We would, if a position were available and the person wanted the job.

Mr SINCLAIR—But you are not really conscious of them. The only ones you are conscious of are the ones needed for their language skills.

Mr Beavon—Remember that within the industry there are 82 companies, Australia-wide, but there 178 stores, country-wide. We are basically talking about Sydney, the Gold Coast and Cairns. The eastern seaboard is the area that the Japanese, Taiwanese, Chinese and Koreans visit, in the main. So it is in specific areas. There might certainly be somebody available in other areas but they are not prepared to live in the area that we are talking about.

CHAIR—Is this cultural aspect that you keep referring to—and you are not the only person to do so today—only able to be acquired by going to Japan? Can't you teach the cultural requirements in a course?

Mr Beavon—It possibly could be taught. But it is not just something to be taught: it is something to be understood, as well. I do not know the whole thing, either. But I would suggest that, if you are bowing to somebody, there are about nine different degrees of bowing, depending on the person you are bowing to, for saying good morning or good afternoon or whatever. There are a number of cultural problems that mean that you cannot

just speak Japanese and do all the rest of it. Yes; anything can be taught, but it is whether the Australian with his way of life is prepared to be taught and to do those things.

CHAIR—On that point, I have had complaints made to me by some tourist industry people that the reason they like the working holiday-makers is that they understand the whole cultural area, whereas young Australians who have gone to Japan and worked there for a year or been on an exchange program have been regionalised and have come back with a slightly regional accent and also a regional sort of understanding, and that does not equip them to deal with a whole range of tourists. Do you have any experience of that?

Mr Beavon—Yes, but not as much. In general, the people that are employed in the industry have all the skills, cultural and otherwise, that are necessary to service the customers that they have.

Mr MARTIN—I want to follow up that issue of cultural differences and training people and so on. Whilst I accept that there clearly is a need to have an understanding of the needs of the people that are coming to Australia, surely in the first instance what we are talking about—in tourism, at least—is people coming to our country to get a view of what Australia is like. I would have thought that, in the first instance, what you would want—either from the point of view of your particular operation in duty-free stores or simply from a tourist operator point of view—would be somebody who was competent in the language, so that they could communicate with, and meet the needs of, the Japanese, Koreans and Mandarin-speaking Taiwanese coming into Australia. They would be able to help such tourists by pointing out things, helping them with purchasing things, or whatever it might be; but, importantly, they would also be explaining something of the culture of Australia.

I hear a lot of people putting a lot of emphasis on the reverse of that. I can remember that, when we first got into the Japanese market, people complained about putting signs in Japanese in shops in Cairns. Stories were written in some sections of the media suggesting that we were becoming too Japanised instead of worrying about being Australian and all the rest of it. There is a clear difference between trying to tap into the tourist trade, branching out into retail and doing all those things which we must do to help people and, equally, trying to promote, project and teach something of Australia.

So I guess my concern, at the end of hearing three different groups this morning, is just where that emphasis should be. Like many members of parliament, we have had an opportunity to travel to European and to Asian countries. We know what some of those sorts of norms and other aspects of cultural things are all about, how you are supposed to bow, to use your example, and all the rest of it. Nevertheless, if they are coming here we want to give them an experience of Australia, and that is an argument that sort of gets put up time and time again. Have you got a response to that?

Mr Beavon—Firstly, I believe that they do get a look at Australia and are told about Australia and learn about Australia, but let me just put it in another way. I was in Paris about nine months ago. I cannot speak French. My experience of Paris was not good because they really did not want to speak to me in my tongue and so I found it very difficult to wander around Paris.

Mr MARTIN—Nine months ago was the wrong time to be in Paris.

Mr Beavon—It does not really matter because I had been to Paris before and experienced exactly the same. So all I am saying is that I love Paris but I do not like the experience.

Mr SINCLAIR—You do not like the French.

Mr Beavon—I do not think they like us.

Mr SINCLAIR—Just say you are Australian and you will be all right.

Mr Beavon—So what I am saying is that there are Japanese who speak English and are not necessarily looking for what we are talking about here this morning but there are a lot that do expect it and there are a lot that do expect the cultural differences too, especially the older Japanese, who do not feel as safe, if you like, in every respect as do the younger ones. The younger ones who can speak English, a smattering of English or whatever, like to be freelance whereas a lot of the older ones do not; they like to be treated as they were treated 50 years ago, if you like.

Mr SINCLAIR—Probably not 50 years ago.

Mr Beavon—You know what I am saying.

CHAIR—Your submission is basically that if we do not give them that cultural requirement that they bring from their own country we are going to lose tourists.

Mr Beavon—They get very upset, very upset.

Mr SINCLAIR—One other dimension, following where we were going before: isn't there a real problem, however, if you get a Japanese native working within your particular enterprises and a Thai tourist or somebody from another culture comes, and they are alienated totally? I have seen in a number of shops—

Mr Beavon—Japanese and Koreans might be a problem.

Mr SINCLAIR—Yes, Japanese and Koreans is a very good example. So isn't there a real problem in that if you select those Japanese on working holiday-maker

programs they cannot cater for some of the other sectors and in fact as a result they might alienate them to an even greater degree because in some of the other cultures the level of bowing varies somewhat—

Mr Beavon—I understand what you are saying, but in the duty-free shops that are looking after those cultural differences they would have Korean, Japanese and Chinese speaking people within their stores. Right now I could take you down to Van Brugge House, which is only a stone's throw from here. Korean, Japanese, Chinese, Canadian and Australian people are working within that store, so whatever particular nationality came into the store they would be—in fact, there is a German and a French person there too.

Mr MARTIN—How many people employed in that store would be on this particular visa?

Mr Beavon—Probably in the region of six.

Mr SINCLAIR—Out of a staff of how many?

Mr Beavon—About 35.

Ms GAMBARO—Could I ask a general question, having worked in the hotel industry and also in the restaurant industry. I take your point that people should be coming to experience our culture. But, having worked in the industry, I have to tell you it is to the contrary. I know that when I was a catering manager I made mistakes by giving cheese after a main course and the Japanese do not like cheese. Business cards is a classic example. Australians write on business cards and it is highly offensive to the Japanese. As much as they are coming out to see the country, they are very structured in where they go and how they want to experience a holiday. They were similarly structured when they came to me. I would have to have them out in an hour and a half; five courses and you just worked the whole time. It was just flat out. Are they as structured in their shopping habits? You spoke about some of the things but we are talking about culture here and how we deal with the consumer, so I can see why you are talking about working holiday-makers, but give me an idea of their shopping habits and some of the other aspects where culture comes in here.

Mr Beavon—We can centre on the Japanese, which is the largest proportion anyway. All nationalities are of a similar type, with the exception of Westernised foreigners who basically shop the same way as we do and are looking for the bargain and all those wonderful things. The Japanese, the Koreans and the Taiwanese are not looking in that same way. It is, again, a matter of understanding. There has been so much talk about group purchasing, if you like, by customers going into duty-free shops. We have all heard it and the industry is not happy about the remarks that are made about that because it is the way the parties involved work.

That is, the tour operator, the airlines, the duty-free shops work together to present a package to the Japanese consumer. That consumer wants to be able to come to Australia and do all those things—cuddle a koala, go to this hotel, have his breakfast, lunch and dinner at whatever times he has said. And he has allocated times throughout the day to do those things in the same way as he has allocated time to shop in a duty-free shop. And he probably will be given something like 40 to 45 minutes in a duty-free shop in which to buy his presents—his omiagi—to take back to Japan for all his friends, his family and his work people. So it is very structured in that way.

It is the only form of retail that I know where you can almost get a one-on-one situation as far as selling is concerned. If you walk into David Jones or Grace Bros you are lucky if you see a salesperson. You walk into a duty-free shop and there will be one person there to serve you. That is what they want; that is the type of service and the level of service they want. And they do not want to play around. They want to be able to speak to the person and to be able to be understood, and for that person to be knowledgeable and cultural and all those other things. That is the reality of it and that is why we do use what we are talking about—the working holiday person. I know that is a quick precis, but that is basically what is involved.

Ms GAMBARO—The reason I asked you that question is that they are very structured in their buying habits. Group peer pressure is very much a part of their shopping habits as well as their travelling habits.

CHAIR—Moving a bit further afield, are you aware in your industry of any staying over the three-month limit or arrangements to get around the three-month limit?

Mr Beavon—No. I think it does happen, but it is not an arrangement; there are certainly no arrangements made. Let's face it: the Japanese person goes into a store and offers his services, and if his services are required the person is employed. The person is put off at the end of that three-month period. What that person does after that is basically up to the person. I do know, within the industry, where that person will work more than once in the course of his 12-month stay. The industry is not designing itself around that. But it happens.

CHAIR—But it does happen?

Mr Beavon—Oh yes; it is no good saying it does not.

CHAIR—But, at the moment, it is so structured that people can just pick up the working holiday-makers, take them on for three months, say goodbye at the end of three months and pick up another one. There is no problem in doing that? You have mentioned that it takes about a week to train them and that is a disincentive in terms of your time. But it sounds as though you can live within the current arrangements.

Mr Beavon—You can live with it. But it seems rather foolish to me, if it is going to happen, for it to happen in this way, rather than being honest about it and saying—

Senator McKIERNAN—That is why I am amazed that you do not go for a labour market program, that you are so dependent on this—

Mr Beavon—There are certain shops that do do that.

Senator McKIERNAN—There are, are there—in duty-free operations?

Mr Beavon—Yes.

Senator McKIERNAN—Could you, from within your organisation, give us an indication of the extent of that?

Mr Beavon—I would have to take that question on notice.

Senator McKIERNAN—Yes, if you will. I did not expect a top-of-the-head response to a question such as that. There was another question that I was going to ask and I got diverted; I cannot recall what it was now.

Mr SINCLAIR—He is only a senator. Don't worry!

CHAIR—Mr Martin, have you got anything you would like to ask while Senator McKiernan is going back over his thought processes?

Mr MARTIN—I am fine, thank you, Madam Chair.

CHAIR—Senator, have you remembered your last question?

Senator McKIERNAN—No.

CHAIR—Mr Beavon, thank you very much for appearing before us today. If at any time you have any other information you think we should have we would appreciate your sending it to us.

Mr Beavon—Yes, and I will follow that one up.

Senator McKIERNAN—If you would, thank you.

Mr SINCLAIR—Perhaps Senator McKiernan, Madam Chair, might be able to write our guest a letter and through that he might respond in correspondence to his last question.

Senator McKIERNAN—I will do better than that. I was going to ask where this shop was that you were talking about that we could walk into now. Is it almost around the corner?

Mr Beavon—No, it is Van Brugge in Pitt Street, opposite the Ramada International.

Senator McKIERNAN—Unfortunately, I have not got an airline ticket so I will not be able to buy anything.

CHAIR—You could masquerade as an Irish tourist, but not as a working holiday-maker! Thank you very much, Mr Beavon.

Luncheon adjournment

[2.16 p.m.]

AHERN, Mr Adrian, Director, Australia Japan Society of New South Wales (Inc), Level 5, 225 Clarence Street, Sydney, New South Wales

DUREAU, Mr Bruce, President, Australia Japan Society of New South Wales (Inc), Level 5, 255 Clarence Street, Sydney, New South Wales

SHERRY, Mrs Janniece Ann, Administrator, Australia Japan Society of New South Wales (Inc), Level 5, 225 Clarence Street, Sydney, New South Wales

CHAIR—Welcome. Thank you for your submission to the inquiry. I invite you to make a brief opening statement before the committee asks you questions on your submission.

Mr Ahern—Our president has asked me to make a brief introduction on two points. The first is about the society and the working holiday advisory office which it conducts. The second is that I wanted to say a few things about Bruce Dureau.

The society was founded in 1968, so it has been operating for almost 30 years. Initially, it was established to develop relationships between Australian people and Japanese people. The primary focus was initially on cultural and social activities, but it quickly moved into business activities as well. It currently has 185 corporate members, both Australian and Japanese, and 822 individual members. I should emphasise that the society that is here is the Australia Japan Society of New South Wales. Each state has its own separate society, and in fact in places like Coffs Harbour there are separate societies.

CHAIR—Are you all linked?

Mr Ahern—We are linked informally.

Mr Dureau—Informally, and we have now established biennial national conferences of all Australian societies in which the Australia Japan Foundation is involved in as much as they have agreed to fund the fares from all society presidents to wherever the conference is. The next one is in Brisbane.

Mr Ahern—Yes, and I think the New South Wales society is by far the largest for corporate members and individual members as well.

As I was saying, in 1991 the society took over the federal government's working holiday advisory office and that was at the suggestion of Sir Neil Currie. The office provides Japanese working holiday-makers with a reference point for social activities, for safety issues—for example, when they arrive someone from the police force in New South Wales comes along and has a chat to them. It is a liaison point for employment,

accommodation and all those sorts of matters.

The society conducts the office on a day-to-day basis. About 2,000 Japanese working holiday-makers come through the office each year and, on a daily basis, there are up to 150 Japanese working holiday people in the office. It is very interesting, and I think later on Bruce might invite you to come along and have a look at it working on a day-to-day basis. It is quite interesting.

If I can just mention Bruce. Bruce has been the president of the society since 1986. He has been involved since the late 1940s in the Australia-Japan relationship, initially through his own company which negotiated some of the early coal contracts and things like that. Bruce holds the Japanese Imperial Award of the Order of the Sacred Treasure from the Emperor of Japan. He has received the Japanese Foreign Minister's commendation and he sits on a committee of the Japan-Australia welfare fund management committee which is also sponsored by the Emperor of Japan.

Bruce has been actively involved in Australia-Japan business relationships in particular for 30 years and, notwithstanding that he has just turned 83, he is still a very active member of the society and an active president. He is in the office every working day and on the weekends looking after the society's interests. So Bruce is the person who will primarily answer your questions today and who can talk about the submission that has been put.

Mr Dureau—I add to what has been said something which I think is very important. The society in New South Wales, and to a lesser extent in other states, is recognised by the Japanese community as the bridge with or contact between the Australian business community and the Australian community generally. It is left to us to arrange, on behalf of the Japan Chamber of Commerce and Industry and Japan society, general public functions or luncheons of a joint nature. They leave it to us.

For instance, we have started negotiations for the Prime Minister to talk to the Japanese community here when he returns from Japan, as the Japanese community is very important to Australian industry and to the continuation of the goodwill and harmony that we want to increase between the two nations.

Just on that one particular point, it is interesting to note that the Japanese community in Sydney—basically in Sydney but one or two offices in Melbourne and one in Brisbane—represent the companies that control and manage the investment in Australia, which in a rough estimate is worth \$32 billion. Therefore, they are a significant group within the whole community and the whole economy.

It is interesting that the society is considered the voice of Australia. When we are working together on presentations to the ambassador, I usually do it on behalf of the Japanese community. We are not trying to sell the society, but it does give a status to the

society in its care and attention to the working holiday visa people. We do not get all the 150 people per day at once. They come and go during the day. But 149.5 over three months is the actual average coming and going every day. We only have a small office but it is very interesting.

CHAIR—Very busy, by the sound of it.

Mr Ahern—I should probably say that we are a non-profit organisation as well.

Mr Dureau—We are a non-profit organisation and we have no government subsidies or assistance or anything else of that nature.

Mr Ahern—Perhaps we could make a submission on that to a different committee.

Mr Dureau—The Australia Japan Society's role in coordination of the working holiday office has been explained in our submission. It was a natural progression from the struggling effort, splendid though it might have been, by the Australia Japan Foundation with one person in Canberra and one Japanese lady here to run the service. We now have 2,500 on our books. We issue them with a card with a photograph and their passport details on it so that they can carry the card and they do not need to carry their passport for identification.

They come to us, eight this morning, and enrol. We issue them with a card. In some cases they leave their main cases with us. I find that I cannot relate Japanese working holiday-makers to the general backpackers in as much as the backpacker has an image that is quite different from the Japanese. The luggage of the Japanese in the main would be considerably superior to the average Australian's luggage. It is top quality. They bring their skis and anything else all beautifully packed.

They leave that with us quite often for two or three days, or sometimes for a couple of weeks, or if they are going to make trips around Australia, which we encourage very strongly. At my orientation ceremony once a week I entreat them to not only make friends here but make friends around Australia and to see a lot of Australia. I entreat them to go to western Queensland, western New South Wales, western and central Australia and so on as well as to the main cities. I urge them to see how the other half lives in this Australia of ours. I ask them to go back with as much information as they can and to spread that information in Japan and in turn get Japanese interested in continuing that relationship.

I think the boost to international trade has been well covered. We are not interested in the profit aspect of this working holiday visa; we are much more interested in the fact that it is bringing people together, young people particularly, the leaders of tomorrow. I ask them to make at least one friend here in Australia, a person whose friendship they can take back to Japan. I suggest to both the guys and the girls—and it is 50 per cent girls in

this category nowadays—that if that person in Japan were to become the Prime Minister and his or her friend in Australia were to become the Prime Minister here, what a happy arrangement it would be for the future. That is a dream, but let us dream.

We encourage international cooperation as a philosophy. The orientation is mentioned. We get the services of the police department. We have produced a police crime sheet in the Japanese language and English language so that, if necessary, the Japanese can go to the police box at the Cross at midnight and report a crime. They only need to tick the appropriate questions and answers because whilst the police department and others have interpreter services it is not practical at that time and not available for small, miscellaneous things.

The police department works very closely with us. We encourage the working holiday people to look upon our office as their own home, family or workplace in Japan. The police box in Japan is part of the neighbourhood so we like them to think of ourselves in that capacity and in relation to police.

We are very fortunate that the police sergeant who comes and addresses our orientation comes in his official capacity but he does it in his own time as a member of the society. He has just returned from Atlanta where he was on the volunteer service there with the NSW Police. They think that it is important to be addressed by a member of the police force, because it gives them some sort of feeling of security and status.

There is some criticism that appears in some material published regarding working holiday visas in Australia, in that some employees are abusing the immigration department rules. This applies mainly to Japanese companies, and I say that here in confidence, as we do not want to be critical of what they are doing or not doing; but they do abuse the system a little.

Mr Ahern—Bruce is saying that we are not going to name any particular companies. It is just a general understanding.

CHAIR—Okay, fine; but you do realise that these hearings will be published.

Mr Dureau—Yes. I was a bit reluctant to raise this, but I think it is important to note any abuse that has been mentioned in correspondence, in the press and other places—such as bringing tour guides to Australia with tours or with the promise of giving them work as tour guides, where they come in under a working holiday visa. The Japanese companies work them for three months or two months and then say, ‘Now that you’ve got experience, you’ve got a chance to become a tour guide,’ but the people do not get paid and they are really conned into doing something which is quite wrong. We are strongly against that, and I have taken it up with the Japanese authorities—from the ambassador down. But that is really their business and we cannot interfere too much with that, except to voice our disapproval because we think it is wrong.

One of the reasons why we have asked for a period longer than three months is that we had the idea that, if it were six months for working holiday visas here in the one job—instead of only three months, as it is now—we would have a chance of encouraging working holiday-makers to come to us, become part of the system and take up the courses that we arrange, so that they can become tour guides. Into those courses we would incorporate information concerning Australia, of such a nature that they can readily impart to people on tour—which is not applicable to the tour guide coming from Japan.

It takes about two or three months to train a Japanese who does not speak English to be a reasonably effective tour guide. He is preferred by the tourist because he is a native speaker and the Japanese would not be comfortable with an Australian struggling to speak Japanese because, no matter how hard they tried, they just do not have the feel, if you like, for the language—unless, of course, they had lived in Japan for years. If we could have six months for those people, we could encourage them to get into the tour guide business, and we would have a chance to supplement those guides who have been brought down direct from Japan. The only thing they know how to do is to take the tour around the duty-free shops, and they would not have a clue about Australia. That is one reason for supporting a longer time than just three months in the one job.

A day in our office is very busy for our operators. We have five, three of whom are local Japanese: that is, Japanese women who have married into the Australian community and know about Australia but who, at the same time, are still basically Japanese and therefore can obtain the understanding of the working holiday visa person who feels comfortable talking to a national of their own country. The girls particularly are more readily able to report abuses, particularly relating to female work, home-stay situations, and so on. We have five of them there working on a roster and they are busy from the time they start. As I said, there were eight this morning, all of which had to be processed, their tickets issued and an initial orientation given to them on what to say and how to say it, and to explain the services we have which are very considerable. We have a long list of headings that we cover with our orientation and for all the other purposes, including the ordinary maps that we supply for local geography.

We have made a feature of a young group we call JAYMS which runs about six low cost functions a month, such as a Sunday yum cha, and we encourage the working holiday-makers to join. We had a boat trip three or four weeks ago with 150 people. I think we charged \$10. They got a snack meal and they were on the boat for about three to four hours. Of the 150, about 50 per cent were working holiday visa people. The rest were Australians and some local Japanese, but mainly they were Australians anxious to meet and develop friendships.

Mr Ahern—Perhaps I can explain that JAYMS is the Japan Australia Young Members Society. It is part of the Australia Japan Society. The working holiday people who come from Japan are encouraged to go along—and they do—and meet Australians there.

CHAIR—Does that about cover it, Mr Dureau? Are you ready for questions?

Mr Dureau—I could elaborate further, but I do not think it serves a purpose and we are limited in time. If you have got further questions, of course, I have got the information here. I would just finally note that we all commend Jill Murphy for making this survey which I think this committee has used, but we feel it is very inadequate and only covers the whole thing very superficially.

CHAIR—We thank you for your presence because you have a unique experience which this committee can draw on as you can speak about the Japanese segment of the young holiday market and the working holiday-makers. Can I ask what the feedback is that you get from them? You have mentioned the problems about the six months, which is related to the tour operators, and in your submission you mentioned the difficulty of getting visas. But I am thinking of the young people themselves when they come to you. Are you picking up any particular problems they are having under the working visa arrangement?

Mr Dureau—No. In the first place it must be understood that the Japanese are familiar with bureaucratic control. Nor are they educated to be very vocal about any problems. For instance, at school, they do not question the teacher—it is all by rote. For that reason we found it difficult when we were running Japanese language classes when we got a native Japanese teacher who could not understand the fact that our adult learners would ask questions. It would promptly throw her off her stride, she would be lost and she could not take it—particularly if they questioned anything that she said. So whilst they will say, ‘Yes, we did have to wait three weeks for a visa,’ they have not raised any great concern about it.

CHAIR—And what about their experience in Australia? One thing that was raised with me—not by a Japanese young person, but by a Dutch person from the Netherlands—was that they had had a bad experience of jobs in some places where they were not paid what they believed they should have been paid. In fact, amongst the backpackers themselves there was word of mouth that some of these places were to be avoided because they were taking advantage of people. Do you have any knowledge of that? You are nodding.

Mrs Sherry—I give backpackers work, you see. Yes, we do have complaints, and the society goes in to bat for them.

CHAIR—Do you both want to comment on that?

Mr Ahern—Bruce mentioned earlier, when speaking about some of the difficulties with tour operators from time to time, an area where we have heard complaints, so it is really indirect, rather than being the people who necessarily—

Mr Dureau—No. We get indirect complaints but we also get them direct. I am sorry to contradict you, but we do get them. There is the casual employer who does occasionally try to exploit the situation. They make excuses: they have somebody come for three days work and then decide that they had not said they were going to pay a certain amount. But, as Jan says, immediately we have anything like that reported, we take action. We can take action, and usually they come into line, if we get in touch with them.

CHAIR—What sort of action? It is not an official complaint. You actually go to the employer yourself and make the complaint, do you?

Mr Dureau—Yes. We are quite independent in that regard. It is our function to see that these things are corrected. If it is a police matter, of course we will go direct to the police—and, fortunately, we get a hearing all the time.

CHAIR—I am sure the other committee members have many questions.

Senator McKIERNAN—In your earlier comments, Mr Dureau, you mentioned about the persons being brought into Australia for a period of time and then being asked to work for no recompense. You mentioned that you had raised that with even the highest level, the Japanese Ambassador here in Australia. But you also made a comment that it was something to do with them, and I understood you to be saying that it was a Japanese matter rather than an Australian matter. Am I picking that up wrongly, or am I reading the right signals?

Mr Dureau—It applies in that particular case to the Japanese tour operators who enlist or encourage working holiday people to take out a holiday or a tour ticket with them, with the encouragement that they will be given some work or some training in this field. It is purely a Japanese domestic matter, really. It is nothing that we can interfere with. We can unofficially mention at the highest levels that we are not too happy about this situation; but what action the higher level takes is purely a matter for them. It is not Australian.

Mr Ahern—Yes. The approach taken to date by the society is that, while it may be a breach of law in Australia if those sorts of things are happening, certainly to solve that problem in the medium to long term it is better to go through people like the ambassador or others who represent the Japanese community in Australia, so that it is solved at that political level or whatever level one might like to describe that as.

Senator McKIERNAN—Isn't there somebody interested in following up on that particular practice? If the society gets to hear about it, obviously it is happening. If there is no punishment and others know that it has happened and people are profiting by this, it could be quite widespread within the industry. It could be quite rampant, could it not?

Mr Ahern—That is always a possibility.

Mr Dureau—I do not know about that, because it only particularly applies to certain sections of that type of work. We are talking only of tour guides, as such. The Japanese tour operator cannot offer jobs other than within their own sphere. They cannot say they will get the person a job in a duty-free shop or anywhere else, because they are all independently owned—the Japanese and Australian ones—and the tour operator is quite outside that field. It is virtually only an isolated situation with tour operators.

There is a connection. The reason we are interested is that we are anxious to have that extra time to make the effort to try and train the Japanese nationals here on working holiday visas to have interesting and gainful employment as tour operators, provided that they are willing to undertake some sort of training course which equips them to do it as well as, or better than, the guide from Japan. In fact, they will do it better because they are going to be able to talk about Australia when they finish.

Senator McKIERNAN—If a young Japanese person comes to Australia on one of those working holiday visas, works for a tour operator and then in a duty-free shop and then goes back to the tour operator and then goes back to the duty-free shop and then returns to Japan, how much of Australian society, Australian culture and Australian experience would that person be taking back with them, because they have been totally exposed to Japanese visitors coming to Australia? Is it not in some way defeating the objective of the program?

Mr Dureau—No. Outside the tour operating, which is a special circumstance, there are various other areas of the hospitality industry to the Japanese tourists—if they do not get it they will go somewhere else, Hawaii or Guam or wherever—which the tourists expect to get and which they are getting because the bulk of the labour goes into the restaurants, the duty-free shops, the resorts, the hotels and so on where there is a heavy flow of Japanese tourists. As you can appreciate with just on a million coming, a lot of them come through Sydney, so it is a big industry. There are a great number of Japanese restaurants, for instance—40, 60, something like that—in the metropolitan area.

These people are only there on a temporary basis. We have statistics to show that only about 39 per cent work anywhere near full time when they are in Australia. The bulk of them only work three months or two months or a month, or whatever. The bulk of them have more than adequate funds and really do not need extra money, except that they want to spend extra money here in Sydney. They bring with them around \$8,000 in resources and spend considerably more, but it is money that they earn from day to day. About one-third, I think our statistics show, would be working on a regular basis.

Senator McKIERNAN—Thank you for that.

Mr Ahern—Perhaps I could just say something on that which might clarify things a little as well. We mentioned JAYMS before, the young people society, which the kids from Japan are encouraged to actively participate in—just going to the pub or going on a

harbour cruise or something like that—with young Australians. And that is quite popular with them. So if they are working in a duty-free store they do get an opportunity to meet Australian young people socially.

Also, at the society's offices, there are I think eight or 10 noticeboards covered with different sorts of activities that the kids from Japan can participate in. There are sports activities, English lessons, trips to the country staying with people on farms—all that sort of thing. They are encouraged to do that. And, as Bruce said, a lot of them bring quite a lot of money with them and there is the opportunity for them to participate in those activities and get to know Australia a bit.

Senator McKIERNAN—Final question: do you ever get the other side of the argument that Australia is very generous to the Japanese working holiday-maker—or other groups where we have got reciprocal arrangements—but their country is not anywhere near as generous to us? Have you ever heard an argument that there ought to be equal reciprocal arrangements between Japan and Australia and Australia and Japan?

Mr Dureau—No comment, would be better, perhaps, of the Australian attitude to the Japanese. They accept the fact that they can get working holiday visas and they do not question whether it is right, wrong or whatever. But we do believe that the Japanese are anxious to help Australians with working holiday visas, so much so that the Japanese government department of labour is sending down a delegation at the end of October–November to spend a week with us studying our technique and what we do for the Japanese people here so that it can be improved in the office they have already existing in Tokyo for the benefit of Australian working holiday visas.

Senator McKIERNAN—I wonder if you could provide the committee with some more detail of that delegation that is coming to Australia? It might be possible for us to have the opportunity of meeting up with them. Take it on notice.

Mr Dureau—By all means, yes. And I would—

Mr Ahern—I am sorry to butt in again, but just to provide some more information, with Australians going to Japan—I think you were focusing on that in your question as well—the anecdotal evidence is that Australian young people enjoy their time there similar to the Japanese coming to Australia. I think the biggest difficulty that Australian kids have in going to Japan is that it is terribly expensive to live in Japan; therefore they usually only stay for a short period.

But I know from personal experience, and from a number of people I have known over the years, that there have not been many complaints from the Australian kids going to Japan. It is a good experience for them.

CHAIR—I would like to follow that up a bit. I have actually had some

complaints, certainly anecdotal like most of the information that we get, by young people who are taken on in Australia. There seems to be a system in Australia with one particular organisation—and I am not saying whether the organisation is good or bad—where it cannot actually guarantee jobs because that is not allowed under the agreement, but they in fact do say privately, ‘Yes, we will get you a job.’

They are taking young Australians who perhaps do not have sufficient Japanese here—although I think they give them a crash course of two days or a week—and some of those people when they get to Japan are finding themselves rather lost and isolated. I would hope I am not misquoting here, but they feel that they have to stick with this organisation when they are there and are advised that they might get into trouble a bit if they leave them. So they find themselves not having one of the best experiences. But, against that, I have also had reports from people who have been on this who have had an absolutely fantastic time and have come back with just a tremendous response to it. So I do not know if you have any playback on the two different types of experiences.

Mr Ahern—Yes. With the people I have known who have been in Japan on a working holiday, perhaps one of the problems they face—and maybe they need to learn more about this before they go—is that not all the jobs are in Tokyo or Osaka, but there is a lot of work out in provincial centres. I think there is some expectation that if you go to Tokyo there is a job there, but that is not necessarily the case. I think that is a difficulty. In relation to what you have said, I do not know of so many people who have had a problem, but there may need to be more support at the other end.

CHAIR—It is also my information that, at the Japanese end, they are not really concerned whether you work for 12 months or six months or what, although the visa says in fact you are only supposed to work for the six months.

Mr Dureau—I do not think that that would be strictly enforced.

CHAIR—I gather it is not, and that in fact the young people can go over there to a particular hotel, sign up for six months and, at the end of six months, they are simply handed a contract for a further six months to go on for the whole year.

Mr Dureau—I don’t know about that, but I know in language teaching, which is I think absorbing about 50 or 60 per cent of the Australians going to Japan—do you say that?

Mr Ahern—Yes, that is right.

Mr Dureau—They would be in the education system and they would not be restricting them to three months. I am almost certain of that, rightly or wrongly.

CHAIR—Finally on that, Mr Ahern, you said that they find it very difficult or

expensive to stay here.

Mr Ahern—Expensive to stay in Japan.

CHAIR—To stay in Japan; I meant in Japan. Yet I have heard of young people who have come back with quite a few thousand dollars that they have earned from their employment in Japan.

Mr Dureau—Oh yes.

CHAIR—So they can actually live there and also bring money back?

Mr Ahern—Yes. I think it is always the early period when you arrive that is terribly expensive, unless you are well organised and have somewhere to stay and that sort of thing. But yes, over time people have earned quite a bit of money doing whatever, particularly teaching English in some of the major Japanese companies.

CHAIR—I wondered also if in the hospitality industry they are actually given room and board, so any money that they earn is on top of that.

Mr Ahern—Yes.

Mr Dureau—The Japanese hospitality industry—

Mr Ahern—As I say, I do not know the hospitality industry so well.

Mr Dureau—I would not imagine they would be employing Australians to any great extent. It is very rare, I would reckon.

Mrs Sherry—Yes, they have. There is a big push on for Australians.

Mr Dureau—Apropos the Australian side, we have decided ourselves to up our service to Australians, and I have now been in touch with the operators in visa issuing and the ambassador down at the consulate office to encourage them to come to us if they are proposing to go to Japan, or even after they have received their visa to go to Japan. We would be delighted to give them a whole background of information. We have even got printed material to hand out to them as to where they can go and what they can do and what they can't do.

Ms GAMBARO—Just a general question first up, which is not necessarily related to this, but the JEP program—my sister has just returned. Do you have anything to do with that—Japanese exchange?

Mr Dureau—No, not directly. We are familiar with it, and I know all the system.

Ms GAMBARO—Okay. You mentioned that a quota system should be placed on the demand for working holiday visas with an emphasis on giving a greater share to the Japanese market. Can you just outline for us why you feel that should be the case?

Mr Dureau—The thought behind that was that if a quota system was introduced—or reintroduced because there was one for Japan, I think, for 6,000 at one stage—a similar reciprocal arrangement should apply to Australians. If the Australians have no quota system in Japan, then I don't see any reason why we should have it here for Japanese. But, if it is a quota system, then we should take into consideration the value of that, or a percentage of those working holiday visa people coming to Australia, as against the concept as I said before of backpackers. I cannot reconcile the Japanese with the backpacker sort of philosophy and outlook. But, if there is to be a quota for working holiday visas from Japan, please make sure that that quota is sufficient for a percentage of them to adequately service the hospitality industry here.

Ms GAMBARO—Mr Dureau, we've heard from a number of groups who have suggested that having quotas for different countries might be a bit discriminatory and could cause greater problems in the long run. Do you think that could be the case?

Mr Dureau—Only if it was the old principle of the reciprocal arrangement, the concept that Menadue brought in when he was ambassador back in your times. He introduced this system.

Mr SINCLAIR—It was after my time, and a different lot.

Mr Dureau—Anyway, he introduced the quota system at that time, but I think it has now gone into a total amount and therefore to a certain extent that comment is not relevant, really, unless there is a serious consideration of quotas. If there is, then we should have a look and make sure that there is sufficient quota.

With all due respect, we do not want a quota for people from Lapland—or outer Mongolia—to come here, other than as tourists. Lovely people they might be, but they are not going to serve us, whereas there is a source of assistance from the Japanese working holiday visas. That is all I would say. I am a bit practical.

Mr SINCLAIR—It is good to see you again, Bruce. And I am glad to know that you are still as active and as interested as you have always been in this field. I have a range of things in which I am interested. Is there a parallel organisation to your own in Japan?

Mr Dureau—Yes, the Japanese government department of labour runs a service for Australian working holiday visas, and they were the ones that have advised us they would like to come and talk to us to improve the services that the Japanese government is providing. They come in November, and we have now promised Mrs Gallus that we will

let her have details of that delegation, as and when they come, and make the facilities available for them to meet.

Mr SINCLAIR—I was interested that you received your delegated authority, if I could call it that, for the working holiday people from the Australia-Japan Foundation. Has there been, within the Australia-Japan Business Cooperation Committee, any move towards reciprocity of companies, to try and look at bringing people out—quite apart from this working holiday program? In other words, the business council has been highly effective, and the Australia-Japan Foundation followed, in a way, from that genesis. Have the company members who have that senior executive relationship thought about trying to provide exchanges between the two countries? If so, what sort of a visa do they come out under? A business visa, I presume.

Mr Dureau—As far as I know, there has been no active move on exchange. The Australian companies with representation in Japan, with offices or otherwise, are independent. They do not go through us, in the main. We are always anxious to give whatever commercial information we or I can give them, and so on, but I do not think that there is any move to have any exchange students, and I cannot envisage the Japanese themselves wanting to bring Japanese commercial people here, unless it were under their own steam and under the auspices of their own company.

Mr SINCLAIR—I understand that, but there are a lot of Japanese in Australia, and perhaps you might be able to add to them.

Mr Ahern—The Australia-Japan Business Cooperation Committee and the Japan-Australia Business Cooperation Committee have now started an exchange program but, as I understand it, only a handful of people are exchanged each year—it may be only four or five. The major Japanese companies sponsor the people coming here, usually people in their late 20s, and Australian companies sponsor Australians going over to Japan. The Australia-Japan Business Cooperation Committee and its counterpart in Japan are dominated, in Australia, by agricultural organisations and mining companies and, in Japan, mainly by the steel companies and companies like that; and they are the ones who are exchanging.

Mr SINCLAIR—What visas do they come out under?

Mr Ahern—I am not sufficiently aware of the Australian visa system categories, but I think they come for a 12-month period. They come here to work, so one would imagine a business visa of some sort that allows that: a trainee visa, or something.

Mr Dureau—I recall that Curtis was talking about it only last week. He kept talking to another Japanese in my company and encouraging the idea that they should be working more closely together. In fact, they were congratulating each other on the progress that had been made in the exchange of information and personnel visits and so

on, in relation to agricultural development or export from us.

Mr SINCLAIR—Without prejudice to the working holiday program, it seems to me that some of the bases of your submission would suggest that you are looking for slightly different criteria. Already there are a number of people who have come out as chefs, who work here for 12 months. I thought there would have been a greater exchange, because there seemed to be a lot of young Japanese in various businesses around Sydney, and I would presume that they are working here in some type of exchange program, and I did not know if it was the Australia-Japan Business Cooperation Committee or your society or somebody else who had brought them here.

Part of the concept of the working holiday visa is that people travel. In the survey you conducted I was a bit concerned that only 49 of the 56 said they were going to travel. In fact, the whole purpose of the working holiday visa program is to encourage those who come to Australia to spend only part of their time working. The idea is that they move around and see Australia a little. Is the WHM program perhaps not appropriate for a lot of those who are coming out here and who essentially want to work rather than travel?

Mr Dureau—In the main, working holiday-makers do not come here to work. Work is incidental. Secondly, in the concept that I envisage you have in mind, you should also remember that working holiday-makers are limited by age. At the moment, from Japan, they are of age 26, maximum. The average would be 22 or 23. Many of them have just finished university or higher education of some sort. Most of them probably would not have been working in Japan before they came here. They do not come for a career type of work.

Mr SINCLAIR—No, not a career but they come here essentially to work, don't they?

Mr Dureau—No, they come with the purpose of tourism, of seeing Australia, to learn about Australians. The only reason they work is to achieve extra finance to spend here in the shops.

Mr Ahern—Perhaps in our surveys in the future we could look at what the definition of travel is. Some of them may stay around the Sydney region but travel around the region.

Mr Dureau—They do; they go to Bathurst, Leeton and other places.

Mr Ahern—From the answers given to that question, I do not know if the Japanese kids who were asked the question thought that meant travelling to another state or whatever.

Mrs Sherry—What we found with the survey was that the younger the person, the

less likely they were to travel. They seemed to be subsidised by mum and dad to a certain extent and therefore their finances were somewhat limited and they did not travel as much. We found that the older ones who had done some work in Japan and came with more finance definitely wanted to pursue travel within Australia. You will notice in the survey there is a broad age range from about 18 through to about 27. We found that the older ones were definitely the people who were putting in the hours and travelling around Australia.

Mr SINCLAIR—In your survey you said that 45 came here to study English. I would have thought a large percentage would have language training as part of their objective. Have you found that?

Mrs Sherry—They seem to want to practise their English skills. They read and write extremely well. We never have any problem with that but they are very reluctant when they first arrive in our office to communicate with us. It is very hard. I have no Japanese skills except ‘hello’ and ‘goodbye’ so they find that talking to me is very difficult. I find that three months down the track, when they see me in the office, they will come up to me and say, ‘Hello, how are you,’ just to practise against me.

Mr SINCLAIR—I do not know about this ‘against you’. I would say practise with you which gives it another connotation. Did you want to add something?

Mr Ahern—I was just going to say, for those who may not be aware, it is compulsory to do six years English training at school in Japan, both junior high and senior high. As Jan said, most of them can read and write English very well but speaking needs some practice really.

Mr SINCLAIR—Can I then just run through a couple of the other recommendations you have made and have a look at them. In the first one you say that the existing working holiday visa procedures at the Japan end are inadequate. Have you raised this with either the Department of Immigration or at another level?

Mr Dureau—Not at an official level. I have spoken to the embassy privately on the telephone and said, ‘Listen, you guys. For God’s sake hurry up and get these visas out,’ and one thing or another. As you know, I have had previous experience with them in commercial life and I would go direct to see if we could overcome any delays. But I should add that, since that was written, the backlog in Japan has greatly been reduced from what it was three, four or five weeks before. It is all coming in a rush.

Mr SINCLAIR—I would have thought they would receive the applications, though perhaps not processing them there. I presume that a youngster seeking to come out on a working holiday visa would be able to make an application. It might have to go to Tokyo or Osaka for—

Mr Dureau—They make the application and it is directed to Tokyo, in the main. There has not been encouragement to go and make the application over the counter; it is sent in. It is a case of: here is the form, fill it in and send it away.

Mr SINCLAIR—You also talk about the quota system which Teresa raised in part. I presume you are not in favour of quotas—or are you? You are just saying that you want to maintain at least a large number for Japan. Have you views about that?

Mr Dureau—I am not in favour, in the broad sense, of quotas. I do not think it is desirable. It raises the question that you raised, because if you are going to put in one quota you have got to have quotas for every—

Mrs Sherry—Different ones for different countries.

Mr Dureau—Yes.

Mr SINCLAIR—And if there were no quotas, is there a latent unfilled demand from Japan for this category of working holiday visa people?

Mr Dureau—The quotas have gone now. But I do not think the open quota, if you like, or the open application system is well understood now in Japan, as the quota system was. We are trying to overcome that and encourage the Japanese to apply more freely.

Mrs Sherry—Can I answer that?

Mr SINCLAIR—Yes, please.

Mrs Sherry—In the last month we have noticed that with the six-month work contracts in Japan which were now up from February when they initially applied and the capping was applied and they could not get their visas, we now seem to be picking up those numbers quite a lot. It has just snowballed in the last month and that obviously is a result of six months previously being unavailable.

Mr SINCLAIR—When they apply for a working holiday visa normally a Japanese student would not have any real idea of what job they were going to have when they got to Australia, would they?

Mrs Sherry—No, they will accept anything that is going.

Mr SINCLAIR—Do you serve as a job placement agency in that sense for them when they get to Australia?

Mr Dureau—Oh yes, that is part of our service. That is why 150 come into our office, seeking to go through the job vacancies, the home stay positions, the au pair

operations, and so on, as well as for bits and pieces that are for sale. Those going back have acquired possessions and they sell them. We have encouraged them to sell them to their own people, and not publicly because we have found that the public advertisements were attracting undesirable people like the rapists and others who were picking up the clues from these advertisements—say, a Japanese lady going back wants to sell her TV set so he rings up and gets the contact. So we discouraged that to keep it within control.

I feel that the concept of the working holiday visa is understood, but they still think that they are coming as a tourist in the true sense; they are not coming to further their careers. The fact is that they do not send their money home. They spend their money—particularly the women, the girls, who are usually pretty well dressed, usually in top fashion in most cases.

Mr SINCLAIR—One of the aspects of my concern is that they seem to spend a lot of time in Sydney but they do not really spend much time other than at destinations such as the Gold Coast and Cairns perhaps and Uluru, too—Ayers Rock. Have you in your work placement program worked with, for example, people from Melbourne, Adelaide or Perth to try and place people and, if so, with what success?

Mr Dureau—We have now a direct working arrangement with Cairns, where there is the second biggest influx for the working holiday, with the idea that, if the working holiday guy or girl goes to Cairns first, Cairns will give them the information concerning us. They have already got that information because we have pamphlets available in Japan from the visa issuing departments, which I should have brought to show you, which are in Japanese and recommend that we are consulted at the earliest opportunity after arrival in Sydney. But we are doing it now with Cairns and they are ongoing to us in order to establish continuity. Very few of them go to Melbourne in the first place, and even fewer to the other states.

Mr SINCLAIR—And there is no demand from those other states because the Japanese tourists essentially come to Sydney, the Gold Coast and Cairns and therefore the tour operators want them there. Therefore, they have a better chance of getting a job. Is that what it is all about?

Mr Dureau—Yes, that is right.

Mrs Sherry—But we do have some contacts that the office staff themselves have put into place. When the snowfields are hiring, Cooma CES ring us and say they are looking for staff and so we put ads on our board for that. When Mildura is picking fruit they ring us and tell us that they are picking and looking for staff. Some of the other areas are now getting to know of our services and they will ring when they are looking for staff on a seasonal basis and we put ads on our boards for that.

Mr SINCLAIR—While you are talking about the Australia-Japan Business

Cooperation Committee, a lot of the earlier strengths of it, as you will recall, came from Western Australia and yet there is no real demand for this sort of service in Perth or in the Pilbara or Hamersley.

Mr Dureau—No, because there are not the tourist attractions to start with which is perhaps an answer to what your line of thought is. It is still the tourist attraction. Maybe there is a tourist attraction as far as Perth is concerned but nobody ever knows about it.

Mr SINCLAIR—Thank you very much, Bruce. I am sure Senator McKiernan would like the right of reply!

Senator McKIERNAN—I refuse to be provoked! I am from Western Australia.

Mr Dureau—Yes, I gathered that.

CHAIR—On this age limit matter, do you think it is known generally in Japan that although the official age for the working visa is 25, that can be extended to 30 on a personal application? So someone between 25 and 30 can make a personal application to come on that visa.

Mr Dureau—No, the Japanese would not be aware of that.

CHAIR—And your organisation was aware of that?

Mr Dureau—Yes, we have heard of it but not as a general policy.

CHAIR—You have suggested in your submission that travel agents in Japan should be authorised to issue working holiday visas. Would you suggest every Japanese travel agent, or do you have any strategy for how that would be allocated?

Mr Dureau—No, but I did mention the low cost because a lot of Japanese are now using low cost or cut-rate fares where five years ago they would not have even thought of it. They would go to one, two or three of the top agents because they were the people who dominated. They did not have the range to pick and choose.

CHAIR—At present, Japanese working visa holiday-makers who want to apply for that visa can only apply from Japan whereas other countries can apply from other countries if you know what I mean. Is that a problem at all? Would there be any advantage if Japanese holiday makers were able to apply from another country?

Mr Dureau—Yes, I believe so.

CHAIR—Can you elaborate there?

Mr Dureau—I do not know if it is greater but certainly an equal number of Japanese go to places like Honolulu, Guam and other. If they could apply from there, they could come on to Australia.

CHAIR—Are you hearing that from somewhere or is that your own belief?

Mr Dureau—We have not made a survey on it.

CHAIR—You have not heard that from them?

Mr Dureau—I have a fair idea from what we have heard.

Mrs Sherry—We did read in one of the other submissions that was listed that they thought that perhaps working holiday visas and tourist visas should be available to Japanese students at the end of their time at our universities here. That would be an interesting idea to explore because apparently now they have to leave the country to reapply for visas, which seems a little unjust.

CHAIR—In your office, are you getting these students saying that they would now like to stay on longer if they had a working holiday visa?

Mrs Sherry—Yes, that is right. They are finding they are getting to the end of their term and they have put in all their hard work and their study—

CHAIR—And now they want to relax and so they are going to relax in some other country.

Mrs Sherry—That is right. We send them somewhere else.

CHAIR—That is a point well taken. As there are no more questions, thank you very much. We have appreciated the information you have given us today and we will certainly be incorporating that in the report.

Mr Dureau—And may I repeat we are always available to any of you—I would invite anyone to come to the office in 225 Clarence Street. We are only two doors from Market Street, on the fifth floor. You are welcome any time from 10 o'clock until 5 o'clock or 5.30 on a Thursday, and particularly after lunch—the Japanese do not flood in in the mornings but they certainly come after lunch. There must have been 40 there when we left at lunch time.

CHAIR—Thank you, Mr Dureau. Thank you all for coming.

[3.28 p.m.]

CICCARELLI, Ms Anna, Council Member, ELICOS Association, 43 Murray Street, Pyrmont, New South Wales 2009

MOORE, Ms Alyson Gabrielle Therese, Deputy Chair, ELICOS Association, 43 Murray Street, Pyrmont, New South Wales 2009

CHAIR—Welcome. Do you take business guides?

Ms Moore—Certainly.

CHAIR—I invite you to make a brief opening statement before the committee proceeds to questions.

Ms Moore—Just by way of background, the ELICOS Association represents 61 member colleges, all of whom teach English to overseas students. They specialise in teaching English to overseas students and they are obviously non-English speaking students. The ELICOS Association performs a range of activities. One is just general representation of the colleges. We represent public sector institutions, which are the university ELICOS centres, as well as the private sector institutions. We undertake generic marketing for member colleges as well as representation of this nature. We have been around since about 1986 or before that and so we have seen quite a lot of changes in the immigration field and think that we can make some reasonable statements about the way to go in the future for working holiday-makers and so on.

CHAIR—Would you like to add to that?

Ms Ciccarelli—In essence, we have a code of conduct for our association and we are trying to move, I guess, the agenda forward in terms of our member colleges, but also we focus on the various types of clients that we have and working holiday visa holders are a particular category in the student clients that we get through.

Ms GAMBARO—How long are working holiday-makers in Australia for the average English courses?

Ms Ciccarelli—It can vary from four to 12 weeks of general English.

Ms GAMBARO—And do you have a radical marketing program overseas—how do people hear about you?

Ms Ciccarelli—Member colleges generally have a network of agencies and also we advertise strongly through a variety of publications. We combine together as an association to put together generic publications. So it is a combination of individual

marketing and industry cooperative marketing, but largely through agent networks.

Ms GAMBARO—In your estimation what percentage of the people who undertake these language courses would be working holiday-makers? Have you done any figures?

Ms Moore—I knew you would ask that question. We do survey every two years and the next survey is taking place now. The last survey was taken in 1994 and I am afraid I do not know off the top of my head, but I would say that it would be something less than 10 per cent of working holiday visas.

Ms GAMBARO—Did I hear correctly that you have been going since 1976?

Ms Moore—No, 1986.

Ms GAMBARO—My apologies. Have you noticed a trend in the composition of countries that students are coming from now compared to where they came from in 1986?

Ms Ciccarelli—Certainly Japan is still the staple source country, but we are seeing an increase in figures from Korea. Europe is also very much an area of unmet demand. There is a lot of ambiguity about working holiday visa applications. We seem to hear that there are unofficial perhaps quotas or there are visas available for working holiday students in Europe but those processes are not transparent and hence it is quite difficult for those potential students to actually apply and get working holiday visas. So we informally know that there is more demand in Europe than is coming through to us.

Ms Moore—For example, we hear that the Paris embassy would issue maybe five working holiday visas a month or something very minimal like that, but when we go there marketing there is a lot of demand for that sort of visa.

Mr MARTIN—Can a reason be found then why that demand level is not as high in your particular case, because English is taught much more widely in European schools?

Ms Moore—No, that would not be the case. The case is that apparently there are no reciprocal rights between Australia and France for working holiday visas like there are for Japan and Korea now, which are our principal ELICOS markets for working holiday visas.

Ms GAMBARO—We have heard from a number of submissions that Japanese students, for example, learn English for a period of six years on average with elementary school, et cetera and then you have students coming from European countries with different levels and aptitude and competency. Do you have aptitude tests where you then allocate them as intermediate, advanced, et cetera?

Ms Ciccarelli—Yes. In most colleges, general English would be their key product

and most schools would offer eight to nine levels ranging from beginners to advanced. So every student who comes in generally would be given an entrance test and then placed at an appropriate level. Then however long they study they just try to maximise their proficiency for that period of time. So they will come at any point, study for as long as they are enrolled and then exit and make the language gains that they can.

Senator McKIERNAN—I was surprised to receive a submission from you at all. I would have thought that your organisation would have been catered for in the general student visas that are available now.

Ms Moore—Yes. Most of our students come on student visas and tourist visas. They are the students who come for under 12 weeks. As I said before, fewer than 10 per cent come on working holiday visas but that is because we do not have reciprocal agreements with countries other than Japan and now Korea.

Senator McKIERNAN—And the United Kingdom.

Ms Moore—But they speak English.

Ms Ciccarelli—We are very focused on non-English-speaking markets.

Senator McKIERNAN—It just seemed to me that the working holiday-maker program is in place for pretty specific reasons and those reasons are not to provide or extend English language training to people from non-English-speaking countries; they are to enable individuals to get an insight into Australian society and in turn by reciprocal arrangement to allow Australians to get an insight into the other cultures around the world.

CHAIR—But surely language is part of the culture.

Ms Ciccarelli—Our response to that would be that an incidental study of English is an enabling process prior to or as part and parcel of their working part time.

Ms Moore—Participating with families, staying with local families, becoming part of the culture, working in the Australian environment.

Senator McKIERNAN—This is where my confusion comes in. Your organisation or the various English language schools and colleges that are now established throughout Australia are actually businesses?

Ms Moore—Yes.

Senator McKIERNAN—You are commercial enterprises?

Ms Ciccarelli—Yes, that is correct.

Senator McKIERNAN—Where does this secondary role about expanding cultural and intercultural relationships come in?

Ms Ciccarelli—That is an integral part of English language teaching. Our brief with any of the language courses that we have is to teach the cultures associated with using English in an Australian context. We have courses, for example, that students on a working holiday visa can come and do such as general English. They can also do an elective which will help them to organise CVs or go out and participate and look for part-time work and so on. So it is meshed quite well. It does have a cross-cultural outcome.

Senator McKIERNAN—It does but there are different sets of conditions that apply to people who apply for student visas and people who apply for working holiday-maker visas and if we go back in recent migration history the overstay problem that Australia has recently experienced actually arose out of the student area rather than the working holiday-maker area.

Ms Moore—It particularly arose out of certain nationality groups.

Senator McKIERNAN—You may want to go into details on that, but really the visa area is where I am making the differential.

Ms Moore—I guess that we would say it is not really the visa area but the country area.

Senator McKIERNAN—The people from that particular country—and we are talking about China—actually came into Australia on student visas, and ELICOS visas in particular; they did not come on working holiday-maker visas.

Ms Moore—On business college visas and so on. But there were lots of other visa students coming in, and China was by no means the only student visa country.

Senator McKIERNAN—It was far and away the worst, though. Why then do you encourage this committee to make recommendations to change the working holiday-maker program—which has got different objectives—to expand the student visas, which is an area pretty well catered for at the moment? Australia is reasonably well protected at the moment.

Ms Ciccarelli—We are seeing that working holiday-makers do wish to take advantage of English language course offerings during their stay. That is quite a natural and logical thing for them to want to do as part of working and participating in our culture and in our country.

Ms Moore—I would also add that in particular cases the working holiday-makers would not otherwise apply on student visas, but we would be opening up a new segment

within some countries. To take the French example, they now go to the UK or the US to do English plus au pair work or a working holiday. A Spanish student would do the same thing. At the moment, we get a very small market share from some of those countries in Europe, because the visas are very restrictive.

Senator McKIERNAN—Thinking of the Japanese markets in particular, an earlier witness told us that most, if not all, Japanese students have six years of English language training at school and that, when they come here, they have actually got very good writing skills.

Ms Ciccarelli—But they lack confidence in listening and speaking. We find that most Japanese students are probably at the elementary level in terms of their actual ability to perform and use the language when they arrive. That varies with university students, but high school graduates would be at about that level, so it really takes them a good 12 weeks to get to an intermediate standard. That reflects the nature of English language teaching in Japan: the class sizes are 40-plus, and the teachers are, quite naturally, non-native speaker teachers of English, and they do not have the resources to concentrate on spoken language.

Senator McKIERNAN—Is there a similar thing in Korea to that six years of English education in Japan? Are you aware of what level of English language there is there?

Ms Ciccarelli—It would be similar, in fact, in non-native English speaking countries around the world. The trend is to push English language teaching into primary schools now, beyond secondary, but it is all obviously of a questionable standard, given the scale of the programs in secondary schools, the training of the teachers and what can be done in a foreign language environment. That is the great benefit, and why many young people want to come to an English speaking country on a working holiday visa. One of the outcomes is to improve their English in a practical way, and study is an integral part of that.

CHAIR—Just to sum up, you are saying that, at the moment, we have been looking at the working holiday visa as incorporating two things: tourism and working here—for all the good reasons that that involves. You are saying that there is actually, for a segment of that market, a third part where, for instance, they could tie in coming here not as a proper student but still doing a short course in English to give them confidence. They could then move on perhaps to their tourism and working. You see that as an integrated whole. This is a hard question to ask you, but would you have any idea what proportion of the working holiday market would be interested in also taking the language lessons? Have you got any indication of that?

Ms Moore—We have no idea.

CHAIR—What about numbers?

Ms Moore—We could get it for you from our 1994 survey, or from our 1996 survey, when we get that: just the raw figures of how many participate under the program.

CHAIR—We would certainly be very interested in that.

Ms Ciccarelli—If I could just add to that, many of those working holiday students would actually use their English course as cultural orientation and preparation on arrival before launching off into the community and into the work force. So that, I think, would be quite a common pattern.

CHAIR—We have talked a lot in this committee today about cultural orientation—tourists who come to this country wanting to speak to people of their own culture. But I think it obviously operates in the reverse: young Japanese coming here would like to have a bit of cultural information on the reality of the culture. That is an opportunity, obviously, that you would provide through these schools.

Ms Ciccarelli—Absolutely. You will find that our member colleges have very strong language and cultural orientation programs that relate to living in an Australian homestay and many of the cross-cultural issues to do with gender roles, politeness, formality—just dos and don'ts of our environment. That can only enhance the quality of their stay and some of the cross-cultural understandings. So language is at the very core of that, I think.

CHAIR—Actually, as you said, we saw a while ago *Australia unplugged* which had a whole page on what you call a beer in the different states. It is actually very, very funny, but obviously there are those sorts of things that you can impart and it is terribly important to know how to ask for a glass of beer in the proper language.

Ms GAMBARO—A very good language exercise, I would think. English for specific purposes.

CHAIR—When the cap was brought in, did that have an effect on your industry?

Ms Ciccarelli—The ceiling?

CHAIR—Yes. There wasn't one, and then there was one brought in. Did that have an effect on your industry? They did numbers, enrolments—

Ms Ciccarelli—When was the cap introduced?

CHAIR—I think 1995—December 1995, was it?

Ms Ciccarelli—I cannot say that we were aware that the cap was introduced. However, we have produced this case study which did come up this year—April, May, June this year. I don't know if you have had a chance to look at the case study which came across quite a number of colleges who have quite a few working holiday visa students. There was quite a significant drop-off in their student numbers in April, May, June this year, which they had not experienced in previous years. So perhaps that is the reason.

In the particular case that we described, it was International House in Queensland, based in Cairns, so you could imagine they would have quite a lot of the Japanese working holiday visa market up there. According to the director of the college, he experienced a \$200,000 drop in income over the equivalent period in the previous year which has ramifications, ripples, into the general economy there with homestay families and tourism activities. So that may be ascribed to the cap. If that is any example, it is a fairly medium sized company in a small city, but it would have been felt in the Sydney colleges as well.

CHAIR—Going back to the previous question when we talked about getting those three elements in, is 12 months long enough to get those three elements in—the study, the tourism and earning a bit of money to take away?

Ms Ciccarelli—Yes, I think so.

CHAIR—There is no need to extend that length of time.

Ms Ciccarelli—And I think probably our industry has a greater experience of students actually moving from state to state and college to college. A problem that we experienced when the quota was depleted, I think before the end of the year, was a short, sharp drying up of students, as Alyson has said, and I think no business likes to experience that. We would like to see more ongoing or better management of the flow.

Senator McKIERNAN—This is a partial graph that you have given us, but it is only covering a few months. The 45 enrolments in June were actually equal to the 45 that were there in January. There was an exponential growth in January, February and March and then a big decline from March to April. It really is jumping all over the place.

Ms Moore—I guess the point is that within the industry generally we have seen growth over the last year.

Senator McKIERNAN—Over a number of years now it has been—

Ms Moore—Indeed, over a number of years now, but this very strange glitch happened in April, May and June, which is the end of the visa issuing year, I guess—they all started again in July—if I understand the visa issuing cycle correctly.

Senator McKIERNAN—The problems with budgeting on that would be for a more equal issuance of visas. There seems to have been some enormous growth in the early part of both years. It is a comparative growth. There was a decline last year as well, but—

Ms Moore—I guess that is what Anna is also saying under our point 3, that we would like to see the balance throughout the year so that we do not see this sudden rush in July and then nothing in April, May and June.

Senator McKIERNAN—It balances with the country's tourist season as well. That is another thing that we take into account. The other thing with working holiday-makers is the seasonal production of fruit and that within Australia. That is also something that is taken into account, rather than the requirements of the English language schools and colleges.

Ms Moore—But wouldn't that come under tourist visas?

Senator McKIERNAN—Let us go back to my earlier point. I thought students were catered for in very specific classes of visas that are available for only students, and giving them the right to work as well; they are a very privileged group in the world economy. I do have some problems—I will just put it on the record—in giving students a second bite at the cherry through a working holiday-maker program which is again capped or restricted in terms of the region that people can get to. I just have some problems with sharing these things around.

Ms Moore—I can see what you are saying. I guess we could be seeing it from the other point of view—that it is actually giving working holiday-makers who come from a very different base an opportunity to do incidental English language study.

Senator McKIERNAN—You have indeed broadened my attitude on that in answering the earlier questions that I had, and I am not quite looking at it in the blinkered way that I was before I heard your answers and replies. Thank you.

CHAIR—I am not sure whether we actually asked as to the length of courses. I am not necessarily talking about the working holiday, but I want to get that in. What is the difference in length of course between the working holiday-maker and somebody who has only come to pick up English?

Ms Moore—It would depend on what you are asking it for because different nationalities have very different profiles. For example, the Japanese would come on average for four weeks, regardless of visa, whereas the Koreans come on average for 20 weeks, and that is fairly strict. They come 25 weeks, or 20 weeks basically.

CHAIR—So that makes a bigger hole out of the rest of their holidays, if they are

here for a whole year.

Ms Moore—Well, they would come on student visas.

CHAIR—They do, for 20 weeks. Is there a difference between the Koreans and the Japanese? Would the Koreans all tend to come on student visas whereas some of the Japanese would come on the working holiday visa?

Ms Moore—Yes, but that is going to change now because we have reciprocal rights with Korea with the working holiday visas. So they are coming for shorter periods. But until now they have been coming for up to 20 weeks.

CHAIR—Now that Korea is in the scheme you anticipate, and presumably you are changing your courses, are you, to accommodate this?

Ms Ciccarelli—Yes, colleges who cater for that niche tend to have those sorts of courses in place, but it is certainly a matter of broadening it because it is a different cultural clientele, so the orientation issues always vary slightly as well.

CHAIR—And if we lift the cap and if the demand was there, and we had more working holiday-makers from all other countries, you would see your industry grow in that segment of the four weeks?

Ms Moore—Yes, we would.

Ms Ciccarelli—And certainly from Europe we hear that there is a lot of demand from travellers and students who would like that opportunity to come on that kind of visa.

CHAIR—To study and work and tour?

Ms Ciccarelli—Yes. We work quite a lot with Austrade in Europe, and the Spanish as well as the French and Italian posts say that we do not get their students because they can go to the US or the UK and be au pairs and they can do combined work and study whereas they cannot do that under the student visa.

CHAIR—You just mentioned au pair. I believe in your submission you suggested that there should be a specific visa for au pairs.

Ms Ciccarelli—Yes.

CHAIR—It is not really what this inquiry is looking at but, seeing you have mentioned it, perhaps you would just like to speak on that very briefly.

Ms Ciccarelli—What we are suggesting is that that be a category that is looked at.

At the moment, students under a student visa are entitled to 20 hours work rights a week, so that working as an au pair is an option for them once they are onshore. There are various agencies that can assist them with that kind of work, as opposed to waitressing or any other kind of part-time casual work.

But there are some limitations to that because a student visa requires a student to study for a committed 20 to 25 hours a week. That is a very tight arrangement. A student au pair would perhaps allow the flexibility of a student studying for 15 hours a week and working as well. Again, our international focus is that we are constantly competing with the United Kingdom and the US for market share, so that is where we are setting our benchmark.

CHAIR—Having au pairs is certainly not something that we have promoted in this country, or even really looked at. You could see—

Ms Ciccarelli—And we are not signatories, I understand, to the international au pair agreement. But there is a lot of interest.

CHAIR—So it would be your belief that there is considerable market there to attract young people to this country if they had those opportunities?

Ms Ciccarelli—Yes; the flexibility is not quite there within the current arrangements.

Mr SINCLAIR—Are you over all the problems that your industry sector had in terms of its credibility, if you like to call it that?

Ms Ciccarelli—We certainly believe so. We feel we have gone through that steep learning curve and I think we are seeing quite a mature industry. I think it has been very well run. The growth is very solid. And I think the arrangements in place for student assurance schemes, and so on, have made our industry quite solid and credible, to the point where our association has strong membership and looks at promoting the industry generically quite strongly.

Mr SINCLAIR—Do you include TAFE colleges and universities in your membership?

Ms Ciccarelli—Yes, we do.

Mr SINCLAIR—Because I think there was an issue—

Ms Moore—About half of our members are university and TAFE colleges.

Mr SINCLAIR—One of the problems, of course, was with the Chinese students,

but I think that was more with a few errant members. Were they members of your association?

Ms Ciccarelli—No, they were never members. But a lot of our members picked up their students.

Mr SINCLAIR—It was very difficult for a period. But in terms of this inquiry I found your reference to au pairs, to which the Chair has just referred, very interesting. I am sure that for many Asian visitors, particularly under this working holiday program, learning oral English is a very important part of what they do. And presumably you provide not just the written language, but also the spoken language.

Ms Ciccarelli—That is the key, I think. The education systems in the source countries deal with the grammar of English and written language. But what they cannot deal with, or provide sufficiently well, is for practice with real speakers. That is what we largely concentrate on for those students.

Mr SINCLAIR—I was interested that you seem to be in favour of quotas. Most of the others seem to feel that the market itself should determine how many people should come here. You talk about country specific quotas, but does that imply that you are in favour of quotas?

Ms Moore—If there is a reciprocal right with a country, if so many Japanese places are given out to Australians, we are generally in favour of an equivalence. We have found it very difficult to get figures but we believe that the number of British visa holders who come over are at the expense of some of the Japanese or the Koreans. This is what we think. So we would like to see the quotas come in, even for other places such as Europe, Taiwan and so on, to make sure we are getting the non-English-speaking part of the world coming to Australia and to contribute to the working life of the country here.

Mr SINCLAIR—You have no evidence that there are great unsatisfied numbers of Japanese, Korean and other non-English prospective working holiday-makers wishing to visit Australia, or have you?

Ms Moore—We do, from our little case studies of what we saw at the time that we think the cap must have been put on. We saw the dip over the previous year. So that is unmet demand there, and there is certainly unmet demand from other countries where we do not have reciprocal agreements.

Mr SINCLAIR—Thank you.

CHAIR—In talking to the young working holiday-makers, have you had any feedback about getting their visas, such as whether there have been any problems with where they had to go to get them, the age they had to be to get them, or anything of that

nature?

Ms Moore—I do not have any anecdotal—

Ms Ciccarelli—No; from our point of view, that seems to be quite straightforward in Japan, perhaps because our clients often come from agents who help them with that process.

CHAIR—So you have not had any complaints about the criteria as they are at the moment?

Ms Moore—I think the only problem that we have with the criteria is that they are not explicit. We keep trying to ask the immigration department what the criteria are for working holiday-makers. It seems to be very post specific, or personality specific with the immigration officer at the post.

CHAIR—Are you talking about countries with which we have an agreement, or countries with which we do not have an agreement where the individuals can come by making special application?

Ms Moore—I think both, but particularly where we do not have the agreements there does not seem to be any specific criteria or guidelines or anything that we can—

CHAIR—The processes are not transparent?

Ms Moore—Yes.

CHAIR—We have had that complaint put to us earlier today. But I would not imagine that it would be from the countries with which we have agreements, because the conditions are fairly well laid out. Thank you very much for appearing and for your information.

[4.10 p.m.]

HERRON, Ms Miranda Louise, Editor, TNT Magazine, Level 5, 55 Clarence Street, Sydney, New South Wales 2000

HOLMES, Mr Wayne Desmond, Managing Director, TNT Magazine, Level 5, 55 Clarence Street, Sydney, New South Wales 2000

CHAIR—Welcome. Could you tell us what TNT stands for?

Mr Holmes—It stands for Today's News and Travel, but we have not been referred to as that for about 10 years.

CHAIR—So TNT is it?

Mr Holmes—TNT is it. We have no connection with the courier company. We have to put a disclaimer on the front of our magazine explaining that *TNT Magazine* has got nothing to do with them.

Mr MARTIN—So Rupert doesn't own you?

Mr Holmes—No, they do not.

CHAIR—Does that wipe out all your questions?

Mr Holmes—Probably only the second time in a year that we have to put a suit and a tie on is when we come to a place like this and when we ask permission to use *TNT Magazine* from TNT the group.

Senator McKIERNAN—Only one of you is in a suit and tie.

Ms Herron—I am wearing my version of a suit and tie.

Mr Holmes—For us, this is good. Remember we are a backpacker magazine!

CHAIR—I would now like to invite you to make a brief opening statement before the committee asks questions on the submission.

Mr Holmes—TNT Magazine is effectively the largest publisher of free guidebooks in Australia for backpackers coming to Australia. We print close on one million guide books a year. We have been publishing *TNT Magazine* in Australia for four years. We previously bought an existing publication called *For Backpackers by Backpackers Magazine* and several months ago we started up a magazine in New Zealand, *TNT Magazine New Zealand*. The parent company is a TNT magazine in London. That has

been going for about 15 years and effectively its role is to service all the Aussies and the Kiwis that go to London on working holidays.

They use London as a base; they work out of London and travel through Europe. Effectively we do the reverse of that. We are here to give an information service to all the Brits, Europeans and North Americans that come to Australia and travel around.

CHAIR—Do you want to add anything to that?

Mr Holmes—In simple terms I think you could refer to us as a free *Lonely Planet*. That is the simplest way to describe what we do.

Mr MARTIN—How is it you can be free?

Mr Holmes—Advertising. We make our profit on advertising. Recruitment agencies, hostels, YHAs, Greyhound, Pioneer, et cetera pay to advertise in our magazine.

Mr MARTIN—What about advertisements for employment opportunities?

Mr Holmes—Yes, very much so. That is a big part of the advertising revenue for our New South Wales publication. We do four publications for Australia. The New South Wales magazine has something like 22 recruitment agencies advertising in it. Those are the guys that are after the short-term workers, the backpackers or whatever.

In our other three magazines, which serve Victoria, Northern Territory, South Australia, Queensland and Tasmania, a total of about two recruitment agencies advertise.

CHAIR—Would you like to table these? Do you want to give these to the committee now?

Mr Holmes—Yes. It is interesting. We get a lot of support from recruitment agencies in Sydney. It follows that a lot of the backpackers that we help perpetuate the myth that there is work to be had in Sydney. It is a bit of a catch-22: we have recruitment agencies, therefore the backpackers come to Sydney to work so more recruitment agencies advertise because there are more backpackers in Sydney looking for work.

CHAIR—So it keeps feeding on itself?

Mr Holmes—Yes, it does. A lot of hostels outside of Sydney ask, ‘Well, what is the best way to get backpackers to our region?’ I feel a little silly when I say, ‘It is not so much the natural beauty of your area that will get people there tomorrow. If you can illustrate that there is work to be had, say, in Melbourne, they will be down there. And when they get work, they are going to stay in those hostels.’

The recruitment agency thing is quite an effective way of getting backpackers to your region—because there is work to be had.

CHAIR—The hostels obviously work in concert with the employers.

Mr Holmes—Yes. They could do it a lot better. Some of the hostels will actually post on their notice boards jobs that are available. The smart thing to do would be to network with a couple of recruitment agencies and say, ‘If you need anything very quickly, short term—something might come up—fax us and we will post it on the board.’ I guarantee that within 10 to 15 minutes whatever positions they have available will be filled. So recruitment agencies and hostels work very closely together.

Obviously it is in the hostels’ best interest. If I get a job tomorrow through hostel X for three months or something, I am going to be staying probably at hostel X. It is well in the interests of the hostels to have a network going with the recruitment agencies.

CHAIR—Presumably, you have personal contact with backpackers yourself so you would be very familiar with them and their problems. Would you like to tell the committee what you see as the major problems that are raised by the working holiday-makers within that backpacker category?

Ms Herron—One of the main problems is the taxation system. People need to know about tax file numbers and the sorts of bureaucratic ins and outs that they have to stick to. They need to know the regulations about whether they can only work for three months with one employer and that sort of thing. It helps to know where the work is as well, but that is usually solved by word of mouth.

Mr Holmes—There are a few inconsistencies, I think, particularly with the British backpackers. I do not know the percentages but they make up a big chunk of the backpackers that are legally allowed to work—

CHAIR—Fifty per cent of the whole market is British.

Mr Holmes—And I think the reciprocal arrangement is a little bit out of sync, meaning it is basically a better deal for us going there than it is for them coming here, although I know that in the UK particularly recently—I have worked for four years there and it was happening whilst I was there—they are getting a little tougher on your visa requirements. For example, you cannot rock up like you could, say, five years ago and get it at Heathrow. You have to get it before you leave.

It is a strange one. When you arrive there apparently the letter of the law says that you cannot engage in employment that is going to further your career. So basically all you have to do when you get there is say, ‘I want to work in a pub or I want to clean, but I am only here to subsidise my travel,’ and that will get you through the authorities. Once

you are through on the other side it can be, 'I want a job as an accountant.' There is no way of finding that person in the system.

CHAIR—That is interesting, because they do have categories that they do not allow, for instance, doctors or any professional. They do not allow doctors, they do not allow sports people and they do not allow entertainers. So what you are saying is that as long as you go in with your holiday visa and say, 'I am going to work in a bar,' you can then pick up those positions.

Mr Holmes—Absolutely. The quickest way to point that out is to pass this across. This is our publication that we do in London. It is a very successful magazine. It has a weekly circulation of up near 80,000 magazines free. On the back, for example, you have got a full-page advertisement—remember this is an Aussie-Kiwi publication—advertising for accountants. So you know straight away you have got inconsistencies there. You can only go working in a bar or as a cleaner, but at the leading Australian publication you will find advertisements for physios, doctors, nurses, accountants, et cetera, et cetera. So there are inconsistencies there.

CHAIR—I believe, though, that under the law you can take a job as long as nobody else in the country wants that job and nobody else from the whole European Common Market wants the job. But you are saying this is just not—

Mr Holmes—I think that is the case. But it is different once you are there and working. For example, if I am a pretty clever accountant and you want to secure my services for a longer period of time, we would go to the appropriate authorities over there. That is the process that you are talking about. We have to satisfy the authorities that no English person can do my job as well as I can, et cetera. But I do not think that that is the first instance. If I am in the UK, have been working there for a couple of years and you want to sponsor me to keep me on, then we have to satisfy another set of criteria.

CHAIR—So if you wanted to go, for instance, as a locum, as long as you say you are going there to work in a bar you are okay.

Mr Holmes—Yes, to my knowledge. If someone asked me tomorrow, that is what I would suggest. You do not want to get to Heathrow and have a problem in Heathrow. Who is to say that your career is not as a publican, but we suggest you say that you are working in a pub or as a cleaner or something like that and you have no problem. But if you go there and you are wanting to advance your career, whatever that may be, then you are going to come across a little bit of a hiccup at the gate.

CHAIR—You mentioned that they had problems with the taxation. Have you had complaints about the fact that they have to pay Medicare and yet do not get the benefits, and that they have to pay the superannuation guarantee levy?

Ms Moore—It is not the Medicare that people seem to have a problem with. It is the fact that unless they pay more than 29 per cent they are not legally entitled to any tax back because they do not have a tax-free threshold. This is what they do not understand, and a lot of accountants in Australia are telling them that they can get money back. But they can only get money back if they do it illegally, ticking the ‘resident for taxation purposes’ box.

This is one of the problems at the moment. There was an article in the *Sydney Morning Herald* about a backpackers’ tax scam, because a lot of them tick the resident box. That is the only way they can get their tax back. But they do not know a lot of the time that that is actually illegal because tax agents and accountants in Australia are saying, ‘Oh yes, you can get your tax back. That is no problem.’ But legally they are not actually entitled to get it back. So there is a lot of confusion about what is legal and what is not legal. I have had quite a problem recently with backpackers coming to me saying, ‘I have been told by an accountant that I will get my money back legally.’ Then I look into it and see, no, this is not true. And a lot of people do get away with it, so then backpackers will tell other backpackers that they should be doing it.

CHAIR—Under what basis do they think they can get their tax back? They are not earning the base amount, the \$5,400?

Ms Herron—It is what the tax agents and accountants are telling them.

Mr Holmes—If you go to the UK, and this is in *TNT Magazine*, we have about seven or eight companies all taking full page advertisements with our magazine saying, ‘You’re an Aussie, you’re a Kiwi—you have been working for six months. In the UK you are entitled to a rebate because you have not worked the full year’. It is a huge market over there. It is all legal. To a degree some of the confusion may arise from that, that is, they come down here and they work in Australia. They may be friends with Aussies and Kiwis in London. If a person is going to get a rebate of £500, that is big news. You will tell all your mates and all your friends and if they happen to be English people coming down here, they may assume the same happens to them here, that is, if they do not complete a full year’s work they are then entitled to a rebate.

It is pointed out in publications like ours that this is the correct way to do it but I do know that in some publications that you can buy, some guidebooks on Australia, they are suggesting you do the wrong thing and tick the residents box. I have not seen it myself but apparently that can—

Ms Herron—They also get confused because the tax department says they have to put in a tax form when they have worked and although they are not entitled to any money back, they assume that if the taxation department asks you to put a form in that there is some benefit in it for the backpackers, that it is not just a bureaucratic exercise. They do not actually get any money back but they assume because they have to put in a form that

they are entitled to some money. I think that really confuses them.

Mr Holmes—To a degree it is also wishful thinking. It is bureaucracy saying that if you fill out this form, you sign it, you whip it through, you get \$200. What a bonus! There is a lack of education or thinking there.

CHAIR—How do you see we overcome this difficulty they are having with the taxation authorities? Should it be immigration's responsibility at the source, when they pick up their visa, to make sure they understand the regulations?

Ms Herron—To educate them correctly? Probably, it should be on the visa.

Mr Holmes—We employ backpackers legally at our magazine. You should make the penalties for dodging the system very clear. Without fail these backpackers all want to come back to Australia. Think about it. They have come here, they have enjoyed themselves, it is all sun and it is surf and it is wonderful times and they have met great people, blah, blah. Invariably they all say they want to come back. It comes through on all the statistical reports. They all want to return.

I know that that is a big reason for a lot of people wanting to do it the legal way and tick the right box because they do not know what will happen further down the track. But if some mysterious computer in Canberra has got their name saying that they are a tax dodger or whatever, that may jeopardise their future travel to Australia and they do not want to do that. That applies particularly when they are just about to leave Australia and they have got all the fond memories of what a wonderful place it is, that is when they are going to be least likely to want to do anything wrong. The chances are they may not come back but at that stage life is simple, they are single, they have got no responsibilities, they cannot see any reason why they will not be back in a year's time and they will not want to jeopardise their chance of coming back. Stern warnings at the appropriate time and appropriate places would certainly stop some of it but not all of it.

Ms Herron—On the tax issue, I have tried to investigate the whole backpacker tax thing through the tax office. I have rung up lots of times and I have got different answers from different people in the tax department. The problem is that people in the tax department are not really on the ball about foreign backpackers and tax. I think that they just sort of wing it a little bit when I ring up to get information.

I think also that a lot of accountants either are not on the ball or are encouraging backpackers to be dishonest when the backpackers do not actually realise that what they are doing is illegal. The accountants are saying to the backpackers, 'You can get money back' when they are not legally entitled. It is probably a matter of educating the tax office people and accountants and tax agents as to what the situation really is. There is a lot of confusion around and I find it very difficult to get correct information about backpackers and tax.

CHAIR—Thank you.

Ms GAMBARO—I had a look through your magazine and I see you advertise harvest pickings and all sorts of things. Are people paid the correct hourly award rates or are there any cases that come to your attention where there is blatant exploitation?

Mr Holmes—It is difficult to know. There are two sides to the story. We are sort of seen also as a bit of a voice for the backpackers. They are travelling around. They may get ripped off and they feel there is very little they can do, and they will say, ‘I will get *TNT Magazine* to maybe do a story on them or *TNT* can get stuck into them.’ So they will fire us off a letter pretty quickly. So we do find out when there are wrongdoings going on. There have been a couple of times, not so much recently, but I have probably got two or three letters that I could put my hands on saying—

Ms Herron—It is not that common, really. We hardly ever get letters.

Mr Holmes—The point is, if they are getting ripped off or if someone is doing the wrong thing, the one thing that goes round the backpacker world is word of mouth. You can go to any hostel this evening and there will be 20 backpackers sitting around telling each other what is good and what is not good. So the dodgy operators get found out pretty quickly. So it is not a big deal. The backpackers would tell everyone and they would have a problem. I do not think it is a big problem that they are getting taken advantage of. They will all moan about the hard work of picking up pumpkins and melons and that sort of thing.

Ms GAMBARO—I was going to say that. Have you got figures on the industries that the backpackers tend to work in? Is it predominantly fruit-picking or waitressing or what?

Mr Holmes—I think it tends to be—and I do not know the politically correct term—the lower end of things. They are only here for three months so there is no point in training them for too long, so it is fairly easy work to pick up. Obviously, harvesting is one of those. I suppose fairly basic administrative-secretarial stuff is what we have got advertised in our Sydney magazine, but if they are only around for three months, there is no point in spending too much time training them.

Ms Herron—It depends on where you are as well. In Sydney people will do waitressing, clerical or temping work. In Queensland, they are more likely to be doing banana-picking because that is where all the fruit-picking is. In Western Australia the temping side of it is not so strong because there is not a demand, but there is more fruit-picking or waitressing in roadhouses or more sort of obscure type jobs. In Sydney people go for the more conventional jobs or they might stay somewhere for three months, whereas in the regional areas they will stay three weeks and move on to the next farm.

Mr Holmes—Your backpacker in Sydney tends to be a slightly more sophisticated backpacker, meaning that they are around for three or four months. They are not, say, like on Airlie Beach, where they will be there for three or four days, do a yacht trip, go out to the reef and then carry on. Their requirements are fairly simple there: they need a place to stay; they need to know what yacht to jump on, end of story.

But in Sydney, if they are around for three or four months, they will want to know what bars are good in The Rocks and what movies may be good from the UK. They might want to know how to get to the footy and all that sort of carry-on, so they tend to require a little bit more, they are slightly more sophisticated. So the backpacker in Sydney uses it as a base, and they tend to travel around the rest of Australia. Sydney is really seen as the base for travelling. So it is a slightly different person that you deal with in Sydney.

Ms GAMBARO—In Queensland, have you seen greater movements of backpackers to areas like Cairns and far north Queensland—or again you said to me they use Sydney as a base and then would travel on?

Mr Holmes—I think the travel patterns are fairly sort of ingrained. I think there are people that will be speaking that are far more qualified than I am on this. They call them backpackers, but that is probably a little bit of a myth to be honest with you. They are budget tourists and there is a tourist route for backpackers. The best analogy I have seen is that Cairns has a bloody great magnet sitting over the top of it, so when they arrive in Sydney they just go straight up to Cairns. They just drift north, and that is a big problem. If you go two hours south of Sydney there are probably a couple of hostels in total and that is it, but two hours north of Sydney you have probably passed 50 or 60, so they get to Sydney and they just go straight north.

Ms GAMBARO—Thank you.

CHAIR—On the hostels and whether hostels provide lists of employment, one of the submissions that we received indicated that in some areas this is a bit of a problem. The hostels are advertising that there is work in their area, whereas in fact there is not, to the extent that they will subsidise the young people for a while and say ‘Well, you can run up a bit of a debt with us while you look for work.’ The employers have been saying that that is creating a problem at their end. Do you have any comment on that?

Mr Holmes—Agreed. It is a two-fold problem. A lot of the type of work that you may be suggesting is harvest work, and I have had first-hand experience in Bundaberg or up that way.

CHAIR—We go up there as a committee.

Mr Holmes—There are better places! We may be talking about the same scenario or the same case, and the argument from the place in question was that the fruit was not

yet ready to be picked and therefore the worker had better hang around. But, obviously, whilst they are hanging around, they are going to have to stay in the hostel; and sometimes the backpackers see that as a bit misleading, in that the employer has advertised in our magazine that there is work 'now'. Our magazine is out quarterly for Queensland, so it is not entirely—

CHAIR—I can see the problem.

Mr Holmes—In, say, January—I do not know when the seasonal fruits are—they have to place an advertisement with us which is going to apply for January, February and March. Come 2 January, the advertisement says 'work available' and that same advertisement has to apply until 30 March. In the ad they will say 'work available now' but the fruit may not be ready for another couple of weeks; so, you can understand the backpackers saying that is a little misleading. There is probably a timing issue there. But, again, word still gets around and, if backpackers feel that they are getting ripped off or being misled, those operators will not last. Word of mouth is a very big thing.

CHAIR—From what you said of Bundaberg, I can see there might be a problem if they arrive and have to wait several weeks before the work actually starts. It is not a great tourist experience.

Mr Holmes—Exactly. That probably perpetuates the problem: you are there and you think, 'What the hell am I doing here for a couple of weeks, waiting to pick melons?'

CHAIR—I have nothing against Bundaberg. I can see that the Bundaberg Tourist Association is going to read this report and we are all going to be in trouble!

Mr SINCLAIR—It is actually quite a delightful town.

Ms GAMBARO—Beautiful. Bundaberg Rum comes from there.

Mr SINCLAIR—I have two series of questions. Firstly, because of your British parentage, you seem to be very oriented towards the British backpacker or the English language speaker, rather than the Asian or European tourist. Do you try and cater for a wider audience, or have you decided that that is not for you? Surely the same attractions would apply much more widely.

Mr Holmes—Agreed. We are a relatively small company and we are fortunate that our parent company has something like 60 employees in the UK, and it has got a very good name with 18 to 35 year-old budget travellers. On top of that, 40 per cent of backpackers are British, so we are British-orientated. We want to be everything to everyone, but we are a small company with our base in the UK. We are investigating places, such as South Africa, to set up a publication over there, and also in Canada and New Zealand.

It would be fair comment that we are English-led, although not because we are focused on them. We are fortunate that our parent company is based in the UK and we are also fortunate that 40 per cent of backpackers are British. Basically, we see that as a commercial advantage when we are talking to operators down here, because a big problem for them is 'How do I get my message to the backpacker 12,000 miles away?' We just happen to have a company with 60 employees sitting in London, so we commercially put that forward as a benefit for using our publication versus our competition's.

Ms Herron—It is also a language thing. I know that the Japanese have a problem, often, with English language guidebooks. There are Japanese language guidebooks, and so they tend to use those. There is not a huge number of Japanese backpackers, as such. There are Japanese tourists but not so many backpackers, and the backpackers who do come use the Japanese guidebooks. I think there is a German backpackers guidebook as well. The Europeans—the Germans, the Danes, the Dutch—all have such good English that it is not a problem for them to use our guidebooks. Because they all know English so well, it is pretty much a universal backpacker travel language.

Mr Holmes—There is also one publication that starts to—we hope—get us into those European markets, and it is called the *TNT Travel Planner*, for Australia and New Zealand. The distribution focuses on the UK, but it also goes to about 30 or 40 outlets throughout Europe that we do know get inquiries for travelling down to Australia and New Zealand. It is in English but it would have—I will not say a comprehensive European distribution network—about 30 or 40 outlets in Europe. That publication is an overview of everything we do in Australia and New Zealand. It takes the best of everything and sticks it in a book and it is available as pre-departure information in Europe and the UK.

Mr SINCLAIR—But essentially what you are saying is that your magazine is marketed directly towards English backpackers and everything else is incidental.

Mr Holmes—No.

Ms Herron—No, not at all.

Mr Holmes—No, not incidental. I am saying that we are a small company and we are based in the UK. Advertising is what pays for our wages, pays for our flights, pays for everything. Forty per cent of the market is British. They make up a big percentage of the people that are entitled to work, therefore from a commercial point of view the UK market is a big part of our market. A lot of the backpacker operators down here want the British market, so we are focused on the English market now because we have a commercial edge there. But we are not focused on the UK alone. The *Travel Planner* is a real attempt to start moving into the European market and we will do more on the back of that. But after all we are a small company.

Mr SINCLAIR—I was thinking of the other English language speaking countries,

places like Canada and New Zealand.

Ms Herron—From an editorial point of view we do not specifically look towards English backpackers.

Mr Holmes—Canada is an important place as well. We had the managing director of TNT in Canada literally last week looking at the potential to set up an operation in Canada. Yes, we are English based and we are English focused. They are the biggest part of the market. Commercially, we rely on advertising and we need the money to be able to go across to Canada et cetera, so, yes, if you are looking at it in simple black and white terms we are strong in the UK. We are not particularly strong outside of the UK.

Mr SINCLAIR—The real point that I was getting to was that there is a difference between a backpacker and a working holiday-maker. I would be interested to know whether you have any idea of the number of those who come out as travellers per se on an ordinary tourist visa and the number that actually come out on working holidays.

Ms Herron—There were about 220,000 backpackers—that is defined as someone who stays in a hostel at least once while they are here—and there are currently about 42,000 working holiday visas at the moment, going up to 50.

Mr SINCLAIR—That is right, There are a lot more—which was really the point I was getting at. A lot more people stay in hostels.

Ms Herron—Yes, there are a lot of travellers.

Mr SINCLAIR—You actually market backpackers as distinct from directing your advertising to working holiday people, do you not?

Mr Holmes—The term ‘backpacker’ is an interesting one. Backpacking describes the type of travel now; 10 years ago it may have described the type of person. From an advertising point of view we would approach a company and say that we were from a backpacker magazine and we would see their face drop. But a trip to Airlie Beach will soon show you how much money is spent by people ‘backpacking’. The smartest thing that has been said to me in four years came from a woman in Tasmania. She said, ‘Ten years ago, Wayne, the word "backpacker" described a type of person. They would fit into a certain category.’ Ten years ago it was a person but now it is a type of travel. Statistically, if my parents stay in a hostel tomorrow they would be defined as backpackers.

Mr SINCLAIR—But you have obviously got a range of people for visa status.

Mr Holmes—Yes.

Mr SINCLAIR—Are you conscious of there being a requirement for changing visa status, for example, from a student visa to a working holiday visa or from a travellers' visa to a working holiday-makers visa?

Ms Herron—Do you mean once they come to Australia?

Mr SINCLAIR—The point I am making is that you cover a far wider market than those who are strictly subject—

Mr Holmes—Independent travellers—we could be defined as a magazine for independent travellers.

Mr SINCLAIR—Only a small percentage of them in fact come out under the particular category of visa status that we are looking at. There are a lot more people, obviously, who are within your general market area. Your submission essentially identifies particular problems that you see within the working holiday visa type. Do other problems come to you that relate to people wanting to get a working holiday visa, and with the reason they are coming out under another visa?

Mr Holmes—I suppose the immediate problem is why everyone is not eligible for a working visa. You have a situation whereby four or five countries are getting them, but it is predominantly Britain and a few other countries that are entitled to them. But we would all be kidding ourselves if we said that the rest that do not get those visas are not working. There will be some that come out here and work illegally, although I think operators generally throughout Australia are pretty strict on whom they employ.

Mr SINCLAIR—The tax file number system probably helps that.

Mr Holmes—Yes. It is hard to put a figure on it, because it is not legal, but you would still have people coming out here and working. But the operators are quite strict on that.

Mr SINCLAIR—The real point that I was getting at is that we are looking at one category of visa, but you obviously cover a much wider market. You talked about the fact that you do occasionally receive correspondence if there is a particular problem, for example, and you answer questions about being underpaid or about abuse of responsibilities. But you are not conscious of a campaign related to what is wrong with the working holiday or other status visas, are you?

Mr Holmes—No, I am not. But I suppose that, because it is the law and it is written in stone, they are not going to be banging down my door and saying, 'Why can't I get one?' They just accept that that is the way it is.

Ms Herron—But a lot of backpackers complain. A 27-year-old German will come

to me and say, 'Why can't I get a working holiday visa? I am not 26, but there isn't a reciprocal agreement. It is not fair. Why can't I do it?' The other problem is that people complain that they cannot get a second working holiday visa. They are only ever allowed the one. They come out here mainly on a holiday, but they also want to work to subsidise their money. If for some reason they decide not to work, they have already been issued with one visa, but they do not use it. When they come back the next time, they are not allowed to work again, which causes a lot of problems for people. They think it is unreasonable or unfair; and it might discourage them from coming back, if they cannot work.

Mr SINCLAIR—You would think there would be an advantage in having the capacity to provide a visa on a second occasion or perhaps more often.

Ms Herron—Definitely. I am constantly being questioned by people saying, 'If I go to New Zealand, can I reapply for another working holiday visa?' This is because there is the perception that, if you leave the country and come back, they say, 'No; you cannot have more than one. Sorry.'

Mr Holmes—To make a general comment on that, when the work visas were capped earlier this year, New Zealand reacted by doubling their work visas from 1,000 to 2,000 visas allocated per year. There is a real danger, if the work visas are reduced, that you will lose quite a few to New Zealand. I am not sure what is happening in South Africa, but New Zealand and Australia are almost seen as one, from a travelling point of view. It is very cheap to fly to New Zealand from Australia: it is just as cheap to get there as it is to go to Tasmania, so a lot of them pop across there.

I see it time and time again with people coming through my office who say, 'We gave ourselves six weeks in New Zealand because we did not have the capacity to work, and we gave ourselves eight months in Australia because we had the capacity to work.' Obviously the spin-offs and the benefits from having them for eight months in Australia are far greater. But, if you start playing with it too much, you will find that a lot of them will say, 'Right; I can work just as freely in New Zealand so I will spend three months in New Zealand and five months in Australia.'

Ms Herron—Or else they will just leave and go to Asia. If they have a certain amount of money that they leave home with and they cannot work in Australia, they will say, 'I will just stay a couple of months in Australia and then go to Thailand, where I can live on the money that I have got.' Whereas, if they can earn money here, and earn money for longer, they are more likely to stay longer and spend the money that they actually earn here.

Mr MARTIN—But, of the people that you see coming through your office, how many would come with a reasonable kitty before they arrive, and how many of them see the economic necessity of taking advantage of their working holiday visa to actually get

out and do some work? How many of them fit into a last category where they plan very carefully that they are going to spend some time in New Zealand and some time in Australia and then, with the money they have brought with them, they are going to nick up to Thailand where they can stay a bit longer?

Ms Herron—It varies. Some people we get coming in are down to their last dollar and if they do not get work then they go home, whereas other people will come with a certain amount saved and they will travel for a while and then work for a while and then go on. There are 100 different variations of people that we see coming through.

Mr Holmes—The point also is that there needs to be a fairly strict entry criterion. It is probably in writing that when they come to Australia they have to have X amount of dollars on them but how well that is enforced I would not know. For example, and I kid you not, two days ago I picked up a Scottish backpacker from the airport who arrived in Australia with \$14 in his pocket. He has a work visa but he had only \$14 in his pocket. I know that because he is staying with me. I am trying to get rid of him but he has not got any money!

The amount could be \$5,000 and they have to show it. That is not just a credit card because I have gone to Canada or the UK and showed them a credit card. A credit card means nothing but it got me through. They do not know that it has all been closed up or whatever. There has to be a strict dollar criterion placed on these guys when they arrive.

Mr MARTIN—It is interesting that you say that because the reverse applies in the UK. My daughter has gone the other way. When she originally got the forms to fill in the amount of money that she had to show she had was about \$A4,700. When her mate decided she would go with her she got the form and it had dropped to \$A3,500. There was no consistency in that, and no-one checked it either I might say.

Mr Holmes—I will give away some trade secrets here but you have to be very careful. If they have to have X amount of dollars, there are a number of ways of proving X amount of dollars. For example, I might not have a lot of money but if my wealthy folks pop in \$5,000 and I show it to the immigration authorities when I arrive, it appears that I have got \$5,000 but the fact is I will have to telex that back to them the next day and I am back down to my \$14. I would suggest producing things like travellers cheques when they arrive. It should be something that you cannot really—

Senator McKIERNAN—You are preparing us with some lovely questions for the department when they come here.

Mr Holmes—It is all good fun.

Mr MARTIN—What you are saying is that there is no country of origin pattern

established of people who are coming here with working holiday visas which would indicate that they come here with what would be a reasonable amount of money to sustain themselves.

Mr Holmes—The vast majority are going to be doing it legally and so obviously they will be rocking up with the money that they have to travel on. They will be with the \$10,000 kind of brigade. With your working visa one, you know you are going to subsidise your trip so that is perhaps when you might start playing silly buggers on exactly how much that you can—

Ms Herron—There is a perception that in Australia you can turn up with \$500 to \$1,000 if you have a working visa and whether you come in at Perth, Sydney or Melbourne you will be able to get work within the time that it takes to spend your \$500.

Mr MARTIN—Has that perception turned into reality?

Ms Herron—Generally, yes. It depends how fussy the backpacker is about what they do.

Mr Holmes—It gets down to the old grapevine as well. If you know half a dozen mates who have had a fairly easy experience coming through then you are not going to be overly concerned but if you have got stiff warnings at the appropriate places then that might jolt them a little bit. But I would say also that the pick-up rate, the 40,000-odd visas that are issued, is really seen as a bit of a privilege and a bit of a bonus. You would have all of them working as a result of that.

Senator McKIERNAN—The numbers intrigue me. There are tales of doom and gloom in the backpacker market and working holiday-maker visas. In 1995-1996 the figure was increased by 18.7 per cent over the previous year. That previous year had been increased by 19.6 per cent over the previous year and in that previous year, which was 1993-1994, it increased by 15.8 per cent over the previous year when no caps were in place.

Mr Holmes—That is why we bought the company.

Senator McKIERNAN—Where do all these predictions of gloom and doom and death and dissolution because of the cap being imposed on it arise from?

Mr Holmes—Specifically I know what you are talking about. Sydney has two seasons; it is either busy or very busy. This is where they all arrive. We do not have backpackers coming through our office so much, but the hostels and the travel agents reported that when the visas were capped Sydney went dead. I think there must have been a mad rush to get the visas. They got all the visas allocated or whatever and then the cap was put in place. There was a period of a couple of months in Sydney this year when

there were virtually no backpackers around because there was a sort of a lull. There is a lull in the marketplace which is actually going to follow its way around Australia. Am I making myself clear? There is a hole in the marketplace at the moment and that is where the doom and gloom comes from.

Senator McKIERNAN—It must be remembered that a working holiday-maker is only a proportion of the backpacker market. It has been worked out this morning at 20 per cent. All we are talking about is a cap of 7,000 in that period of time. Why does it cause such a glitch in the statistics?

Mr Holmes—Part of that would be seasonal. Part of that would be because it was quieter. There is a period during winter when it does get quieter, but the timing of the capping plus the season would have been part of the doom and the gloom, but not all of it. To answer your question, specifically I do not know. I personally rang up hostels in Sydney and when Sydney's hostels are quiet they are at 60 per cent and when they are busy they are at 100 per cent. I rang up hostels and they were 20 and 30 per cent full. A lot of it was down to the capping of the work visa.

Ms Herron—I do not know that there is any rhyme or reason to it, but I know that when the cap was put in place backpackers in Australia were talking about it. They were saying that their visas were being capped. The backpackers who are already here and already have their work visas know about this. It caused such a storm even among the people who already had theirs. I remember thinking that the word must be travelling very fast. It is travelling back and forth between the countries. The backpackers are walking around saying, 'This is terrible. There is a cap on the visa and how is this going to affect my friends coming out next month? They say there is a cap.' It is not just the backpacker businesses, it is actually the backpackers themselves who are running around saying, 'This is terrible. What is going to happen?'

Mr Holmes—I was speaking to my Scottish friend this morning literally and he said that when the capping was announced—and he is in the far highlands of Scotland—he was devastated, because he was planning his trip, et cetera. When they re-announced that they were increasing the quota, he jumped on a plane from the highlands to London to get his work visa. He said he had it in two days. He said it was fantastic.

CHAIR—Are you going to change your mind again?

Mr Holmes—Yes. I know where you are coming from. It seems to be a big reaction. I am sitting there saying, 'Well, you capped it.' It seems to be a bit of an overreaction.

Senator McKIERNAN—We were given these exhibits this morning. They are some of the things that appeared in the UK press at the time, such as, 'Australian visa curbed for its young travellers plans.' It really is doom and gloom. This one talks about

that enormous increase in the New Zealand. It has gone from 1,000 to 2,000.

Mr Holmes—I do not want to be disrespectful, but I suppose if you really do create a little bit of a fuss over it, then you are perhaps going to get to this point where it is getting reviewed.

Senator McKIERNAN—It also highlights the problem that in Australia now—and has been for a period of time and probably would be for a bit longer too—we have a very large youth unemployment problem. Now we are going to bring in over 50 per cent of workers into the country. We are going to bring them in. It can only cause increased problems for those young people who are already in Australia who do not have jobs now.

Mr Holmes—I would think that you have probably heard this argument and you will hear it time and time again. There is a stock standard response to that and that is that the jobs that the backpackers are taking are the jobs that the Australians do not want. To a degree that is quite largely true. They are entitled to work for three months. They are not going to be overly sophisticated jobs. The quality of work that you get from a backpacker is far higher in this short-term temporary type of situation than you would get from an Australian. I say that because the reverse happens in the UK, that is, we have all these temp agencies wanting Aussies and Kiwis working because of the quality, et cetera.

Senator McKIERNAN—That is fine. I was going to mention to the committee that the matters that you raised on tax were of particular importance and that we ought, as a committee, to write to the Commissioner for Taxation to see what is in place for visitors and tax file numbers. There have been some minor changes to things. I suggest that we do that if we could.

CHAIR—That seems to be a good suggestion. However, it seems that we have just received a submission from the Australian Taxation Office. Maybe we should read their submission first and see what they say in it.

On length of stay: is a year enough?

Ms Herron—I think it should be increased to two years.

CHAIR—Why?

Ms Herron—Because, from the backpacker industry point of view, the longer the backpackers stay, the more money they spend. The thing is that if a backpacker can only stay for one year and can only work for three-month periods, they might work in Sydney and then they will get up to Cairns and they will run out of money and then they will have to go home. If they can work for two years, they might go around to Broome, they might go around to Western Australia, they might go into regional areas.

Mr Holmes—It would encourage them to disburse their money through the regions. Sixty per cent of them will arrive in Sydney. If you are here for a shorter period of time, then just by that sheer fact, you are going to go away less and less. But if you are here for two years, you can comprehensively do most of Australia and spread that around.

CHAIR—Is this theoretical on your part, or do you have any evidence from talking to the holiday-makers themselves that were they to have that two-year ability then they could have actually gone to Perth, which seems to be a favourite destination at the moment?

Mr Holmes—It is purely theory, but better for the money.

Ms Herron—When you talk to the backpackers, the people who work with us, they are all practically in tears when they have to go home. They have had such a good time, and they wish they could stay, but they cannot stay and they cannot come back and work ever again. They are going to have to save up huge amounts of money to come on a long holiday and they are often really devastated. It is a very sad thing. We have to watch it all the time. It is traumatic!

Senator McKIERNAN—I get an enormous amount of them coming into my electorate office and most of them know the conditions under which the visa is issued and they are very, very grateful. But what they want to do is to remain here permanently. That is really what it is about. If we are going to give them two years, we have got other things to take into consideration in giving them that. But the majority of your market that you are aiming for—a quarter of million or so backpackers who come into Australia—what limits are on the majority of the visas that are issued to those people?

Mr Holmes—Could I just go back a bit on that. I am going to throw one at you in that one of the reasons that they want come back, perhaps, is the fact that feel that they have not ‘done’ Australia properly. You have probably heard Perth and WA mentioned. It is a real problem. If they are here working for three or four months, and then they decide where to travel, you know the size of Australia and it takes a long, long time to travel around. They do the year, they get frustrated that they did not see Western Australia where everyone is going. They did not get to Broome because there was a time consideration or there was a money consideration.

Senator McKIERNAN—Not the ones I see.

Mr Holmes—The ones that I see do.

Ms Herron—I do not think you can assume that they all want to stay forever. I do not think that if you gave them two years that they would all want to stay. I think that at the end of two years they would probably say, ‘Fine, I have done Australia, but I want to go home.’ Not everyone is prepared to leave their family behind and move across the

world.

Mr Holmes—I think if you gave them that period—I am not going into bat for them—what you might find is that they have done Australia to the point where they have seen it all, so they may not feel that desire to come back. And it is true.

Senator McKIERNAN—For those who have gone back in January and February, to London, Britain, Ireland and Scotland, they really do not want to go back out of Perth.

Mr Holmes—Perhaps, but the desire to come back may be less if they have seen all of Australia.

CHAIR—Is that good or bad?

Mr Holmes—I think it is good from the point of view that you are going to get regional dispersal of the backpackers.

CHAIR—Good or bad that they do not want to come back? Maybe if we let them stay for two years they will think they have done Australia, whereas if we make them go after a year, they will come back several years down the track.

Ms Herron—The theory is that they come between 18 and 35 generally—sort 18 to 27. You are also talking about them coming back in later years when they have children. You are building a tourist market.

CHAIR—Anyway, the point you are making is that the regional areas which at the moment are not getting the tourists that the east coast is—for instance, Adelaide, my home city—would benefit from a two-year visa. That is the point you are making?

Mr Holmes—Yes, absolutely. Adelaide is an interesting spot for backpackers too, by the way.

CHAIR—Would you like to—

Mr Holmes—No, I don't want to expand on that, but it is an interesting spot.

CHAIR—You can't make comments like that and just leave it.

Mr Holmes—Adelaide is seen very much as a transit point between Melbourne, Perth and Alice Springs. And it is treated as a transit point—that is, they go there for a day or two. It is very frustrating for the Adelaide operators to figure out how they can get them to stay longer. And if they are going to stay in Adelaide for any longer, they pop across to the island. So Adelaide has a bit of a problem because it is seen very much as—

CHAIR—The island? Do you mean Kangaroo Island?

Mr Holmes—Yes.

CHAIR—We actually do regard that as part of South Australia, you know. It is not a negative.

Mr Holmes—I just said Adelaide for the Adelaide operators. There is just one more point about statistics when people have done their one year in Australia, they have worked and had the sun and the surf, and all the other things that go with the sun and the surf, and they are asked, 'Would you like to return?' I am going to Fiji next week, and if someone asks me on the last day of my trip if I would like to return I am going to say, 'Yes.' So perhaps that is a little misleading. If you see a figure that says a very big majority want to come back, it is probably a little bit misleading about their desire to come back. And perhaps if they could see all of Australia in that two-year period, they may be less inclined to ever come back.

CHAIR—I think your point is taken under regional tourism. There are no more questions.

Mr Holmes—I hope it has been useful.

CHAIR—It has been tremendous. The documents that have been tabled will be received by the committee as exhibits. Thank you very much for the information you have given us today.

[5.05 p.m.]

WALKER, Mr Christopher Kevin, 1/43 First Avenue, Campsie, New South Wales 2194

CHAIR—Welcome. In what capacity are you appearing before the committee?

Mr Walker—I am appearing in a private capacity as a citizen.

CHAIR—I now invite you to make a brief opening statement before the committee asks you questions on your submission.

Mr Walker—I heard Chris Gallus talking on the radio about the inquiry. I was interested in the way the questioning and the discussion was going because I did not think that it was covering some of the more strategic issues that the working holiday visa arrangement has in terms of long-term benefits for young Australians, so I sat down and typed up my letter.

CHAIR—I think you suggested in your letter that I had not fully appreciated the—

Mr Walker—Yes, I thought it was bit narrow in focusing more on sort of—

CHAIR—I hope that perhaps it was the way that the interview went that made it look narrow, not my knowledge.

Mr Walker—Maybe I meant then the way the interview was broadcast, not necessarily what you said. So I jotted down the points that I was concerned about and I sent them to you.

CHAIR—Would you like to make some comment on them—just generally?

Mr Walker—I tried to address the terms of reference. I do not have any comment about existing arrangements because I am not really familiar with them. My main concern was about what was driving your decision to set limits and your understanding of the impact that setting a limit would have, or the actual visa system would have, on Australia and how you viewed reciprocal working arrangements.

I suppose in terms of your second term of reference being about setting a limit, I just wanted to make the point that if you intend to set a limit that the way you assess how to determine that you should take into consideration the individual objectives that different people from different countries under the arrangements come with—why they come and what effect that has on the type of stay that they have and the expenditure patterns that they might undertake.

I made a point about working holiday-makers from English speaking countries—if you take up some of the earlier points that the previous people were raising about amount of finances that they bring individually—and I would argue that the amount of money you bring relates to the level of risk you are taking. If you speak English and you have relatives in the country then in a sense you would feel that the risk that you are taking coming here is reduced and your capacity to get a job is enhanced, whereas if you come from a non English speaking country. If you do not have contacts and the level of risk is high, you are more likely to bring more money in.

I just wanted to bring that to your attention because it is the way people think when they take a working holiday visa. So if you are going to set limits, I would argue that you set limits that are responsive to that risk. If you want the visa system to operate as a system that brings money into the country or helps support businesses, then I would think that that was a reasonable way to look at it.

CHAIR—I notice that you are a lecturer at the school of social sciences and policy at the University of New South Wales. Do you lecture in tourism?

Mr Walker—No, this is part of my general interest. I have been on a working holiday myself and I really enjoyed it and I could see the benefits that the system has, both for Australians travelling overseas and what it brings to this country. I have worked with other working holiday-makers here and I have seen the benefit that it brings, so that is why I have put down my views.

CHAIR—Very briefly, could you say what the benefits to you were.

Mr Walker—Personally?

CHAIR—Yes, when you were in Japan. I think it was 10 years ago.

Mr Walker—Yes, I worked in Japan for 18 months on a working holiday arrangement. My discipline is not Japanese, I did not study Japanese, so being there for so long I learnt to speak Japanese and I am familiar with Japanese business and culture. I have been able to match that against what my academic background is. My interest is in health policy, and people that study health policy do not normally study Japanese. It was never my intention to become an expert on Japanese health policy and things like that; that has been an outcome which I never really studied for but, I suppose, acquired by being there. I found it really beneficial and I have met a lot of people whose business or discipline is not directly related to, say, Japanese, but by being exposed to a working holiday they have been able to match the two skills and that has enhanced their employment opportunities and their capacity to make links with that country and Australia.

Senator McKIERNAN—You were there for 18 months.

Mr Walker—That is right.

Senator McKIERNAN—Were you able to extend the visa?

Mr Walker—Yes. When I was there, you were able to renew your visa as long as you renewed it at different offices. So, if I renewed it at Tokyo and then six months later I went to Kobe I could renew it again, and I got one here. That was how people got around the system. The gossip was—I do not know if it is true—but the theory was amongst working holiday-makers, Australians, that the imbalance between those coming here and those going to Japan meant that Japan was keen to clock up the numbers because there were so few Australians at that time going there compared to coming here. I understood that the reciprocal arrangement then was based on some sort of even numbers.

Senator McKIERNAN—Is it still possible to work that arrangement, going to different offices to extend visas?

Mr Walker—I do not know, but I know Australians that have been to Japan on two working holiday arrangements, both of 12 months duration, provided they fitted the age limit. The other point I wanted to make is that, particularly in relation to Japan, Australians can go to Japan and earn substantial sums of money, up to \$A50,000 a year, yet I doubt very much if any Japanese working holiday-maker would ever have an opportunity to earn that sort of money for the 12 months that they would be here. I would argue that, if the numbers are uneven, nevertheless the benefits that individual Australians derive are far in excess of what Japanese working holiday-makers obtain here.

Senator McKIERNAN—One of the conditions imposed on people coming to Australia on a working holiday-maker visa is that the work be of a casual nature, not be a permanent thing. Are similar conditions imposed on Australians going to Japan?

Mr Walker—That is the theory, but it is a big country. This country was built on immigration so we have a different structure of public administration in reference to immigration, whereas Japan is not built on immigration, so their immigration infrastructure is nowhere near as comprehensive or as professional as here. I would imagine that that is why you can get around it. I have never met any working holiday-maker in Japan that had to leave a job because of the rules that stipulated that it should be of a casual nature.

You asked the previous speaker about whether the working holiday system should be for two years in this country. I would strongly argue that it should not extend beyond a year. Once you stay beyond 12 months you have got the capacity to entrench yourself in the structure of the workplace and receive training or be trained and you are more inclined to stay longer. I think if the limit is a year then it is highly unlikely that those people would take jobs of a nature which require training and learning and development which Australian people would be looking for themselves.

Senator McKIERNAN—Does Japan require you to travel in a similar way that Australia requires?

Mr Walker—They ask you to.

Senator McKIERNAN—They ask you to, but there is no imposition.

Mr Walker—Most people do that in a holiday: they will travel up and down the country. Because they have got stacks of money, they have made a fortune, they get a month off and they go up and down the country.

CHAIR—If you go to Japan as a tourist you can get a certain rail pass; there is a cheap rail pass.

Mr Walker—Yes, that is right.

CHAIR—But currently if you are on a working holiday visa, you are not entitled to that.

Mr Walker—That is right.

CHAIR—Are you aware that it creates problems for young Australians?

Mr Walker—It does and it does not. Some people try to get around it by arranging someone to purchase a visa for them and send it over. I do not know if they would get around that. Another way—and a lot of people do not realise it—is that once you get there if you investigate their train system during the summer months, which is when most people take their holidays, the rail system has a special deal. It is available for anyone, but it is mainly targeted at university students. You can travel anywhere for ¥2,000 for one day. You are only allowed to travel by local train which means you cannot get on the shinkansen or whatever. But for ¥2,000 you can travel half the length of the country and you have 24 hours to use up the ticket. I travelled the whole length of the country in two days and it cost me ¥4,000. It is cheaper than any of those passes. People can work out how to travel cheaply in Japan if they are there for an extensive period of time, because you get advice from friends and other people who live there.

CHAIR—I believe people who have two passports do very well. They show the one that does not have the working holiday visa in it.

Mr Walker—I did not know that.

Mr SINCLAIR—Do you have an association of people who have been on a working holiday visa to Japan, for example? Do you meet with those who have had a similar experience or is it very much an individual business?

Mr Walker—There are a few people whom I know and associate with. We have just developed long-term friendships and they were on working holiday visas. But when you were in Tokyo particularly during the mid-1980s and late 1980s, there were not many Australians on working holiday visas in Japan. Foreigners really stick together and the network is very tight and strong. Within a month of being there you meet that network and the talk gets around really quickly.

It is like the previous speakers who were talking about backpackers. I would disagree with their assumption that there is a slump in their business because suddenly visas are restricted. But I agree with them that conversations and ideas travel up and down the network because they are very tight. They are in a foreign community. They have their own network of information that they promote and rely on. In Japan it is even more so because most people cannot read and write the Japanese script. You are more dependent upon developing a network of people who have a familiar background and language to yours.

Mr SINCLAIR—I was really thinking in terms of in time attracting visitors from Japan as a result of your visit. Have you had associations with those in Japan and has the group of people whom you knew in Japan been a centre for attracting Japanese back to Australia? Has that happened?

Mr Walker—Do you mean on a reciprocal working holiday arrangement?

Mr SINCLAIR—Yes. Because you have been there and made contacts, I thought you might have had an association that would have actually sponsored or had something to do with getting Japanese into Australia?

Mr Walker—No, not that I am aware of.

Mr SINCLAIR—Do you have any views about working for three months in one job on a working holiday visa?

Mr Walker—In this country?

Mr SINCLAIR—Yes, in this country.

Mr Walker—I agree with some of the earlier statements that most working holiday visa people take jobs that are not necessarily the types of jobs which unemployed Australians are looking for in terms of a career. I would argue that based on the fact that employers face some sort of investment cost because there is some sort of training. They are selective in whom they employ. Logic would argue that you would not invest in someone who you knew was only going to be around for three months, whereas you would be more interested in somebody who was looking for a long-term career.

The interests of the employer and the interests of the individual do not correlate. Working holiday-makers are looking for a short-term job. If they are only here for a year, they know they have to leave. If they are predominantly tertiary educated—as the data shows—then they look at this as a short-term arrangement. It is not a career hunt. That is why I would be very cautious about extending it for two years. As you know, they all like the country and they want to stay. If you are a professional and you can entrench yourself for a longer period, you have a greater opportunity of being sponsored by a business organisation. My view is that the three months forces them to make choices about the types of jobs that are available.

Mr SINCLAIR—What about student visas and other visas? We have already found that amongst the backpackers there are only 20 per cent who are on working holiday visas and there are a lot of other young people who come out as travellers. Do you think it would be desirable to give all those, who do not apply for some type of student visa related to a particular course or a visa related to parents or others coming here and who are under 26, some right to work? Have you thought of that? You do have a number of those who are on travellers visas who probably do work because they do not have a lot of money and they go and get a couple of casual jobs to keep things going.

Mr Walker—It depends what type of travel industry you want to structure in this country, I suppose, for young people. I think a working holiday visa is an alternative to a tourist visa. If tourism is about working then we are changing the definition of what this country wants in terms of tourism. I would not think that that is the way we have structured the tourist industry in the sense that, if we want to make it optional for people who want to recreate in Australia—whether it is short term or long term, like three months to 12 months—to take up work if they want to, you change the whole decision making process that people go through when they pick a holiday destination.

Mr SINCLAIR—What about a cap or limit on the working holiday visa? Do you have a view on that?

Mr Walker—If you consider a limit then I think you should take into consideration what reciprocal arrangements there are. That is whether there is a cap in those other countries so that our cap correlates to the type of cap that the UK or Japan might be placing. You should also try to understand the expenditure patterns and the objectives that the working holiday-maker has from those countries. For example, people from Japan or Korea or whatever may come on working holidays to help finance their objectives to learn English. If that is their objective then the money they earn they want to spend here. They want to finance a goal, which is to learn English. I would then argue that it is not unreasonable to expand opportunities for people from those countries.

Maybe people from English speaking countries have the objective to learn scuba diving or a range of other skills that are less practical to develop in their own country. If that involves expenditure then I think you should take into consideration the impact that a

cap would have on that.

Mr SINCLAIR—You are not rationalising that there should be a cap; you are only saying if another country applies one then we should. Is that right?

Mr Walker—I think a cap should have some logic to it in basically what it means in our relationship to other countries. While we talk about the benefits and disadvantages that we suffer in Australia, there are equally just as many arguments going on in those other countries that we have relationships with on this system. The cap should take into account those considerations as well.

Mr SINCLAIR—I am just not too sure from that whether you are in favour of a cap or not.

Mr Walker—I am in favour of an intelligent decision about a cap based on the evidence. I am not in favour of a blanket cap, that is for sure. I think it is ridiculous to put a blanket cap—

Mr SINCLAIR—You do not think the market itself would set a cap? We have had advocacy to us today that you should allow the marketplace, virtually, to set the numbers that come in. It is not expected that there would be a large increase but some say there might be. I think there is a great deal of imprecision.

Mr Walker—I totally disagree with that. It is not a real market; it is not open to supply and demand forces, and the price mechanism does not drive people's behaviour. It is about risk and opportunity. Individuals in England, Japan and Korea make decisions about their life and their future. They say, 'Will this be for fun or will it be part of my professional development?' Some people say, 'It is part of gearing me up for the skills that I need in the future,' and they make a decision to come here. They want a working holiday visa to finance it, like learning English.

Mr SINCLAIR—Yes, but they apply and they cannot get one because there is a cap. Does that make sense?

Mr Walker—If the cap was made irrationally, yes, it does make sense. That is why I say you should think about how you calculate the cap on a country-by-country basis. That is my argument.

Mr SINCLAIR—Without pursuing it, it seems to me that your definition of rational is 'just as long as it is big enough to accommodate everybody who applies'—in which case, why have a limit, if it is within the criteria? I am not suggesting that it is limitless.

Mr Walker—If you have a limit, you definitely exclude people; that is why you

have the limit. I imagine that we would want to introduce a cap to minimise the disadvantage that we incur if we do not have a cap. That would be the logic of it. That is why I would argue that we would need to look at the benefits we get from the system as well as the disadvantages.

CHAIR—As there are no more questions, I thank you very much, Mr Walker, for your time today and for taking the trouble to come to us and give us your opinions. If we have any more questions, the secretary will write to you. The inquiry is adjourned until tomorrow morning, 3 September at 9.00 a.m.

Resolved (on motion by Senator McKiernan):

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 5.25 p.m.