



COMMONWEALTH OF AUSTRALIA

JOINT STANDING COMMITTEE ON MIGRATION

Reference: Working holiday visas

CANBERRA

Monday, 4 November 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.

WITNESSES

AHERN, Mr Michael, Executive Officer, Legislative Services, Australian Taxation Office, 2 Constitution Avenue, Canberra, Australian Capital Territory 2600	345
BEESTON, Mr Jeffrey, Acting Director, Industry Development, Office of National Tourism, Department of Industry, Science and Tourism, 28 National Circuit, Forrest, Australian Capital Territory 2603	379
BURNESS, Mr Mark Alexander, Director, State Financing Group, Department of Health and Family Services, 32 Corinna Street, Woden, Australian Capital Territory 2606	397
EAST, Mrs Lesley, Director, Superannuation, Australian Taxation Office, 2 Constitution Avenue, Canberra Australian Capital Territory	345
EDWARDS, Mr Michael, Acting Assistant Secretary, International Tourism and Industry Development Branch, Department of Industry, Science and Tourism, 28 National Circuit, Forrest, Australian Capital Territory 2603	379
FISHER, Mr Peter, National Director, Australian Government Health Service, Department of Health and Family Services, 32 Corinna Street, Woden, Australian Capital Territory 2606	397
GIBBONS, Mr Warwick John, Assistant Director, Economic Migration and Analysis Section, Occupational Analysis, Economic Migration and Research Branch, Department of Employment, Education, Training and Youth Affairs, 16-18 Mort Street, Braddon, Australian Capital Territory	360
KENNEDY, Ms Joan Elizabeth, Director, Economic Migration and Analysis Section, Occupational Analysis, Economic Migration and Research Branch, Analysis and Evaluation Division, Department of Employment, Education, Training and Youth Affairs, 16-18 Mort Street, Braddon, Australian Capital Territory 2601	360
KING, Dr Kathy, Director, National Health Clearances Unit, Department of Health and Family Services, 120 Sussex Street, Sydney, New South Wales 2000	397
LEONARD, Mr Brian Eric, Assistant Commissioner, Individuals Program, Australian Taxation Office, 2 Constitution Avenue, Canberra Australian Capital Territory	345

LIPP, Ms Linda Anne, Assistant Secretary, Occupational Analysis, Economic Migration and Research Branch, Department of Employment, Education, Training and Youth Affairs, GPO Box 9980, Canberra, Australian Capital Territory 2601	360
MEAD, Dr Cathy, Head, National Centre for Disease Control, Department of Health and Family Services, 32 Corinna Street, Woden, Australian Capital Territory 2606	397
MOBBS, Mr Christopher, Assistant Commissioner, Client Support Branch, Individuals Non-Business Program, Australian Taxation Office, 2 Constitution Avenue, Canberra Australian Capital Territory	345

JOINT STANDING COMMITTEE ON MIGRATION

Working holiday visas

CANBERRA

Monday, 4 November 1996

Present

Mrs Gallus (Chair)

Senator McKiernan	Ms Gambaro
Senator Tierney	Mr Kerr
Senator Troeth	Mr Martin
	Mr Sinclair

The committee met at 8.43 a.m.

Mrs Gallus took the chair.

CHAIR—I declare open this Canberra meeting of the inquiry into working holiday visas by the Joint Standing Committee on Migration. The committee has already conducted hearings in Sydney, Brisbane and Townsville and will be holding hearings in Cairns, Melbourne and the Riverland.

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. Working holiday visas enable young people from other countries 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 the committee will be evaluating how the scheme is operating and what its future direction should be. 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.

This morning the committee will be taking evidence from some of the Commonwealth government departments which have a direct interest in the working holiday scheme, in particular the employment department and the Taxation Office. Before commencing with our first witnesses, I remind everyone that these are proceedings of the parliament and warrant the same respect which proceedings of the parliament deserve. This committee does not require witnesses to swear an oath or affirmation but this does not diminish the importance of these hearings.

AHERN, Mr Michael, Executive Officer, Legislative Services, Australian Taxation Office, 2 Constitution Avenue, Canberra, Australian Capital Territory 2600

EAST, Mrs Lesley, Director, Superannuation, Australian Taxation Office, 2 Constitution Avenue, Canberra Australian Capital Territory

LEONARD, Mr Brian Eric, Assistant Commissioner, Individuals Program, Australian Taxation Office, 2 Constitution Avenue, Canberra Australian Capital Territory

MOBBS, Mr Christopher, Assistant Commissioner, Client Support Branch, Individuals Non-Business Program, Australian Taxation Office, 2 Constitution Avenue, Canberra Australian Capital Territory

CHAIR—Welcome. Thank you for your submission to the inquiry. I invite you to make a brief opening statement before the committee proceeds to questions—anything that you would like to do to amplify what you have already sent in in writing.

Mr Leonard—Madam Chair, members and senators, the Australian Taxation Office is appearing this morning in response to your request. As indicated in our submission, we saw our contribution to the inquiry to be primarily an information summary at the periphery of the inquiry's focus. With that in mind, our submission outlined how the ATO and the Department of Immigration and Multicultural Affairs have been working together on two fronts: firstly, on the front of the work rights of non-residents, and in particular the recent requirement for evidence of DIMA authority to work as a prerequisite for the issue of a tax file number; and, secondly, we have been working with the department of immigration on data matching work that has been regularly undertaken over this past year to help trace the whereabouts of non-residents who are remaining in Australia illegally.

In having the opportunity to cite the range of submissions that have been presented to the inquiry, we note that there are a number of other issues that were raised that do impinge on the taxation system. From our summary we see that those issues relate to deductions for Medicare, tax file number publicity, superannuation guarantee contributions, suggestions that working holiday-makers should be taxed as itinerant workers at 15 per cent rather than the 29 per cent for which they are liable, and also compliance with the taxation requirements by working holiday-makers and employers. We also understand that you would be interested in knowing the contribution to the revenue that working holiday-makers make. However, it is not possible to answer that question with confidence at that time, primarily because working holiday-makers are not specifically identified in our systems.

My colleagues and I would be happy to take any questions that you may have on these or any other matters.

CHAIR—Thank you.

Mr Leonard—I do have a copy of that statement, Madam Chair.

CHAIR—It has been read into *Hansard*—that is fine. Mr Leonard, you said you have no way of identifying the working holiday-makers in your system at all, so I take it from that you could not tell us what is the revenue from working holiday-makers on an annual basis?

Mr Leonard—The situation is that in the tax system, working holiday-makers are not considered as a special or a significant group. In the scheme of things, if you bear in mind the amount of tax revenue that is collected—in the order of \$50-plus billion—working holiday-makers themselves are not considered to be a substantial area of our clientele. We have, for the most part, not captured the residency status of the employee from our employment declaration forms. As a result of that, we have not been able to identify those working holiday-makers who have failed to lodge tax returns.

In addition to that, we have no knowledge of those who would have entered Australia with a working holiday visa but who did not take up any employment of any kind. But we have this from our taxation statistics: there were 5,630 non-resident taxpayers who were directly identified as having lodged tax returns in 1994-95. Those people were in the 18 to 30 years age bracket and those people had taxable incomes of less than \$15,000. We saw that as, I guess, the appropriate group of non-residents to examine there. The tax revenue from that group was approximately \$6 million.

But that information falls short of the main picture because it excludes working holiday-makers who did not work. It would exclude those who worked and who did not lodge a tax return irrespective of whether they were taxed correctly or incorrectly. It would exclude those who worked and lodged but incorrectly claimed the resident status, and it would exclude those who lodged but during the year actually changed their status to resident through a change in their circumstances.

I see from the submissions that in 1994-95, there were about 40,000 working holiday-maker visas issued by the department of immigration. If we were to assume—and I guess I am just extrapolating here—that 80 per cent of those worked and each paid an equivalent of about \$1,100 in tax, because that is the figure that we recorded from the 5,630, then the total revenue involved would be about \$35 million.

As a result of additional information that we have collected on the tax file number application form since late July, we now have the means of identifying working holiday-makers who have claimed the resident status incorrectly. We can do that by comparing the tax file application details with what they declare on their employment declaration form. We are in a position to be able to capture that information and to do that comparison. We would be able and willing to commence a very limited study—and I appreciate the time

frame—to try to provide assistance to the inquiry.

In addition, if the Department of Immigration and Multicultural Affairs—and we have not raised this with them—were willing to provide us with the identity of those working holiday-makers in the last year, we would be able to actually follow those through in our system to identify those who lodged as non-residents or as residents. Coming out of that, we would have the residual of those who did not lodge and who according to our data would not have had any income. We are able to do that, but we have not yet raised that with the Department of Immigration and Multicultural Affairs. I am sorry for that being a long-winded answer.

CHAIR—Would you be intending to do that anyway? You indicated that, if this inquiry was interested in you doing that, that you would not be doing that on your own. Would this not be useful information for the taxation department, apart from the inquiry?

Mr Leonard—The answer is that it would be useful information, but you have to weigh this all up in the overall priorities of resource allocations within the office as part of our audit programs. If you consider that non-residents have worked, and in doing so have declared themselves as a resident working in itinerant industries, they would have been taxed at 15 per cent. The point about that is that we are already receiving revenue from them and you have to weigh up the overall risk to the revenue of that group compared with the opportunity of applying those resources on other audit activities.

CHAIR—I understand. Twenty-nine per cent is the non-resident rate for everybody, is that right?

Mr Ahern—For all non-residents?

CHAIR—Yes, the non-resident rate of 29 per cent.

Mr Ahern—That is up to \$20,700 and the incremental rate that applies to all taxpayers then follows.

CHAIR—Is the working holiday-maker an infinitesimal number or a small percentage of that? What percentage would you estimate all those people on 29 per cent would be?

Mr Leonard—I am not sure how best to answer that question. But I can say that for 1993-94, which is the latest period for which taxation statistics are available—the next edition is due out very shortly—there were 21,197 non-residents who were taxable, who had lodged tax returns and lodged them as non-residents. In addition to that, there were 9,507 who were non-taxable. Of those 21,197, approximately 15,900 had taxable income of less than \$15,000. In working the remaining 5,630 out, we would have taken account of that group which is between the age of 18 to 30 years.

CHAIR—Which all goes to indicate that there are an awful lot of young working holiday-makers who are not paying tax.

Mr Leonard—I would not draw that conclusion immediately from that because, as I mentioned, the 5,630 represents those that actually lodged tax returns as non-residents, and to say that there are a lot not paying tax you need to revisit those exclusion categories that I mentioned, for example, those who worked and lodged but in doing so would have incorrectly claimed the resident rate.

CHAIR—Inappropriate tax, then.

Mr Leonard—Yes.

CHAIR—And I understand from what you were saying that, although there is this large number who are paying either no tax or inappropriate tax, it is not a sufficient income generator for the taxation department for you to actually make this an issue of how you are going to get that, that you have other bigger fish to fry, or more lucrative fish, somewhere else.

Mr Leonard—I accept the words you are saying in that sense, but to recap there: if you have got \$50 billion of tax revenue that is being collected from individuals, one per cent of that is \$500 million. What we are talking about here is the difference between, say, an estimated \$35 million compared to what we have actually collected. We are collecting \$6 million from those who declare themselves as non-resident and in addition to that we would be collecting in the order of 15c or so in the dollar for those who have declared themselves as residents. The point being, of course, that that proportion works out to be infinitesimal.

CHAIR—I understand that. Having said that, is there any argument for looking at a simpler way of doing it, or a different way, not necessarily simpler but a different way of doing it that does not require you to actually chase up or identify these people but a simpler tax system where we can ensure that they do pay an appropriate amount of tax? Has the department thought about this? It seems to me the system does not work all that well. I take it that it is a very small proportion.

Mr Leonard—I think the answer to that is that to date we have not undertaken any thorough specific study of non-compliance by working holiday makers. In the light of that study, were we to undertake one, and the opportunities are there, that would provide us with opportunity to revisit our situation. What I can say that we have done is this, just to mention a few things: as I say, in late July this year the tax file number application form was amended to seek confirmation of authority to work in Australia by the department of immigration. Our tax returns and also employment declaration forms do require people to declare their residency status, and we do have that data matching program in train with immigration to identify overstayers. So there are a few things there

that we are doing and that we can further do, I suppose.

CHAIR—Taking that last one up, does that allow you to actually identify those people while they are working or simply after they have left the country at the end of the year and to say, ‘Well, there were so many who should have been paying the non-resident tax’?

Mr Leonard—I think you are hitting the nail on the head there, because in practical terms it is difficult to actually—

CHAIR—So we get better statistics but not more money?

Mr Mobbs—If I could come in there, if a non-resident working holiday maker comes in and plays by the rules and they are taxed at 29c but see no reason to lodge before they leave, there has been no great loss to the revenue for that category of people.

Mr KERR—We would gain at 29c.

Mr Mobbs—Yes. We suspect that of non-residents in Australia, working holiday makers are probably towards the more compliant end. They have gone through the proper procedure to gain a visa to work in Australia, as opposed to perhaps other backpackers who come in and illegally work. The problem in revenue seems to emerge from that proportion of people who have been taxed at 15c in the horticultural area when the standard non-resident rate is 29c.

CHAIR—I understand that.

Senator McKIERNAN—The statistics you gave us are causing me some concern. You say there were 5,630 non-residents who lodged tax returns last year. Last year we actually had 35,000 working holiday maker visas issued, so you are talking about something like 20 per cent of working holiday makers who may have complied. In that same period we have had something like a quarter of a million tourists who have come into the country as backpackers, and it is my contention that many of those backpackers actually do come in and work as well. They may not for extended periods of time but certainly I would contend that some of them do work.

I also am aware that there are quite a large number—and I do not have the figure available to me—of non-residents who are in Australia on perhaps specialist occupations on a 12-month or a two-year or even a three-year visa, quite legitimately. Your figures about the lodgment of tax returns do concern me because, again, it has been my contention that, if you want to avoid tax, you do not put in a return, and that if you put in a return, the tax person will catch up with you. If people are avoiding putting in returns, they must be gaining something out of that avoidance. That is the position that I am coming from, and I am putting it to you now to shoot that contention down in flames.

Mr Leonard—I think one response there is that 5,630 non-residents lodged returns and there would be others, and possibly quite a substantial number, who would have worked and been taxed at, say, the 29c in the dollar but who chose not to lodge a return. I guess the question needs to be asked there as to what the incentive is for working holiday makers, who have travelled and worked for short times around Australia and been taxed at source at 29c in the dollar, to actually lodge a return? They have paid their tax on the way through. They are not included in those 5,630. I do take your point about the anomalies, or the apparent anomalies, in the figures. It is in the light of that inquiry that suggests to me that it would be worth while to actually follow through those 35,000 or so visas that have been issued to try and work through how many of those did actually lodge employment declarations and who may have been taxed at, say, resident rates. How many of those lodged returns or how many did not lodge a return? There is an opportunity there to follow that through. With all respect, it does not follow. I appreciate where you are coming from, but it does not follow that you can draw an immediate comparison between the 5,000 and, say, the 35,000. It is not exactly a complete comparison there. Do you accept what I am saying there?

Senator McKIERNAN—Yes, I think I do. I will balance it up afterwards; I will go back to the *Hansard*. But I want to follow through on one aspect of what you have just said. The incentive at the moment for backpackers or working holiday makers who are here in the country and who want to take a short-term occupation is for them to tell the employer that they are resident. The employer then will tax them at a different rate from what he or she would have done had they said they were working holiday makers. If that scenario carries out, surely it is then in the interest of the person, whether they have been working illegally or legally, not to make a declaration to Tax, and that is forgone revenue.

Mr Leonard—I would suggest to you: what is the difference in the incentive, or lack of incentive, in that scenario compared to someone who actually works and, in the course of doing so, declares themselves as a non-resident and is taxed at 29c? The additional incentive perhaps is a concern or a fear—I say fear—that the tax office may somehow or other wish to chase them once they have left Australia.

Senator McKIERNAN—Because of the amount of money that is involved? Yes. Your assertion was that perhaps there were 80 per cent, I think I heard you, of those backpackers who probably would have worked. How would you not operate on a figure of 100 per cent, bearing in mind that when a person applies to come to Australia on a tourist visa, they do not have to pay a fee for that visa but if they want to come for a restricted and more difficult working holiday maker visa, they have to pay a fee for it? Why isn't the assertion that 100 per cent of the working holiday maker visa holders who come to Australia actually do end up working?

Mr Leonard—That is an arbitrary figure that I have used there of 80 per cent. I guess it takes into account, in my mind, the possibility that some working holiday makers may come here with a visa and for whatever reason, whether it is personal reasons or just

straight inability to secure work—I would back off of saying 100 per cent is a most probable outcome. I would suggest it is something less than 100 per cent. You could run with 95 per cent, you could run with 90 per cent. I am sorry, it is an arbitrary figure from me.

Senator McKIERNAN—That is fine, it is a qualification.

Mr Leonard—If you did go to 100 per cent, that figure of \$35 million, based on \$1,100 each, would actually increase to about \$45-\$46 million.

Senator McKIERNAN—Right. A final question from me. Have you got any further figures on the number of people who work here illegally? I do not only mean the people who are apprehended by compliance within immigration, or who are through other means caught by immigration, overstayers. Do you have any figures on the number of backpackers, for example, tourists who do come here who do end up working? There was actually an interesting story in my local newspaper over the weekend where there were a group of people from the Philippines who were providing a particular service to Japanese fishermen out of Fremantle. An illegal brothel has been operating out of Fremantle. Those people were not overstayers—they were here legally, as I understand it, on tourist visas.

Mr Leonard—I do not know whether my colleagues can throw any light on that, but I think the answer to that question is no. I would think the reason for that is that our primary interest is in the collection of tax revenue and that we work regularly with the department of immigration to assist them in identifying or tracing overstayers. I am sorry, that is all I can put to that.

Senator McKIERNAN—I do not want to press you on it, but from time to time the Australian Tax Office gives out information of revenue forgone, revenue that is lost. I was asking it in that context. If you have not got the information, that is fine, and I do not want you to go into a big search in order to get it. But from time to time the Tax Office does make those types of predictions, or assertions, doesn't it?

Mr Mobbs—We only make them in respect of particular industries. To my knowledge, we have never published one great big figure. We raise the topic in the context of compliance within a particular industry as we move around the country, segment by segment. We might estimate the level of compliance in a particular industry, but we do not have a figure for the tax that we do not collect. It has been a source of some interest, as you would probably know.

In respect of the story in the paper, I would like to follow that up. But it has not been a priority in the past because, as Mr Leonard said, we were issuing TFNs to all applicants who applied. Since July we are now only issuing them to non-residents with a working visa. So the people that you referred to would now be of more concern to us than previously. We will have to do some more risk assessment work in that area as to whether

we are getting our revenue.

Mr Leonard—If I might add, slightly at a tangent, that it seems to me that one area where we could improve compliance is in the 28-day rule under which an employee has to declare their tax file number with their employer. At that particular time the employee may have lodged for a tax file number, and currently there is a 28-day provision for that tax file number to be advised and subsequently to come back to the employer. When you are talking of itinerant industries, often it would seem to me that the period of employment could well be less than the 28 days. In a scenario where an employee, say a working holiday maker, completes the employment declaration and they say that they have applied for a TFN but that has not yet come through, it is open to them, in terms of the residency box there, to indicate that they are a resident. I do not know the incidence of that. It is something we are able to check as a result of the TFN application form change, but you appreciate my point. If they have said that they have applied for a TFN and that they have declared themselves as a resident at that particular time, they would be open to being taxed at 15c and by the time the TFN comes through they may well have ceased employment with that employer. So there is an opportunity there to revisit that 28-day rule.

Mr KERR—Regarding the changes to the TFN, when somebody seeks a TFN, what verification do you require for their assertion that they are entitled to work?

Mr Mobbs—The passport and the visa, if they are disclosing non-residency.

Mr KERR—In the instance of somebody who is required to obtain a TFN because they are an investor or something of that kind, what distinguishes a TFN that is obtained as a result of somebody having a work entitlement in Australia from one which is obtained because somebody will earn investment income? You get a number: at the end of it is there anything that distinguishes between the two numbers?

Mr Mobbs—Not to my knowledge. We are in the process of trying to avoid or eradicate any meaning in the number itself that would be visible to someone outside the tax office. TFNs come out of a common stable, if you like.

Mr KERR—I understand that, but nonetheless an employer or a person who is presented with an ostensible TFN which could be verified—indeed, if you wanted to ring up the tax office to see whether somebody does have a TFN, there is nothing that distinguishes those characteristics.

Mr Mobbs—Not within the TFN itself; we within the system, if a TFN were presented to us, would be able to tell whether someone had declared as resident or non-resident, but we do not offer that service and I would have some concerns about offering it as a telephone service because of the privacy rules around TFN embedded in the

legislation.

Mr KERR—The inference I am asking you to refute is that simply this is stage 1 of a process of compliance which is pretty easy to get around at this stage, that all you need to do is to say that you will perhaps have some income not sourced from Australia because of an investment or something of that kind, and you will be issued a TFN.

Mr Mobbs—You will not now as a non-resident. Mr Ahern may wish to add something, but my understanding is that as a non-resident non-worker, that is, an investor, there is a final tax applied by the financial institution and you do not need a TFN for that purpose.

Mr Ahern—Yes, the taxing situation of a non-resident deriving interest from Australia is that withholding tax is deducted and that withholding tax is a final liability. Because it is a final liability, it does not constitute assessable income, so it does not affect their taxing in Australia.

Mr KERR—All of this, of course, is conducted on the basis that everyone plays this system hunky-dory and goes off and gets their TFN number and employers are good and decent Australians and never employ people on the black. But that has not necessarily been the experience of most people. There is a very substantial black economy in a number of sectors where people work for below award wages often and in fact are not required to identify themselves with a TFN number. Of course, that is improper, but in the sort of highly mobile labour areas that we are talking about here my guess is that that sort of black area of the economy would be quite substantial. I am not sure what your judgment would be of that, but I suppose that is a more general question about how to deal with essentially a sector of non-taxpaying that applies right across the board, not unique to the fact that somebody comes from overseas.

Mr Leonard—If I could just present a statistic which may add to your consideration there, in terms of the employment declarations process for 1994-95, and there were close to 4.5 million of those, we would have found less than three per cent posed problems for us. Right up-front about 93 per cent of the quotations were spot on, were valid. We have situations where the employee had indicated that they had applied for a TFN and in approximately 75 per cent of those we did find the TFN and we had no problems with that. Just a very quick summary that I have looked at here: less than three per cent of those employees who have lodged employment declarations are situations where either they have quoted an invalid TFN or it is a TFN that we have not been able to find, they had not actually lodged an application.

Mr KERR—We have been looking at it from the way in which people who come here on working visas may in fact avoid—

Mr Leonard—I am sorry, I was talking in a general context.

Mr KERR—I appreciate that. The slant of the questions to date has been about the risk of the revenue not being properly met by people who have obligations. I suppose there is the other side of it. Some of the submissions have said that there are two elements where we in a sense operate unfairly with respect to the revenue. One is the obligation to pay a Medicare levy when in fact a number of working visa holders are not the beneficiaries of reciprocal arrangements for the provision of health services in this country. Secondly, with the superannuation guarantee, presumably they get no benefit whatsoever. I wonder whether you have any comments about those two areas.

Mr Leonard—I could mention in response to that that we did notice that some submissions suggested that it was inequitable that working holiday makers have to pay the Medicare levy when they do not have access to Medicare. It is true that working holiday makers are not eligible for Medicare benefits, as those benefits are generally restricted to Australian permanent residents, although there are some reciprocal health agreements in place. We have a tax ruling that says, although each case will be treated in its own merits, generally speaking we would not regard an overseas visitor as a person who is a resident of Australia. Non-residents, being exempt, we appreciate that some may have lodged tax returns and declared themselves as residents. In that scenario the tax liability would have included a Medicare levy charge. That is a situation where they have declared themselves as a resident incorrectly. In relation to superannuation guarantee—

Mr KERR—Sorry, just to clarify it. So you are saying that legally the assertion in some of the submissions that people have to pay the Medicare levy is incorrect.

Mr Leonard—Yes.

Mr KERR—No, I assumed this was the substance of what you were saying.

Mr Ahern—I will just explain that. It depends on residency status. If they are non-residents they are exempt from the Medicare levy.

Mr Mobbs—And they would not be paying it in their PAYE.

Mr Leonard—In relation to superannuation guarantee, there was a number of suggestions made in the submissions. One was that working holiday makers could be exempt on presentation of their visa to the employer. I can comment on that. The superannuation guarantee applies to all employers in respect of their full-time, part-time and casual employees, and that includes non-resident employees. Contributions are not required for persons who have paid less than \$450 in a month, persons who are over 65 and also part-time workers under 18. In our view, it was clear from the *Hansard* record of the debates back in 1992 during the passage of the legislation that all non-resident employees were to be covered in order to prevent labour market distortions, that is, otherwise it would be cheaper for employers to engage working holiday makers and that would be at the expense of resident workers.

There is the other issue that was raised about working holiday makers not being aware that once they left Australia they could cash in their superannuation benefits when they leave. We do not believe that is a matter for the tax office. Rather, we believe it is a matter between the employee and the superannuation fund. There is a process, I understand, for the release of benefits which is administered by the Insurance and Superannuation Commission.

Another suggestion was made that superannuation guarantee contributions could go to a fund for the benefit of the disadvantaged or to some government body rather than being eroded in administration costs. You would be aware that member protection rights have been in effect since July last year to ensure that fees paid to the fund are not more than any investment earnings on those accounts.

Mr KERR—I suppose, although you say it is not a matter of responsibility of the tax office, my limited experience as a member of parliament seeking to assist people who assert that there is a proper basis for return of superannuation drawn out of those systems is that it is almost impossible to persuade a very reluctant administration to release those funds. It may well be something that needs, say, a memorandum of understanding and some explanation. In effect I would think that we have got an odd situation where, in a sense, the law-abiding, declaring working holiday maker is in practice paying a higher than mandated rate of tax because they would not be told necessarily that they can recover a component which has been taken out on behalf of their own superannuation. Certainly the mechanisms for doing so are not transparent or readily visible, so that the law abiding working holiday maker is perhaps paying more than they should, in practice.

As the chair and deputy chair have both asserted, we do recognise that there is some degree of compliance difficulty with this issue of residency, and how to eliminate that is a problem. But I guess these are things that cannot be worked out by you uniquely but some sort of proper memorandum that is supplied to these people might assist. Have we got a submission from the superannuation people? It may be something that the secretary could look at. My limited experience is that they are a pretty difficult crowd to operate with: they take a long time to answer any correspondence and require almost miserable circumstances of human existence before they will let a cent out.

Mr Leonard—You are not looking for me to comment on that?

CHAIR—Perhaps not.

Mr KERR—No, only to the extent that you may play a role in this. Could there be a simple system worked out in which you would play a part in terms of providing advice? I don't know what advice ATO provides to working holiday-makers when they come here about their liabilities and their abilities to recover such moneys that may have been deducted through the tax system.

Mr Leonard—We have a brochure called *Visiting Australia, a tax guide*, and we have copies of this available for the committee. It would be possible, it seems to me, for the tax office to include some mention in there in relation to the ability of working holiday-makers to seek a refund of superannuation contributions, and we could indicate the channel in which they should direct that. It would seem to me that if, say, the Insurance and Superannuation Commission were to do something similar, that might go towards answering your concerns there. It might go part way towards answering your concerns. But I would just remind you of that other comment about the *Hansard* record back in 1992 which did make clear that all non-residents should be covered in order to prevent labour market distortions.

Mr KERR—But that would have nothing to do with labour market distortions because the employer would still be paying the same price. It would simply be that the person for whose benefit that price is paid is actually not disadvantaged by losing a sum of money forever to them in practice.

Mr Leonard—I accept that.

Mr Mobbs—The thought occurs to me that if there were such an incentive to combine with the tax office, then we might be seeing more returns from people, either before or after they leave the country.

CHAIR—I would like to receive this as an exhibit. Senator Troeth.

Senator TROETH—Just very quickly reading this, although it indicates to the prospective working holiday-maker that they will be taxed, for instance, it does not specifically mention the superannuation guarantee levy in the pamphlet. Now, not being a tax student, is the superannuation guarantee levy collected separately or differently to an income tax return from them, or a lodgment of a tax file number?

Mr Leonard—We might ask Mrs East to come to the table, if that is all right.

Mrs East—I am a director of superannuation in the Australian Taxation Office. To answer the question, the superannuation guarantee is a self-assessing system, and employers make superannuation contributions to a fund. If they do that, they do not lodge any returns with us at all. It is only if they do not make contributions to a fund that they pay the super guarantee charge to the tax office, and the tax office then redistributes that to the employee.

Senator TROETH—Right. So it is up to the employer to put in the superannuation guarantee levy then?

Mrs East—Yes, into a super fund. If they do that and they have got records to show that, then they do not have to lodge any returns with the tax office.

Senator TROETH—I see.

Mrs East—So it is a separate system altogether.

Senator TROETH—Right. And I guess if it was a sin by omission then you would not have any data about the number of employers who would not lodge SGL returns for working holiday-makers that they may have had?

Mrs East—Only through our normal audit activity would we pick up something like that, or the employees themselves may lodge a complaint, if you like, with the tax office to say that ‘My employer hasn’t paid’, and we would then chase that up in our normal audit activity.

Senator TROETH—Right. Has that happened at an appreciable level?

Mrs East—It has happened, not specifically with non-residents, because under super guarantee there is no distinction between a resident or a non-resident; they are all just regarded as employees. But research does show that 96 per cent of employers actually pay the super guarantee for their employees.

Senator TROETH—Thank you. Generally, apart from what we have been discussing, are there any other problems with working holiday makers as far as the tax office is concerned that you would want to have on the record?

Mr Leonard—I think we have already covered the problems. There is the issue I mentioned earlier about the time available to obtain a tax file number—the 28 days—which does provide the opportunity for a working holiday maker to indicate that they have applied for a TFN, but in that situation the TFN does not come through until a few weeks later. If by chance, intentionally or unintentionally, they had ticked the resident box, they would have been taxed at the incorrect rate.

Senator TROETH—So is that a matter of making that more clear to them or an extension of time? How would you deal with that?

Mr Mobbs—I think it probably comes back to Senator McKiernan’s observations that if people are compliant and doing the right thing then the system works well. But there is a monetary incentive not to be compliant and we have been unable to think through a solution that would make people compliant. If the employer is to accept the bona fides of the person presenting, then we cannot see how we can make the employer liable for lies being told by the person presenting for a job. We are working with Immigration, and within a year or two we would hope to have tax file numbers either issued by Immigration overseas or awaiting legal working visitors in Australia before they get here.

Short of requiring the whole Australian population to have some kind of identity, placing it on employers to second-guess whether somebody is a non-resident or not means the system is open. And putting obligations on complying non-residents, say, in the form of a bond or some even higher tax rate in order to make sure they do not escape, would seem to be an overreaction and provide an even greater incentive for people to be non-compliant.

Senator TROETH—Yes.

CHAIR—I take it from that, Mr Mobbs, that you are not in favour of the tax bond on the working holiday maker which has been suggested by some people making submissions to the inquiry?

Mr Mobbs—I have not studied that. But I would observe that if Senator McKiernan is correct and there is substantial non-compliance, then a bond will perhaps provide even more incentive for people to try and work around the system.

CHAIR—If they paid a bond, for instance, in their country of origin before they left and if they did not earn sufficient money to cover that bond, they would get a refund later.

Mr Mobbs—Could I make it clear that we have not got a position on the bond.

CHAIR—Okay, you have no position. Mr Leonard, this is a policy question so it is difficult for you. From what we have heard today, do you think the system is fair on the working holiday maker? We charge them almost a third of their earnings in tax, there seems to be confusion about Medicare, there is the problem with the superannuation levy, and not only do we charge them 29 per cent but it seems that some are paying 15 per cent and I presume some are paying 20 per cent as well. So the whole system at the moment seems to be in rather a chaotic state. I guess that is two questions in one. Firstly, do you think the 29 per cent is fair?

Mr Leonard—I think the answer to that question is that the decision to tax at 29 cents is a decision by government and that has been enacted.

CHAIR—Okay, it is a policy question. Do you accept that the administration of it does seem to be somewhat chaotic when you have people paying different rates, there is the question as to whether they should be paying Medicare or not—some are, some are not—there is the problem of the superannuation levy and whether they fill in a tax return or not? It does seem to be not one of the better orchestrated methods of collecting tax.

Mr Leonard—Implicit in your question in relation to Medicare was the option of paying the Medicare levy. As I had indicated earlier, non-residents are not required to pay the Medicare levy. That is the legislation.

CHAIR—But we understand that some are paying the Medicare levy.

Mr Leonard—That could well be on the basis that in working they have declared themselves as a resident incorrectly and their employer is treating them as a resident—

CHAIR—We are all agreeing that we have different rates and the whole system seems to be that some are paying one and some are paying the other. So would you agree that there needs to be some clarification in the system so that all working holiday makers are treated exactly the same?

Mr Leonard—I think that is fair comment. But in addition to that, as I mentioned earlier, we could work more closely with the department of immigration in doing a study of those 35,000 or so working holiday makers last year. Also, I would just like to remind the inquiry of the amendment to the tax file number application form for which we are now getting confirmation of a working holiday maker's authority to work, and we can include that in our systems to minimise non-compliance there.

CHAIR—Finally, I have a question from Senator McKiernan: is the employment declaration form a Taxation Office form? That is the one that you mentioned in this *Visiting Australia, a tax guide* brochure. You refer to the employment declaration form on the second to last page.

Mr Leonard—Yes.

CHAIR—And is that a taxation form?

Mr Leonard—Yes. I would be happy to make a copy of that form available to the inquiry.

CHAIR—Yes, we would like a copy, thank you very much. Thank you very much for appearing before us today.

Mr Leonard—Thank you.

[9.42 a.m.]

GIBBONS, Mr Warwick John, Assistant Director, Economic Migration and Analysis Section, Occupational Analysis, Economic Migration and Research Branch, Department of Employment, Education, Training and Youth Affairs, 16-18 Mort Street, Braddon, Australian Capital Territory

KENNEDY, Ms Joan Elizabeth, Director, Economic Migration and Analysis Section, Occupational Analysis, Economic Migration and Research Branch, Analysis and Evaluation Division, Department of Employment, Education, Training and Youth Affairs, 16-18 Mort Street, Braddon, Australian Capital Territory 2601

LIPP, Ms Linda Anne, Assistant Secretary, Occupational Analysis, Economic Migration and Research Branch, Department of Employment, Education, Training and Youth Affairs, GPO Box 9980, Canberra, Australian Capital Territory 2601

CHAIR—Welcome. We have received your submission. Would you now like to make any brief additional comments or do you just want to go with the submission?

Ms Lipp—I would like to give an overview of it, to point to particular points of emphasis within the submission. The department has presented quite a short submission to the committee. Our view is that the working holiday maker scheme is an important program that fosters people-to-people and cultural links between various countries and Australia and, indeed, in the longer term could lead to long-term economic links between the two countries based on those people-to-people links.

The submission draws to the committee's attention a number of labour market issues relating to working holiday makers. We, of course, have very little hard information on the labour market characteristics of working holiday makers. However, they seem to be working mainly in harvesting occupations and in the tourism and hospitality areas. They mainly seem to be unskilled workers. As such, they are in competition with young and unskilled Australian workers.

As you would be aware, both of those labour market groups are characterised by high rates of unemployment and unemployability than other parts of the labour market. For example, the current unemployment rate for 15- to 19-year-olds is about 19.5 per cent. We have 142,000 young people aged 15 to 19 years who are unemployed and in the 20 to 24-year-old age group the latest unemployment rate is 11.9 per cent, which is 137,000 young people unemployed in that area.

The existence of working holiday makers in the labour market is based only on anecdotal information. They can also allow employers sometimes to offer terms and conditions of employment below those agreed to within the system. We also have some anecdotal evidence of them working more than three months with one employer.

We observe there has been a rapid increase in the number of working holiday makers within Australia from 25,500 in 1992-93 up to 42,000 in 1994-95 with the increase in the cap on the working holiday makers. We support the increase in that cap figure, it is in our longer term interest, but we would like recognition both in Australia and overseas that there is not unfettered access to the labour market in Australia. We would like the Department of Immigration and Multicultural Affairs to be seen to be managing that cap better, better monitoring going on. Perhaps there could be more raising of awareness of the conditions that are attached to the visa that goes with that.

We would support the age increase to 30 years from that which it is presently and we would propose that the condition for a three-month limit with one employer be maintained. We would also like to see more reciprocity in the scheme. We note that there are only 22,500 Australians overseas on similar sorts of schemes and we just wonder if there is potential for a bit more reciprocity, perhaps through promotion and through dialogue through official channels between the Department of Immigration and Multicultural Affairs and counterpart agencies overseas. Thank you.

CHAIR—Thank you. Could I ask you to keep your replies as short as possible because, as you realise, we do have a time constraint today.

First of all, in your submission and also as you were speaking you indicated that one of your concerns is taking over jobs for young Australians and you did specifically mention the horticulture industry. It is our experience on this committee that there does not seem to be a problem within the horticulture industry because the horticulture industry is saying to us that if it was not for the young working holiday maker they simply would not have the people to do the jobs they need because young Australians are not interested in those jobs.

We have had no complaints from anybody saying that young Australians are excluded from the horticulture industry because of young working holiday makers. In fact, representatives of the horticulture industry have told us that they would take Australians in preference to the working holiday makers if only Australians had applied. I would put it to you that that is not the case, that they are taking jobs from young Australians in that industry.

Ms Lipp—Perhaps I could just make some general comments and then turn to my colleagues for further detail. It is true that the geographic spread of the unemployed may not necessarily directly coincide with where those particular vacancies occur in the horticulture industry. I am aware of the significant contribution that the working holiday makers do make to that industry. The answer to this question is part of addressing the more general problem of youth unemployment in the country and that it is important for government to work with the industry in developing appropriate training strategies, and more a long-term employment strategy for the workers within this particular industry. It is certainly true it is easier for the employers to adopt a short-term pool of labour that is

readily to hand. We need to also be looking to whether we cannot look at developing appropriate training strategies for these other younger groups and that may mean moving them around, I am not sure.

CHAIR—That sounds very nice but the point is—if we stopped it—that they are dependent on these people and there is no indication as yet that Australians are there to take up those jobs.

Ms Lipp—As I said, they may not be in that particular location at the particular point in time. We would need to have a look at that, but it requires closer consultation between the industry—

CHAIR—So what you are saying is that although at the present this is not a problem it may be a problem in the future if programs are implemented that would move young Australians into the locations and who would want to take up those positions?

Ms Lipp—No, I am saying it is a problem at the moment. You are indicating that working holiday makers make a significant contribution to the harvesting in the horticultural industry. What I am saying is that where those particular locations are there may not be the young people readily available. But it is something that needs to be looked at. There is a short-term solution being afforded at the moment and it may be that further work needs to go into working with the industry to see whether one can design a strategy that, in the longer term, may lead to more Australians being employed in that industry.

CHAIR—Can I pick up something you have got in your submission, I think at page 2. You have said Japan and Ireland only grant working holiday visas for a six-month period while the Netherlands required an employment certificate. Can I put it to you, just as a matter of detail, that in fact in Japan our young working holiday makers can go and they can get six-monthly visas without any trouble. That is, in fact, what they do at present.

Ms Lipp—Thank you.

CHAIR—The other matter that I wanted to address quickly was the conclusion of your paper. You said:

. . . the possible displacement of Australians in the labour market is virtually impossible to gauge.

DEETYA would therefore not support any marked increase in the WHM numbers . . . until their impact on the labour market can be more accurately quantified.

Could I ask you what plans you have to quantify the effect?

Ms Lipp—On page 3 of our submission, we indicate there is no specific data held

at the present time in the Commonwealth Employment Service on working holiday makers. But as we upgrade the DEETYA integrated employment system we are expecting to separately identify working holiday makers from other job seekers.

CHAIR—Could you let the committee know when you would have the information on the impact of the working holiday maker on employment of young Australians?

Ms Lipp—I would have to take that on notice, but my expectation would be that it would probably take some time to come through the system. You are probably looking at 12 to 18 months at least.

CHAIR—So, at the moment, your conclusion that there would not be an increase or a lifting of the cap is really because you do not know the impact, but you feel that under the circumstances you would not like to see the lifting of the cap. Is that correct?

Ms Lipp—I would have to ask my colleagues to elaborate a little further. Our submission is based on anecdotal evidence from talking to officers in the CES. And it is true that not all working holiday makers use the CES, but that was basically the source of most of the information in our submission. So could I ask my colleagues to briefly respond to that point?

Ms Kennedy—We feel that it is important that the program be managed and be seen to be managed and we support the department of immigration's comment to that effect, because I think there is a question that if it were seen to be an open slather sort of program that that could possibly send inappropriate signals to people abroad and that—

CHAIR—What sort of inappropriate signals, Ms Kennedy?

Ms Kennedy—I would have thought that people who thought they could not come to Australia under other circumstances might think this is a good way of coming to Australia. The department of health has already raised the question that health checks are not conducted. I presume character checks are also not conducted.

CHAIR—So you are saying that unless there is a cap then the people who want to come into Australia but are being refused under other visas would be using the working holiday visa. That is your conclusion, is it?

Ms Kennedy—There might be a temptation to see it as an easy way to come to Australia for people who might not otherwise pass the criteria for permanent residence.

CHAIR—Mr Gibbons, did you want to comment?

Mr Gibbons—My only comment would be that we are not arguing and have not

been arguing against increases in the numbers, but we are concerned with taking off the cap altogether. The numbers have gone up over the last few years—we think probably a little bit too quickly—and we would like that to settle down.

CHAIR—Mr Gibbons, just then you said ‘we would not argue against an increase in numbers’ but you have got in your conclusion that ‘DEETYA would therefore not support any marked increase in WHM numbers.’

Mr Gibbons—Any marked increase; that is correct.

CHAIR—So there is a difference between an increase and a marked increase?

Mr Gibbons—There is.

CHAIR—Could you give us an example of what you would think would be too many?

Mr Gibbons—An increase of, say, 5,000 to 8,000 in the next 12 months would appear to us to be reasonable. But either removing the cap totally or increasing it by 20,000 or 30,000 in 12 months we think is too severe.

CHAIR—You are aware that prior 1994 there was no cap?

Mr Gibbons—Yes.

CHAIR—You think it is likely that we would get a very large increase if we moved the cap?

Mr Gibbons—I think so. I think there is a lot of pressure out there for bringing in working holiday-makers. It is a feeling only that the increase would be significant.

CHAIR—Could you elaborate on that pressure?

Mr Gibbons—The horticultural industry has constantly been pushing for opening up for working holiday-makers. There is a strong demand in the tourism industry, especially for tour guides and those sorts of positions, for working holiday-makers. Our concern is to ensure that Australians with the skills, certainly for tour guides and those areas, are not disadvantaged.

Ms Kennedy—But I think the department of immigration would also be aware of pent-up demand in various posts abroad. My understanding was—

CHAIR—We are limited in the number of countries we have a bilateral agreement with at the moment.

Ms Kennedy—In countries we do not have agreements with there is demand that Immigration people are having to deal with.

CHAIR—But they cannot come here under that visa. We only have a bilateral agreement—

Ms Kennedy—No, but I understand there is pent-up demand for that visa in some countries.

CHAIR—I am sorry, I do not understand what you are getting at.

Ms Kennedy—In a place like Germany I understand that there are a lot of people who are interested in coming to Australia as working holiday-makers. But we have not got an agreement with Germany—

CHAIR—Yes, that is right.

Ms Kennedy—and so presumably the people working for Immigration at the Australian Embassy have to deal with that within the current constraints.

CHAIR—I am not sure what point you are making on that in regard to these numbers?

Ms Kennedy—It is just that if there was no cap then everybody who wanted to come—

CHAIR—No, because we do not have an agreement with Germany. The cap only applies to those countries we have an agreement with.

Mr Gibbons—There are working holiday-makers coming from non-agreement countries.

CHAIR—You can apply as individuals, but it is a very small amount.

Senator McKIERNAN—I have a few questions, but I would like to stay first with the theme that the chair was just questioning you on and the increase in the numbers over the last number of years. Was it tourism driven or driven by the horticultural industry in Australia? Can you put forward any reasons for what has been a substantial increase over the last number of years? We have some statistics on it and it has been substantial.

Mr Gibbons—Certainly the horticultural industry has been the industry that we have felt the most pressure from. I assume that they have also placed a fair amount of pressure on the department of immigration. There is never a season goes by when there is not quite a considerable media coverage and pressure from the horticultural industry to

allow working holiday-makers to come in. As you would probably be aware, they have raised the issue of a specific visa for their own industry. They have asked for a farm labourer's visa, or something like that, to be considered. That has been raised over the last couple of years. So, from my knowledge, it is the horticultural industry. No doubt the tourism industry has also placed its own pressure on the department.

Senator McKIERNAN—It is interesting that in your submission you quote the director of horticulture for the New South Wales Farmers Association saying that overseas backpackers were the 'backbone' of the casual work force in the horticultural industry and that 'as many as a third of people who pick fruit and vegetables in Australia are backpackers on work visas'. What is the work force in that industry, so I can get an understanding of what a third is?

Mr Gibbons—We honestly do not have a feel for the size of the work force. It is a work force that largely moves from area to area as the various seasons happen, so it is a mobile work force. It could be anywhere from 100,000 upwards over the 12-month period. Obviously the work period is very short in a lot of cases. But I could not give you an estimate of the size of the work force.

Senator McKIERNAN—I wonder if we could address a question to the director of horticulture of the New South Wales Farmers Association to substantiate that claim that is made there. It is a moot point that he is talking about backpackers here, whereas our inquiry is into working holiday-maker visas. I think there is a thread coming through your submission that would support a suspicion I have that many visitors to Australia who do not have working rights do in fact work and that many of them work in these industries at a time when we have some dramatic figures of young Australian people who are unemployed.

Mr Gibbons—That is exactly one of our concerns. It is not only difficult, it is almost impossible to monitor visitors coming into the country as to whether or not they are also undertaking work. If we could be sure that the 42,000 working holiday-makers were the only ones working in that industry the concern would not be nearly as great.

Senator McKIERNAN—Do you have any statistics on the number of people who are not authorised to work who approach CES for assistance in finding a job? Do you collect that type of information?

Mr Gibbons—No, the CES does not collect that information. It is something that has been looked at a number of times, but they do not collect that information.

Ms Kennedy—There is nothing to stop a person walking into the CES and looking at the boards or the touch screens to see what jobs are around.

Senator McKIERNAN—But then they have to approach the counter, don't they—

I have not done it for a while myself—and get the reference from the counter because the board does not give them the information on where the jobs are?

Ms Kennedy—Yes, but they are not going to be asked just because they have an accent whether they are a backpacker, a recent migrant, or whatever.

Senator McKIERNAN—I am pleased to hear that! The previous inquiry into visitor visas to Australia heard allegations that certain tour companies in north Queensland were employing Japanese working holiday-makers in preference to Japanese speaking Australians. Do you have any comments on this? As you probably are aware, there was some publicity generated at the time and it certainly was referred to in the previous committee's report?

Ms Kennedy—We have talked to the tourism industry. There was a thought at one stage of a labour agreement to address this issue. It seemed to dissipate for lack of employer interest. We would also be happy to recommence negotiations any time the industry indicated they were thinking about a labour agreement again. The point of view that I have heard some people in the tourism industry put is that Australians with Japanese language skills are not interested in the tour guide sort of work.

I remember that in discussions with one major employer, Thomas Cook and Co, we suggested to them that there would be students of Japanese, such as university students, who might be quite happy to do casual and part-time work, especially in university vacations, as tour guides. Alternatively, young Australians with Japanese language qualifications might be willing to start off in a company such as Thomas Cook as a tour guide if they had some prospect of a career path that would get them into the management structure over time.

I asked them if they had explored those possibilities—for example, approaching university employment services to see if there was interest there. I got the impression not a lot had been done. It seemed to me that the industry perhaps had not tapped the potential of young Australians who were acquiring Japanese language skills. There did not seem to be any concerted effort there.

CHAIR—What is DEETYA's responsibility in that, or do you see it as DEETYA's responsibility?

Ms Kennedy—I would not have thought so.

CHAIR—DEETYA does not see itself as having any responsibility in facilitating that?

Ms Kennedy—If we entered into a labour agreement with the industry which the industry would sign up to, something of that sort could be incorporated into it. The idea of

labour agreements is to give access to people coming in from overseas, but over time increase employment opportunities for Australians.

Senator TIERNEY—Following on from Senator Gallus's initial question, we have heard this morning that the horticultural industry is trying to get limits raised so that they can get more people in. If we take the area of northern Queensland, there seems to be quite a large pool of unemployed, particularly young unemployed, yet these industries are still seeking further people from overseas. I am curious as to why we have this lack of match in that area. You seem to be indicating that it needs perhaps more training programs, but isn't it the problem that a lot of people do not actually want to do that sort of work? Isn't that really the basic problem?

Ms Kennedy—That could certainly be the case. But Australia, as I understand it, has a very highly casualised labour force as compared with other OECD countries. So it suggests that that might have been the case more in the past but that people are taking jobs where they can. I would have thought that more people would be willing to take any sort of work than was the case in previous years.

Senator TIERNEY—So what are you calling the past?

Ms Kennedy—I would say 10 to 15 years ago. People would say, 'I don't want a dead-end job or a job that is only casual or part time.' I think the evidence now is that more people are having, through lack of choice, to work part time in casual jobs.

Senator TIERNEY—So you are saying that has been the case for at least 10 years, but we currently have the case where a lot of people who are unemployed in areas like those around Townsville are not picking up those jobs.

Ms Kennedy—I think one would have to look at the particular cases as to what efforts the employer has made and what sort of people turned up, and why it was unsuccessful. I really do not know the answer to that particular question.

Senator TIERNEY—But isn't it more general than that? You are saying to look at particular cases, but isn't it the general picture up there that local people who are unemployed generally, as a pool, are not picking up that sort of work? I was just curious that the indication seemed to be before that the answer to this is perhaps more training. I have two questions about that: firstly, will that solve the problem? Secondly, if that is the case, and DEETYA has been around for a long time, why have we not had those sorts of programs in areas like northern Queensland, which are areas of high unemployment?

Ms Kennedy—I imagine we would have had our full panoply of programs available there, as elsewhere in the country. So whether or not they were successful in every case is—

Senator TIERNEY—It does not seem to have been particularly successful generally anyway, because the locals have not been picking up the work. Can you give us any specific information about that area? We did go there and we did receive evidence. We are just interested in DEETYA's perspective on that area and the unemployment in that area.

Ms Kennedy—We could seek some further information.

Ms Lipp—Senator Tierney, I think it is best if we actually seek that information from our people that are on the spot there, try to get as much information as possible as to exactly what the pool of unemployed are—both the young and unskilled—that are in competition with working holiday makers, and perhaps try and get an assessment of what efforts have been made to try to get the locals into those sorts of positions to be able to respond to your questions. So, if we can take that on notice, we will come back to you with further information for the committee.

Senator TIERNEY—The committee would appreciate that. Can you give me a broad picture of what sort of research DEETYA does carry out across the country in relation to this working holiday maker scheme? People are coming and going out of the country all the time on this. What sort of research do you do and what is actually happening in that process?

Ms Kennedy—I do not think we have done any specific research ourselves. We were aware of the research being conducted at the BIMPR at the time it was conducted, so we were looking to them to provide some of the information.

Senator TIERNEY—What weighting do you give that sort of research? It is probably the most comprehensive recent study that has been done. How does DEETYA view the findings of that report? How much weight do you give to the findings?

Ms Kennedy—We think the study was a good start. We were aware that perhaps through lack of resources the samples that were covered in this study were rather small. That would make one hesitant about drawing very firm conclusions from any of the findings. For example, in the employer survey they did not survey any restaurants in Sydney or Melbourne when it is obvious that a lot of working holiday-makers—and maybe backpackers as well—are working in that industry in those cities. So the survey did have its limitations.

Senator TIERNEY—One of the benefits of these sorts of schemes is the social and cultural benefits to the country. Has any work been done on that or is it just all purely anecdotal?

Ms Kennedy—I am not aware of any work that has been done on that, but I think as a department we would acknowledge that and would agree that that factor had to be

taken into consideration when you were looking at the scheme as a whole.

Ms Lipp—And its importance. The other thing is that we are talking about a very small number when you consider the total Australian labour force, what proportion it represents and the contribution. We are stressing at the margin the importance of the youth unemployed and maybe unskilled unemployed. In these times of limited resources I think that we would have to say it is not a high priority research topic. It has not been probably because of the absolute numbers. My colleagues would know more of the detail than myself, but it has not been something that has been of major significance, not in a negative sort of way. It is something that we have not had a lot of representations about or something that the community is greatly interested in. It is fair to say that we have very little work, based on the fact that it is not a significant component of the labour market.

Senator TIERNEY—One of the criticisms of the scheme generally is that these people coming in from overseas are taking work away from Australians. Does DEETYA have any view on that on balance and whether what is happening is that they are filling gaps in the labour market anyway where people may not want to do that sort of work? Or do you feel it is making your job in terms of placing people in jobs more difficult because it swells the pool a bit more?

Mr Gibbons—It does swell the pool a bit more. We acknowledge that the working holiday-makers have played a very important role. Again, getting back to the horticultural industry, there are times of peak demand where the crops are all coming and have to be taken off and working holiday-makers have been very beneficial. Like everything else, it is a bit each way. They certainly do help supplement the labour market in certain areas at certain times and there is no doubt about that.

Ms Lipp—There is also an income effect. They clearly bring some funds with them and spend it in the local economy and things like that.

Senator TIERNEY—Creating work in that sense. Finally, some of the submissions have claimed that capping the scheme is actually creating negative publicity for Australia and could have an adverse impact on tourism. Does your department have any view on that?

Ms Kennedy—As our submission indicated, we still feel that the cap is worthwhile in a management sense so that the program is seen to be managed. I would not be aware what impact that capping has overseas. Immigration perhaps would be more aware through feedback through the embassies. It is a matter of balance, of weighing up the pros and the cons as to whether it is worth while retaining the cap in order to keep the program in a steady state and managed in Australia's interests, against—as we said at the end of our submission—an open program where, if subsequently down the track it was decided it was not in Australia's interest to have a large number of people coming in this way, it would be very hard to pull it back after the event.

CHAIR—Let me address that briefly, because we did not have a cap prior to 1994 and then we put a cap on. It did cause some problems, but I suspect not in the way that you mean. The submission from the Department of Industry and Tourism suggests that they are asking for no cap, which is a totally different recommendation from your's, and they see the program as self-regulating. They point out that in 1989-90 it was over 41,000. In 1991-92, in the recessionary period, it dropped to 25,000. So they suggest that the program manages itself on the basis of economic conditions. Ms Kennedy, you said, 'So that the program seems to be managed.'

Ms Kennedy—I said, 'Is seen to be managed.'

CHAIR—What is the importance of it being seen to be managed? Surely what is important is what is the end benefit to Australia—taking the jobs of young Australians. It is not whether it is seen to be managed or not, surely, but whether the program is having an overall negative effect on the employment of young Australians. You do not have an answer for that one. You said yourself that you do not have any statistics on that.

Ms Kennedy—I think we would only, as Immigration is saying in their submission, say that it is really perceptions overseas as to whether it is a good way of coming to Australia or not.

CHAIR—As Senator Tierney pointed out, from our other evidence, the cap seems to have had negative effects on perceptions of coming to Australia. We have had submissions previously in evidence that when the cap was introduced, we lost tourists to New Zealand. Do you have any comment on that?

Ms Kennedy—I take that as given. I have no evidence either way.

CHAIR—Ms Lipp, in your address to the committee today, you referred to employers who were taking advantage of the young working holiday makers by having employment that was below standard and allowing the young people to work more than their allowed time of three months. Could you tell us just what DEETYA has been doing about that? Do you check up on this at all, or is there any involvement at DEETYA with this?

Ms Lipp—I will ask my colleague to give you the detail on that, but I would imagine that it would be the Department of Industrial Relations that would be the main body that would be monitoring adherence to industrial awards and conditions. We do have regular contact with officers of that, but I would have to ask my colleague.

Ms Kennedy—We have not heard on that particular one, but it would be localised, I think, if there were complaints.

Mr Gibbons—We certainly have not been doing checks of breach of conditions of

the visa. I do not think we are in a position to do that.

Ms Kennedy—But in that respect, we did support the fact that Immigration has an employer awareness campaign to inform employers about the conditions under which these people come, and we supported the extension of that campaign. So at least everybody is in the picture as to what they are supposed to do.

CHAIR—Do you have any comment to make on the difference in the submissions between your's and that of the Department of Industry, Science and Tourism? DEETYA is asking for a cap and the Department of Industry and Tourism is asking for no cap.

Ms Lipp—I am sorry, I have not read the submission of the Department of Industry, Science and Tourism so I am not aware of the detailed reasoning underlying their proposition for that cap.

CHAIR—I suspect that you are both coming from a different point of view.

Ms Lipp—Labour market versus tourists.

Senator TROETH—Do you have a general profile of working holiday makers who come to Australia—age, how long they are here, where they go and that sort of thing?

Mr Gibbons—The working holiday maker visa sets those conditions to a certain extent. In terms of the age profile of the people coming in, it is 18 to 25, I believe.

Senator TROETH—But you do not have any more detailed figures on whether they are bunched in any particular age group?

Mr Gibbons—Sorry, no, not within that.

Senator TROETH—And what about where they go?

Mr Gibbons—Again, it is anecdotal information. The department of immigration controls the working holiday maker program. Their monitoring systems, as far as I am aware, do not contain that sort of information. That is the most likely place to be able to determine the age group of the people coming in. But we certainly have not accessed that information from the department of immigration, and I am not sure to what extent they maintain that information.

Senator TROETH—What about material that is supplied by employers such as superannuation guarantee levy information? Does that fall within your department?

Mr Gibbons—No.

Senator TROETH—And you do not have any other feedback from employers on where working holiday makers go to work?

Mr Gibbons—No; apart from the documented incidences, and the media reporting, which, to a large extent, makes it obvious in which industries they generally work. They are widespread. They do not necessarily just work in the horticultural industry or the tourism industry.

Senator TROETH—What about working holiday makers that register or work through the CES? Do you have any statistics about that?

Mr Gibbons—We do not at this stage. That is, hopefully, part of what will be happening to our reporting systems at the end of this year that we are currently working on. The information is not held as to whether they are working holiday makers or not when they come into the CES.

Senator TROETH—Have you done any work on the likely impact of the year 2000 Olympic Games in Sydney on the demand that would occur for working holiday visas? Would you consider that there need to be any strategies that are to be in place to ensure that we get the most out of the scheme in the lead-up to the Games?

Ms Lipp—We have some time to go before we have the Olympic Games, of course, and planning is well in hand, as we all know. I think that whilst the working holiday makers have a number of very useful skills that one imagines that we could use in an international setting like that, such as language skills and cultural awareness, we also have quite a lot of Australians with similar sorts of skills. So one would hope that the planning that is developing around labour market requirements for the Games and the support that is required there would, in fact, take into account the skills of Australians that were available, as well as looking at the potential to get a contribution from external sources such as the working holiday maker scheme. We have some years in the planning. To some extent, it is a labour market imbalance that you quickly have to get the crop harvested or whatever it is. A little bit more planning, hopefully, might maximise the contribution both could make.

Senator TROETH—I gather from your submission that you would support a more rigorous monitoring and reporting system for working holiday makers. What would that system entail, and what sort of role would DEETYA play in that?

Ms Lipp—I would hope that we would not play too much of a role at all. I think what we are trying to do is get the Department of Immigration and Multicultural Affairs to raise awareness of the terms and conditions of the visa and to perhaps be collecting some of the information that you were talking of before. We would be able to pick up some of the labour market outcomes through the reporting system that Mr Gibbons spoke of a moment ago. But I think we are trying to talk there about having tighter monitoring and

awareness raising through the Department of Immigration and Multicultural Affairs.

Ms Kennedy—Yes, because it is their program and if people are in breach of their visas, it is their responsibility to check that out.

Senator TROETH—Do you see your department playing a role in this whole program anywhere?

Ms Lipp—I think it is important that we monitor the aggregate size of the import. If we could have access to the main characteristics of these young people that are coming in, it would be useful to have some information in terms of just the basic skilled-unskilled, any particular characteristics, any particular industries or occupations that they are going into in order for us to better evaluate the contribution they can make to them, to be able to I guess respond a bit more informed to committees like yourselves, but also in order to maximise any other interventions we are making in the labour market such as what you just said before in relation to the Olympic Games.

Data collection is very expensive and, as I say, it is immigration's program. We prefer not to collect too much but to have access to perhaps that information that we could analyse from time to time to be able to ensure that the maximum contribution was being achieved from these people. I am not particularly carrying a cross for young Australians; I just need to make sure that at the margins some of them are not being squeezed out where there are possibilities.

CHAIR—Could I just ask a subsequent question to what you have asked, Senator Troeth? You have talked about monitoring this program. Your answer to Senator Troeth has been in the context of monitoring the WHM program, and yet on page 3 of the submission you have asked for a review of the program, which has different connotations to monitoring. Monitoring we are just looking at what is happening; reviewing we are sort of saying, 'Well, is this appropriate and should we be changing it?' Is it really that you feel that you do not have the information at the moment and you want to monitor, or you really believe it should be reviewed to, as you say, minimise the abuse? I just want to clarify whether it is actually a monitoring or a review that you want.

Ms Lipp—To some extent, Madam Chair, it depends what you mean by monitoring to some extent. What comes with the monitoring is some sort of analysis of what is happening. I do not think we are suggesting there should be a wholesale review or anything like that; we just want to be in a position to analyse and keep track.

CHAIR—Okay, thank you. I just wanted to clarify that.

Senator TROETH—I gather from everything you were saying that you see the entire responsibility for this on the immigration department rather than on your own department.

Ms Lipp—We have mentioned, Senator Troeth, on page 3 of our submission, that we are hoping that this upgrading of the CES system will start to identify working holiday-makers. So that will give us some information on labour market characteristics, but it is true that we would see the bulk of the management of the program and reporting on the program coming through that portfolio, yes.

Senator TROETH—All right. If some of the CES data then started to show up who were working holiday-makers and who were not, what about the onus on employers? I notice that you have mentioned that Immigration and Multicultural Affairs should, if possible, expand the employer awareness campaign. Again, do you see that as their role or your role or both?

Ms Lipp—I think it is definitely their role, because what we want to do is draw attention to the conditions attached to the visa so that they are aware of what the conditions are in relation to the working holiday-maker. Indeed, as was previously identified, the thread that is running through about the backpackers as well is somewhat similar.

Senator TROETH—So you do not see your own department as playing any role in that employer awareness?

Ms Lipp—I would not have thought so.

Senator TROETH—No.

Ms Lipp—It is an immigration program. It is their job, I think, to raise the conditions of the visa.

Senator TROETH—Right. I think that is all, thanks, Madam Chair.

Mr SINCLAIR—As late as I am, I do have a couple of questions. One of the things that puzzles me, and you talk about managing the program under a significant increase, is where there is any check kept or a survey taken of people who enter Australia under these working holidays visas. In other words, I wonder whether they are people who tend to migrate to Australia subsequently. Are they people who, because of their visits to Australia, have some future connection? I know you may not in your department have a record of it, but it seems to me that one of the advantages of these people is that they not only get a bit of a taste of Australia, they do pick up future connections. I don't know how the devil we would find out because I don't think anybody keeps a check on it. Have you any idea whether anybody does?

Ms Kennedy—I think you would have to mount a special survey to establish that.

Mr SINCLAIR—But you have not sought to, in your department?

Ms Lipp—No. It would be the Department of Immigration and Multicultural Affairs.

Mr SINCLAIR—The other thing is the nature of the employment. You mentioned the fruit industry. I know that in some particular areas, for example, Japanese in restaurants, there tends to be a pattern of where these people go. Does your department keep any identification of where these people are going or is it just a bit of a guess, through CES and other means?

Ms Lipp—Unfortunately, we have not even got to the stage where we are collecting information systematically on where they are going. The local CES offices would be aware of particular large numbers of these people as they go around the country. But at the present time there is no systematic collection of any figures.

Mr SINCLAIR—Your claim for management of the program is really based more on concerns about jobs for Australians than it is on any realistic assessment of evidence available?

Ms Lipp—That is a fair comment, I think. It is just a matter of raising with the committee the labour market issue. We have a very high youth unemployment problem, we have a lot of unskilled labour available in this country, so it is just a matter at the margin of making the committee aware of that. We do have some anecdotal information, though.

Ms Kennedy—It is a potential rather than necessarily a known actual problem.

Ms Lipp—The other side of it is that we do not want to downplay the importance of the contribution these people do make to the economy.

Mr SINCLAIR—You mentioned that there has been a bit of advertising to try and encourage people from Australia to take advantage of the program. Have you been involved in that or has that been done by somebody else—by Immigration or by some other department?

Mr Gibbons—By the department of immigration. They publicise the program.

Mr SINCLAIR—Has your department been involved in that program?

Mr Gibbons—No.

Mr SINCLAIR—Do you have a connection with youth exchange programs, farmer and young farmer exchange programs—things of that character?

Mr Gibbons—No, not directly.

Ms Lipp—To my knowledge, most of those matters are conducted more at a state level. I have a bit of experience myself with school exchanges, things like that. But the department, even in its international division, does not get involved in monitoring exchanges in that sort of way between like minded groups between countries.

Mr SINCLAIR—But wouldn't it be worthwhile in trying to encourage people to get a bit of job experience? We have got all sorts of work skill and other related programs in Australia. If you could encourage young Australians who are out of work to go abroad on a working holiday scheme, it might give them an experience of jobs. You have not thought of that?

Ms Lipp—I think it is an excellent program. In fact, I have been one of the strongest proponents in the department of developing student exchange programs. That is one of the issues we have raised in our submission, that there are only about 22,500 Australians going overseas—

Mr SINCLAIR—Six thousand.

Ms Lipp—We would like to see when Immigration undertake the normal bilateral discussions they must have with many other countries that they try to get expansion of the Australian element of that scheme. I agree with you that it is an ideal way of learning about other people's cultures and, indeed, in the longer term it can lead to professional, economic and business links with many of these countries.

Mr SINCLAIR—I see that the 6,000 I referred to are the ones to the UK who are working under a different program. But you do not get involved at all in trying to encourage people to engage in some sort of an exchange program?

Ms Lipp—In working holiday type programs?

Mr SINCLAIR—Yes.

Ms Lipp—No, we have a number of educational programs relating to the university sector. In fact, the department funds university exchange programs which have the same ends. There is a program called University Mobility in the Asia-Pacific which secures budget funding of about a million dollars per annum. That program is based on a fee waiver, credit transfers situation where young people at university can spend up to a year overseas in a country in the Asia-Pacific region, pay their HECS back home and achieve credits for what they are studying.

They take their Austudy with them and the funds that the department has go towards providing some support in living and airfare allowances and perhaps some language training. So there is an element of the department that looks at international exchanges in the university sector, but it does not get into this particular type of thing we

have here.

Mr SINCLAIR—But you do not promote it? For example, if you went to a CES office you would not be likely to see something that said, ‘Have you thought of working abroad?’

Ms Lipp—I do not believe so.

Mr SINCLAIR—Thank you.

CHAIR—Thank you very much for appearing today. If we have any more questions, the secretary will write to you, and you are getting back to us on some information we asked for today. Thank you very much for your time today.

[10.40 a.m.]

BEESTON, Mr Jeffrey, Acting Director, Industry Development, Office of National Tourism, Department of Industry, Science and Tourism, 28 National Circuit, Forrest, Australian Capital Territory 2603

EDWARDS, Mr Michael, Acting Assistant Secretary, International Tourism and Industry Development Branch, Department of Industry, Science and Tourism, 28 National Circuit, Forrest, Australian Capital Territory 2603

CHAIR—Welcome. You have made a very comprehensive submission today, for which we thank you. Do you want to add at all to that submission? Have you any brief comments you would like to make to it?

Mr Edwards—Firstly, I would like to thank the committee for the opportunity for us to appear before this committee this morning. As we said at the outset of our submission, tourism is an increasingly important industry for Australia. We provided some figures in our submission on the overall contribution of international tourism earnings to the Australian economy for 1995. Since that submission was drafted, we have received some more recent data for 1995-96 financial year. According to this data, international tourism to Australia in 1995-96 generated export earnings of \$14.1 billion—up 16 per cent on the previous financial year. This accounted for 12.8 per cent of Australia's total export earnings in that year, up 12.6 per cent on the previous year, and it accounted for 63 per cent of all services exports, compared with 61.2 per cent.

Those visitors who come to Australia under the working holiday maker visa arrangements make up a numerically small but economically, socially and culturally significant proportion of our international tourist arrivals. They tend to stay longer than the average tourist and therefore their spending is significant. They travel widely and therefore they disburse their benefits to regional and rural areas of Australia which might not receive large numbers of international tourists. They serve as an important backup source of labour in certain jobs, such as tour guides, and an important backup source of labour at certain times, such as at harvest time. They play an important role in encouraging other tourists to travel to Australia and they enhance people to people understanding and cultural understanding at an important time in people's lives. That is true, of course, of Australians travelling overseas under the scheme.

From a tourism point of view, therefore, we do not believe that it is appropriate to set a limit on the number of working holiday maker visas granted annually. In our view, doing so is not justified by the present conditions. It could create a negative perception of Australia as an internationally competitive tourist destination and there may be preferable alternatives which could be introduced first if it was felt that numbers should be restricted.

That said, I should also stress that the Department of Industry, Science and Tourism does acknowledge that there could be events which might warrant this situation

being reviewed and limitations on the scheme introduced. Some of the alternative options which we suggest could be considered include: restricting the amount of time visa holders can work; confining the age eligibility more strictly to those aged 18 to 25; and perhaps limiting the type of employment that visa holders can engage in.

We would also like to make the comment that if the working holiday-maker scheme were to be reviewed, particularly with regard to the potential expansion of the scheme through reciprocal arrangements, then the interests of the tourism sector should be given greater weight than perhaps they have been in the past. Essentially, that concludes our opening statement.

However, before I conclude I would like to make a point of clarification. On the third page of our submission we quoted a figure of 41,136 for the number of working holiday-maker arrivals in Australia in 1988-89. That figure should have been 45,136. This means that the annual average growth rate for working holiday-maker numbers that we calculated for the period 1988-89 to 1995-96, of minus 0.3 per cent, should in fact be minus 1.6 per cent. I extend our apologies for any confusion that error might have caused.

CHAIR—Thank you very much, Mr Edwards. As I said before, we are grateful for such an extensive submission as you have given us. You have addressed one of the areas in it—the issue of tour guides. This has come up as one of the problem areas as we have moved around the country, especially in Queensland. There is the feeling that young Australians are being disadvantaged somehow in the tour guide sector. As you have acknowledged, there are a number of reasons for this. University graduates who have language skills are not interested in tour guides positions because they do not have a career path and they are very lowly paid.

On the other hand, we do have some evidence that there are young people with these skills who would like to take jobs as tour guides and who feel there is preferential treatment given to working holiday-makers with the specific language skills. We also have some disturbing anecdotal evidence that the employers are taking advantage of this, paying quite low rates to these young people which then keeps Australians out of it, and that these tour guides do not have the knowledge of Australia to be effective school guides.

You have concluded, however, that reducing the working holiday-maker numbers is not going to solve this problem and that it should be solved in other ways. Could you expand on that and do you have any ideas of how we can look at that particular problem without, as you suggest, capping the working holiday-maker scheme?

Mr Beeston—As you rightly point out, the issues involved in the employment of tour guides—particularly Asian tour guides and I suppose most especially Japanese tour guides—are quite complex and we do not believe they can be addressed simply by virtue of changing some of the parameters or capping the working holiday-maker scheme. Whilst the scheme does impact on the employment of tour guides you cannot solve the problem

simply through changing the arrangements.

We think there are probably several aspects to addressing the problem, and I do not think it is going to be solved easily. As you say, and as we say in our submission, it is true that there may be Australians with appropriate and suitable language and cultural skills. But, by and large, they are tertiary educated and they do not generally want to work in a sector that does not provide them with a well-defined career path and is not generally well paid. So simply increasing the amount of training or resources put into language and cultural training is not going to be the answer in itself.

One of the areas we believe benefits will be derived from is in increasing the overall professionalism in the tour guide sector. To that end, the department is supportive of an initiative of the Inbound Tourism Organisation of Australia which has developed a tour guide accreditation program. The department is on the steering committee for that program which seeks to raise standards across the sector. It has tests which it conducts for would-be tour guides and they receive accreditation. Certainly, ITOA has been active in trying to promote that scheme and promote the benefits of it to its members.

I guess one of the difficulties in that approach has been that there tend to be, in a sense, two camps in a tour guide situation. To put it bluntly, there are the Japanese employers and the non-Japanese employers. It is probably fair to say that the non-Japanese employers have been quite supportive of the ITOA guide accreditation program. However, the same cannot necessarily be said for the Japanese employers in the sector. I suppose there may be a number of reasons for that. It could be simply that they have a preference for employing Japanese nationals over Australians, and certainly that is a suggestion which we have heard and the committee may also have heard. I do not know to what extent that is true but it is certainly a possibility. The reasons for that could be related to just the general employment culture of the Japanese, it could be related to rates of pay, it could be related to the preferences of Japanese visitors to Australia, although I suspect that Japanese visitors to Australia would not necessarily prefer to have a Japanese guide, they prefer to have someone who can give them a good experience of the Australian culture, and I would think that in most circumstances that would be an Australian over a Japanese national in most cases.

That is one of the main ways we are seeking to address the problem, but we do recognise that in the short to medium term there may be a need to have Japanese, in particular, or foreign people brought in to work as tour guides until some of those measures start to take effect. So we see that as a longer-term strategy and in the shorter term there may need to be some importation of skills to fill the gap.

CHAIR—But you have identified the problem; you have actually narrowed it down to quite a specific problem, which is the Japanese employers, who are using the Japanese working holiday makers and who may be paying them lower wages and for whatever reason, cultural, monetary, do prefer to employ them. You have mentioned the

scheme but you are saying, 'Okay, the scheme divides. The Australian employers are very happy to go along with the encouragement of the young Australians but the Japanese employers are not.' So I gather from your submission, or what you are saying now, that really at the moment we do not know how we are going to tackle that little segment, which may be quite a large segment of the tourism market. This has also come up with previous submissions made in Sydney, so can we just focus on that?

Mr Beeston—We would like to tackle it on the same basis as we are tackling the problem overall. We would like to be able to convince those employers that it is in their longer-term interests to have a more professional guide sector, that they are really taking a relatively short-term approach, particularly if they are using working holiday makers who can work for a maximum of three months with the one employer. There is no way that they can provide, in our view at least, a really valuable contribution to a holiday-maker's enjoyment of their trip; there is no way they can adequately, we believe, interpret the Australian culture and even the history or geography or whatever to visitors to Australia. We hope that we can, and ITOA hopes they can, convince some of those employers that they need to have a longer-term view of what is happening in the guiding sector.

CHAIR—But I gather from what you said before that this is a hope and at the moment that hope is not being fully realised.

Mr Beeston—I think that is probably fair comment.

CHAIR—I would like to come back to some questions afterwards, but in the meantime I am sure my colleagues have many questions.

Senator McKIERNAN—I want to talk about the controversy that surrounded the capping of the numbers in December 1994. Can you give us some brief overview of the concerns that were raised and the impact of that controversy at the time?

Mr Beeston—My understanding was the cap was introduced on 1 December 1995; it was first announced—

Senator McKIERNAN—I am sorry, yes.

Mr Beeston—Under the previous government. Because it was introduced so late in the financial year and it was for the 1995-96 financial year, I believe the department of immigration was unable to put in place any sort of management regime for the cap. Also, with regard to the level at which it was introduced, it was quite a low number, in our view. We were in a situation where early in March it was apparent that we were imminently going to run out of visas. We received a fair bit of anecdotal evidence through organisations such as the Australian Tourist Commission that this was having a detrimental effect on visitor numbers to Australia, particularly obviously in the backpacker market. We do not know the size of that impact, it is impossible to be specific as to the

magnitude of it, but we believe that if you have a period of at least three months, as was the prospect, where people are unable to obtain a working holiday maker visa, we would expect that in itself would have quite a significant impact on the image of Australia as a destination. In fact, the perception may be greater than the reality, in a sense.

The impact of the perception could be quite significant, whereas the impact of the actual three-month delay may not be overwhelming. We believe that the perception in the case of the backpacker market is very important, given the nature of the market, whereby word of mouth is a very important means of finding out information about Australia.

Senator McKIERNAN—You mentioned the cap and the low number—I cannot remember your precise words. Give me your understanding of what the previous numbers were?

Mr Beeston—The previous numbers, as I think we might have outlined in our submission, have varied quite significantly over the last seven or eight years. I think in 1988-89 we had a figure of 45,000, as Mr Edwards mentioned in his introduction, which fell in the early 1990s down to as low as 25,000. But in recent years it has recovered quite strongly, and again it is back up towards the numbers that it was in the late 1980s. Our view is that it probably reflects the economic climate, either in Australia or in the source countries, or both.

Senator McKIERNAN—My question is what were the figures for 1994-95? And what was the cap figure?

Mr Beeston—There was no cap in 1994-95.

Senator McKIERNAN—That is not what I asked. I said what was the figure for 1994-95 and what was the cap figure?

Mr Beeston—For 1994-95 the figure was 35,000 approximately. As I recall the cap, as it was introduced, it was for 33,000 visas to be issued offshore, with a number to be issued onshore in Australia. However, the number issued onshore is not actually new visas; it is simply reissuing of visas previously issued overseas. So in fact there was a slight reduction in view in 1995-96 on the previous year.

Senator McKIERNAN—So we have had a 2,000 reduction, and that has caused great consternation within your department.

Mr Beeston—What caused the consternation in particular was the prospect that, for a period slightly in excess of three months, people wishing to come to Australia as working holiday-makers would have been unable to do so.

Senator McKIERNAN—Right. What was the adverse or negative publicity? Can

you give us some examples of that? Maybe possibly not now, but by taking it on notice. We have already seen some, to my recollection I think it is two, newspaper articles which we are aware of. Can you give us some examples of some others?

Mr Beeston—When you say examples, the nature of the backpacker market is that largely people obtain information about Australia by word of mouth from the experiences of people who may have been here previously. So a lot of the publicity is hidden in the sense that it is simply passed on in that way. It will not necessarily be banner headlines. It is simply that people come to hear from colleagues or friends that they have trouble getting a visa to come to Australia. That is a very significant factor even though it is hidden in one sense.

Senator McKIERNAN—It is very difficult for government to be making important decisions. I, too, would compliment you on the length of your submission and the detail on it, but I did get somewhat confused from time to time as to whether I was reading a submission on the backpacker tourist industry segment, or whether this was actually a submission to the working holiday-maker visa inquiry. It seems to me that you sought, either deliberately or inadvertently, to muddy the waters and talk on the positive side of things in developing your submission.

Mr Beeston—If there has been confusion, I am sorry. We certainly did not intend for that to be the case. Might I just say the working holiday-maker market is a very important subset of the backpacker market. The backpacker market, as defined by the Bureau of Tourism Research, is anyone who spends at least one night in Australia in backpacker-style accommodation is for statistical purposes regarded as a backpacker. In the case of 1995 there were about 227,000 backpacker visitors to Australia. So the working holiday-maker market is in essence a subset of that larger market and a very important subset. So in a sense they are inextricably linked, which is why, I guess, we have referred, not interchangeably to them, but certainly in referring to the working holiday-maker market we have necessarily had to refer to the backpacker market.

Senator McKIERNAN—Eighty-five per cent of the backpacker tourists coming into Australia do not have working rights.

Mr Beeston—That is correct.

Senator McKIERNAN—I do not think that distinction is coming through in your submission. My final question is on the matter of reciprocity. You mentioned a number of countries, suggesting there ought to be reciprocal arrangements between Germany, the USA and Scandinavian countries. Given that it is said from a number of areas that Australia's future is in the Asian region and, indeed, the largest number of tourists that we get come from the Asian regions, why did your department's submission not include the suggestion that reciprocity ought to be extended to our neighbouring countries like Malaysia, Indonesia, the Philippines, Hong Kong, Singapore and so forth, bearing in mind

that Japan is the country from which we get the largest—possibly the second largest, after New Zealand—number of tourists?

Mr Beeston—We are getting an increasing proportion of our international visitors from that area. It is not the case that we get a very high proportion of our backpacker visitors or working holiday maker visitors from that area, certainly at this time; most of them come from Europe and North America. That may be for historical reasons and it may be that in the future that will change as those Asian markets mature.

It has not been the case to date that there have been a large number of young, independent travellers travelling as backpackers in Australia from that region at this point. The reason we nominated the countries we did in terms of future expansion of the scheme was that we wanted to identify some priority areas. That is not to say that we would exclude, by any means, looking at countries in the Asian region. However, if we need to identify those countries with which we would most like to have reciprocal arrangements at the earliest opportunity, I think that would be Germany, the Scandinavian countries and the United States.

Senator McKIERNAN—The marketing of Australia as a backpacker destination, where is that targeted to?

Mr Beeston—Again, it is primarily at Europe and North America.

Senator McKIERNAN—Of the limited number of countries to which reciprocal working holiday maker arrangements apply, two large Asian countries are targeted in that arrangement, Japan and Korea.

Mr Beeston—That is correct. Korea was a very recent addition to that group of countries. Of the remainder, I think the rest are essentially Europe and Canada.

Senator McKIERNAN—But you have just told me that Asia is not a backpacker market.

Mr Beeston—Japan has been quite a significant backpacker market for us. Korea at this stage exhibits the potential to become so. I think at this stage in the next few years we probably will not see large numbers of backpackers from some of those other countries you mentioned, but in the longer term—

Mr SINCLAIR—Did you say we will not or we will?

Mr Beeston—I do not think we will in the next few years but I believe in the longer term many of those countries have that potential.

CHAIR—Are we monitoring the agreement between Malaysia and New Zealand to

see how many young working holiday makers are going from Malaysia to New Zealand?

Mr Beeston—We have not been specifically. However, we do have a general overview. We do like to keep an eye on what is happening with our competitors and New Zealand is certainly a competitor for us in that market.

CHAIR—Can you tell us why New Zealand has an agreement with Malaysia and we do not? There is no reason, of course, why we should not.

Mr Beeston—You would have to ask the Department of Immigration and Multicultural Affairs, I imagine.

CHAIR—But from a tourism perspective, you do not—

Mr Beeston—From a tourism perspective we would be happy to see bilateral agreements with as many countries as possible. In our submission we nominated a number that we thought were priorities.

Senator TIERNEY—We had some evidence earlier from DEETYA. It did not seem that they had carried out a lot of analysis on what was actually happening in this area of working holiday maker schemes. What about your department? Could you describe broadly the sort of research you have carried out in this area?

Mr Beeston—Generally, to date, what we have done has been more in the area of the backpacker market rather than specifically the working holiday maker market. But we have now had a survey conducted by the Bureau of Tourism Research into the backpacker market which asks a number of questions relating to the working holiday maker scheme. That survey was an exit survey conducted over the period 1 July 1995 to 30 June 1996 at airport departure lounges, which was the first time we have attempted to specifically target backpacker visitors to Australia. We hope, as a result of that survey, the results of which should be available some time early next year, to get a bit of a picture of what is happening amongst working holiday makers in Australia.

Senator TIERNEY—There has been some research by Jill Murphy in the BIMPR report. What is your department's view of that research in terms of its comprehensiveness and what sort of weight do you give to its findings?

Mr Beeston—We were pleased with the findings of that report. I believe there probably are some limitations in its methodology. For example, because it conducted surveys of people who were only part-way through their stay in Australia, it often had to look at intentions rather than actual fact in terms of what people had done. It was also looking at their intentions, which may not be a reliable indicator in all instances of what transpires. The advantage of the survey which the Bureau of Tourism Research has conducted on our behalf is that it is an exit survey, so people are actually about to get on

the plane, they have completed their stay here, so we hope that information will be more accurate. However, in broad terms, we have no reason to doubt the findings of the Bureau of Immigration, Multicultural and Population Research study.

Senator TIERNEY—The whole effect of the working holiday scheme: do you see it as having any major disadvantages?

Mr Beeston—Major disadvantages?

Senator TIERNEY—Or any disadvantages at all?

Mr Beeston—If it is the case, as that study you just referred to suggests, that there are no adverse labour market impacts of the scheme, I do not believe there are any major disadvantages. I think it can be a win-win situation. It can be an opportunity for people to gain a cultural understanding of Australia; it can be an opportunity for young Australians travelling overseas to gain cultural understanding of other countries; it can provide significant tourism benefits to Australia, including regional Australia, and it can provide employment benefits to Australia in certain industries at certain times. So I think all of those are positives and, that being the case, I am not aware of any major negatives.

Senator TIERNEY—One of the claims, of course, is that it is taking work that Australians could do versus these people are filling niche markets or times of excess demand where it would be difficult to fill, anyway. What is the experience of the tourism industry in that area in terms of people coming from overseas to work?

Mr Beeston—I think it is true that various areas of the tourism industry do use working holiday-makers to fill certain positions at certain times. The indications appear to be that it is mainly, with the possible exception of the tour guide sector and perhaps the tourism retail sector, to fill peak load positions. As was referred to earlier, there may be a special case surrounding the tour guide situation. I think the answer to that problem is not within the working holiday-maker scheme itself. But, certainly, the tourism hospitality sector is a significant employer of working holiday-makers and we would see that as a positive.

Senator TIERNEY—Could we return to that issue raised earlier about the cap on the program and your preference for there not to be a cap and just allow for what you say is moderate growth. Why is that simpler and more cost-effective than caps?

Mr Beeston—A cap requires some sort of administration, especially if it is to be worked effectively. It would, in our view, require some sort of notional allocation of quotas across different markets, including non-arrangement countries. That would entail a workload for the Department of Immigration and Multicultural Affairs, presumably both in Australia and at overseas posts, in ensuring that that cap was adhered to. It might also require, in addition to the notional caps across markets, the cap to be divided on a

monthly basis, for example, to ensure its effective administration. Looking simply at the administrative side, that would impose costs. We believe there are numerous other disadvantages.

Senator TIERNEY—Such as?

Mr Beeston—As I mentioned earlier, we believe it is a perception that you are limiting the number of people who can come here. In that particular market we believe that perceptions can be very important and that any adverse perception can limit the amount of travel undertaken to Australia.

Senator TROETH—I am looking at ‘future directions’ on pages 11 and 12 of your submission. You detail there that the non-agreement countries such as Germany, the USA and the Scandinavian countries, in fact contribute a substantial percentage of the backpackers visiting our shores. At the top of page 12 you say that there should be some equity in the distribution of working holiday-maker visas. Does that mean to those countries with which at present we do not have an arrangement?

Mr Beeston—I think that was the intention of that particular comment.

Senator TROETH—So that the non-agreement countries should have more?

Mr Beeston—We are saying that at the moment we have seven countries with which we have reciprocal arrangements and they represent the overwhelming majority of working holiday-maker visas issued. However, the countries to which we refer represent a significant proportion of backpacker visitors to Australia. All else being equal, one would assume that they should also be well represented in the working holiday-maker visa numbers. That is not the case; they are vastly under-represented, if one looks at it in that manner. We believe that is not particularly equitable.

Senator TROETH—Right. If we expanded the working holiday scheme to include those countries, such as USA, Germany and the Scandinavian countries, what impact do you think that would have on the number of applicants to come to Australia?

Mr Beeston—One would expect that would result in an increase in the number of people seeking to come here as working holiday-makers.

Senator TROETH—Do you think it would still be possible then to run the scheme without a cap? Do you think the increase in numbers would be sufficient?

Mr Beeston—That is a difficult question and I think the answer would only be found when we saw what the experience was. It is possible that there could be a significant increase in the number, especially with a country such as the United States where the market is potentially quite large. So it is possible that that could result in a

significant increase in the number of working holiday-maker visa applications. Whether or not that was of such a magnitude as to warrant a cap being imposed would have to be decided, I think, in the light of the experience.

Senator TROETH—What sort of prospects are there that such countries, in particular the USA, will offer satisfactory reciprocal arrangements to us?

Mr Beeston—You would probably have to address that question to the Department of Immigration and Multicultural Affairs.

Senator TROETH—Right.

Mr Beeston—I am not actually sure how vigorously we have sought such an arrangement with them.

Senator TROETH—Thank you.

Senator McKIERNAN—The submission from the department suggests that working holiday-makers are permitted to work for the full 12 months of their stay in Australia. Is that not contrary to the spirit of the scheme? Essentially, it is holidaying and you are addressing it from a tourism point of view, rather than from a guest worker circumstance or situation.

Mr Beeston—Whether or not it is fair to say it is contrary to the spirit of the scheme, we believe that the spirit of the scheme could certainly be well and truly preserved by having a lesser period of work. We have suggested that, for instance, it may be the case that people could work for six months of the 12 months total time that they can spend in Australia. Yes, it is correct to say that the intention of the scheme is to provide people with the opportunity to have a holiday in Australia during which they can undertake some work to supplement their income, and the work experience in itself can also be a valuable cultural experience. Whether or not it is contrary to be able to work for 12 months out of 12 I do not know, but certainly we do not believe it is entirely necessary.

Senator McKIERNAN—You are not offering any statistics or saying you do not know of the number of working holiday-makers who are actually working in Australia. What system should be in place to find out whether people who have got the benefit of that visa class are taking advantage of the benefits offered—that is, that they are working when they come here?

Mr Beeston—It would be possible to add a question to the international visitor survey conducted by the Bureau of Tourism Research which could address that point. It would be relatively simple in one sense to obtain that information. It is simply a matter that a lot of people want to get a lot of questions on that survey and there are a lot of competing priorities, so to date it has not been the case. However, the one-off survey we

conducted last year will provide some of that information. If it were to be monitored on an ongoing basis it would require a question to be added to the international visitor survey.

Senator McKIERNAN—This is a question that is important for your department. It was in either Brisbane or Townsville where somebody said to us that the employer has enough to do now without having to check the visa class or the rights of an individual to work when they are hiring them for perhaps only one day or a week. Should there be mechanisms in place to ensure that only those with the right to work in Australia are given work? I am saying that in the context of only 15 per cent of the backpacker market having the right to work.

Mr Beeston—If the question is: ‘Should there be mechanisms in place to ensure that that is enforced?’ the answer is yes, I believe there should be.

Senator McKIERNAN—My final question is on the capping and the controversy. I have a contention that there was a bit of a beat-up undertaken on that last year, and as I ask for evidence that it was not any more than a beat-up my view is confirmed. In July this year the government announced additional areas of capping in our migration program, and capping in areas that had not previously been capped. I am not getting into another debate which is taking place now. If a capping that impacts on 2,000 visas out of a small number of visas has such an impact that it warrants reasonably dramatic change, do you have a view on the impact of the publicity surrounded the capping earlier this year of the general migration classes?

Mr Beeston—I will make a couple of points in response to that. When you say that the reduction in the cap was 2,000, if one looks at the anticipated growth in the market over that 12-month period the reduction is actually significantly greater than 2,000. It was a reduction of 2,000 on the previous year. However, if one looks at the growth that might have been expected, you are probably looking at a reduction perhaps of a much greater magnitude.

Senator McKIERNAN—What were the predictions?

Mr Beeston—There were no forecasts made of actual working holiday-maker visa numbers in a strict forecasting sense. However, the actual end result for the year was something like 42,000, I believe, so we would have been looking at a shortfall of about 9,000.

Senator McKIERNAN—Where does that 42,000 come from?

Mr Beeston—That was the actual result for 1995-96.

Senator McKIERNAN—I would dispute you on that. I think the result was

40,000, but the cap which had been revised in March of this year was increased from 32,000 to 42,000. The actual numbers were 40,000.

Mr Beeston—Correct.

Senator McKIERNAN—You say there were no predictions. Yet you are arguing that the 2,000 cut had more impact because there were expectations, as it were.

Mr Beeston—In a sense that is correct. As the results show, there were at least 40,000 people intending to come to Australia under the working holiday-maker arrangements that year. A cap of 33,000 means that a large number would have been disappointed which would have had associated negative perceptions.

Senator McKIERNAN—Could you tell me which Australian overseas posts were going to issue 42,000 working holiday-maker visas, prior to December 1995, in the 1995-96 year?

Mr Beeston—You would have to ask that question of the Department of Immigration and Multicultural Affairs.

Senator McKIERNAN—With all due respect, Mr Beeston, you are the person who has given the committee that evidence today. You have just said it, that is why I am asking you.

Mr Beeston—I do not have the information as to what notional planning levels the Department of Immigration and Multicultural Affairs would have for individual posts.

Senator McKIERNAN—But there were 42,000 going to be issued. That is what you have told the committee. Can you take that on notice and come back and substantiate what you have just told the committee?

Mr Beeston—I think you would need to clarify what it is exactly it is that you are asking me.

Senator McKIERNAN—You have told the committee there was an expectation that 42,000 working holiday-maker visas were going to be issued in the year 1995-96. I want to know where you got those figures from and who brought about that expectation of growth in that particular market. I accept that it is not your department's responsibility to give me the names of the various Australian posts, so I will follow that through with the immigration department when they appear before us. But what I do want from you is a justification of where that 42,000 figure came from and why it impacted so negatively on the cap of 33,000 that was announced in December 1995.

Mr Beeston—I can give you the answer to that now, Senator. I am quoting the

figure of 42,000 because that was the figure that the cap was raised to by the new minister. As you point out, the actual number of arrivals in 1995-96 was slightly over 40,000. When you say there was an expectation that 42,000 people would come under this scheme in 1995-96, we do not have any forecast for the number of working holiday-maker visas that are going to be issued. The department of immigration may have some indicative or notional planning figures that they use, but we do not sit down and say, 'We're looking for 45,000 or 50,000.'

Senator McKIERNAN—It is fine if you do not do that. But, when I question you on a reduction of 2,000 on last year's program, and you come forward to the committee and say that there were expectations of growth in the market, that is where I start to challenge you, Mr Beeston; I think the *Hansard* record will bear that out. I will ask you to look at that *Hansard* record with some care. If you feel there is a need for you to come back to the committee, I invite you to do so. I do not want to belabour the committee with much more questioning on it, but I do direct your attention back to the *Hansard* and the earlier responses you gave to my question about the comparative figures for 1994-95 and 1995-96 and where forecasting comes to bear.

Mr Beeston—I will do that.

CHAIR—Originally, the working holiday-maker scheme had a very large cultural aspect: the exchange of cultures was good for us, good for our young people, and also good for the young people coming in from overseas for our future prospects in dealing with that country, because it made them familiar with Australia. Am I right in assuming now that it has become a large tourism element, and that you see from the working holiday-makers a good tourist income that makes it important for the tourism department to encourage this sector?

Mr Beeston—The short answer is yes. Certainly, working holiday-makers spend much more than do average visitors to Australia.

CHAIR—So it has become a revenue generator for Australia, which is why you would be obviously interested in encouraging it.

Mr Edwards—I think that is correct. I would like to make an additional comment here. While the economic benefits of the working holiday-maker to Australia are significant, I do not think we should lose sight of the importance of the cultural benefits of these kinds of arrangements. I am aware that studies, such as the one done by the Bureau of Immigration and Multicultural Population Research, put a heavy emphasis on the economic benefits and the impact of this scheme on the labour market. I am also aware that occasionally, when people do economic studies, they do not always take into account the factors which are difficult to quantify.

Putting some kind of economic benefit on cultural exchange and people-to-people

understanding and the learning of tolerance for people from other cultures and other races is difficult. Nevertheless, when you carry out a cost-benefit analysis for these kinds of things, you can lose sight of the importance of those factors. I just want to make the point that while sometimes, in the statistics and numbers we quote, it does look as though we are perhaps losing sight of those factors, I would like to stress that we are not, and that we do regard the cultural benefits of these kinds of schemes as very important.

CHAIR—Is there a difference? We have touched on this before, Senator McKiernan. We covered it quite extensively. Between the South-East Asian countries, where I suspect we need that cultural interchange—certainly, with Malaysia—and the countries where visitors are currently coming here as backpackers and where we feel that there is much more potential income to be had—say, with the German and Swedish tourists—is there a difference between our cultural aspects and what we can achieve there, and the tourism income aspects? I am not trying to trap you: I am just clarifying my own thoughts on this.

Mr Beeston—I do not think the two need be inconsistent.

CHAIR—But there is a difference. If you are looking purely from an economic, tourism income point of view, you are going to look to those Western countries; but, if you are looking for an ability to familiarise countries with Australia and Australia with them, then perhaps you will look at the South-East Asian countries. Would you agree with me on that? Feel free to disagree.

Mr Beeston—That could be the case, although I think there are cultural experiences to be gained from European countries as well as Asian countries.

CHAIR—Thank you. Getting back to the economic benefit of tourism, you have suggested that one way of controlling the working holiday-maker scheme would be by limiting access to the scheme from the bilateral agreement countries for people of age 26 to 30. As those young people presumably are ones that do spend quite a lot while they are here, doesn't cutting those numbers down go against the aim that you have of increasing that income potential from tourism?

Mr Beeston—The options we presented in terms of limiting the impact of the scheme are not our first preference. Our first preference is that the scheme not be capped and that it remain essentially as is, under the current parameters. If one is looking for a way to limit the perceived impact of the scheme, particularly in terms of its impact on the labour force, then we believe there are some preferable ways of doing so other than capping. One of those ways was to restrict the age eligibility to the 18 to 25 group, across the board. We believe that while that may be disadvantageous to the 26 to 30 year group, and while there may be some slight—or perhaps even significant—negative economic impacts in the short term, in the longer term it still provides an equitable way of granting access to the scheme to would-be travellers to Australia.

CHAIR—You would not think that, in that group, there is a significant proportion who would in fact get more out of the experience and contribute more by being a little older and wiser?

Mr Beeston—It is possible, but I do not know how one measures that sort of thing.

Mr Edwards—You could perhaps say the opposite!

CHAIR—I wanted to ask you about a matter other than age, but I cannot remember what it was. Another area, which I think was a vexed one, is where young holiday-makers come here as tourists and find out, when they are in transit, that they could have applied to have the working holiday-maker visa; or else they suddenly want to extend their holiday and find they cannot. Do you see that as a problem that should be rectified?

Mr Beeston—It certainly is a problem. It is perhaps not of the same magnitude of some of the other things we have been discussing here this morning, but there certainly is anecdotal evidence that a lot of travellers come to Australia via South-East Asia and that they hear about the working holiday-maker scheme in South-East Asia—they may be in Bali or wherever—and then seek to apply to obtain a working holiday-maker visa. Under some of the reciprocal arrangements we have, they are technically able to do so for some countries, but not for others. Japan and, I think, Korea are not technically able to, but some of the European countries—probably under the earlier negotiated agreements—are able to do so. But there are actually quite a lot of practical difficulties in doing so, because of the level of documentation required to be provided. So, whilst in theory at least it is possible for some, it is not possible for all; and, in practice, it is difficult for all.

CHAIR—Would you recommend easier access?

Mr Beeston—We would. As we say, a lot of travellers to Australia only hear about the availability of the arrangements once they are en route.

CHAIR—I see an eagerness to expand the scheme more widely than countries we already have, for both cultural and economic tourism reasons. Do you see that, if that is achieved, we would then be in the position where we would really get so many working holiday-makers into the country that their numbers would rise significantly? Do you see that, by opening this arrangement with other countries, we would have a significant increase in the number of WHMs in the country?

Mr Beeston—That could well be the case, particularly if we negotiated arrangements with countries such as the United States and Germany, where there would be large potential source markets.

CHAIR—Do you see the possibility that that would impact on the labour market for Australians?

Mr Beeston—We see the possibility that a point could be reached where that could occur. We do not know where that point would be.

CHAIR—Your submission is very clear that you do not want any caps, but would you accept that, while you see no requirement for caps in the situation as it exists at present, in the future—were the scheme to be expanded to different countries—you might see a necessity, at a later date?

Mr Beeston—That is probably a fair comment.

Senator McKIERNAN—In regard to one of my opening comments about the confusion between backpackers and working holiday makers and your submission muddying the waters, I draw your attention to the first complete paragraph on page 2 of your submission. You talk there about backpackers extending their stay in Australia and say:

The WHM visa provides a safety net for backpackers should they find themselves running low on funds during their travels—

Can you understand where my confusion arose? I think that is actually the first mention of working holiday maker visas in your submission. Prior to that you talk about backpackers.

Mr Beeston—It may be as you say. Our intention was to demonstrate that the working holiday maker visa holders are a subset of the backpacker market, but perhaps we could have done that more subtly or more clearly.

Senator McKIERNAN—I think the working holiday maker visa is a very useful visa class which ought to be protected and expanded if the need to expand it is there. However, I think the scheme has been abused to date by backpackers and by employers who, in some cases, are getting cheap labour by using backpackers. I took the opportunity recently to go into a backpacker hostel in Perth and see the advertising, and there was no mention of visa class at all.

This question is an important one for your department. Australia in this century has resisted the system of guest workers—workers coming in, doing a particular job, staying for a period of time and then removing themselves, or being removed, from Australia. There are sections of industry who would quite like to have that system in place from time to time. Does your department have a view on the use of guest workers as distinct from working holiday maker or labour force agreements?

Mr Edwards—I might make an initial comment on that and perhaps Mr Beeston

can add to it. One of the advantages of the guest worker system is that it works well when countries have a close proximity to each other. That is why it has worked relatively well in Europe where the distances between one country and another are not as great as they are, say, between Europe and Australia. Therefore the advantages of being a guest worker in Australia and then having to spend a great deal of your savings in returning home might outweigh the advantages of being a guest worker here in the first place.

I would not overstress that point, but that might be one of the reasons the guest worker system has been more popular in Europe than it has been in Australia. The other comment I would make is that the system of guest workers is probably getting into the realm of temporary residents, which is a bit outside the realm of tourism. For that reason our view of the guest worker system is probably a little beyond our purview.

Senator TROETH—After questions were asked about the cap on the scheme I think you said that one way of regulating demand might be to restrict it to the 18 to 25-year-old market and I think Mrs Gallus asked whether this age group possessed sufficient age and wisdom. In addition to those qualities they would also be likely not to possess the other essential quality which is money to put into the Australian economy. I think you have given us some figures which indicate that working holiday makers or backpackers spend an appreciable amount of money in Australia. If you restrict it to younger age groups wouldn't there then be a possibility that, because they have had less time to accumulate capital before they get here, they would then be even more dependent on working for some of the time to keep their funds at a viable level and, therefore, that might exacerbate some of the problems that we are talking about?

Mr Beeston—Senator, it is my understanding that all working holiday maker visa applicants have to demonstrate they have adequate funds before they actually are allowed to receive a visa. Whether or not it is true, as you suggest or ask, that people in the older age group may have more than adequate funds, whereas the young ones might just have adequate funds, I do not know and I am not sure whether anyone has looked at that question. I suppose it is possible. Our intention in putting forward that suggestion on the age limitation was to try to find a way of reducing the impact of the scheme in a manner that would be equitable and still provide access to the maximum number of people. We suggested that for the older group there could be a phase-in period so people were not disadvantaged in the short term.

Senator TROETH—Thank you.

CHAIR—Mr Edwards and Mr Beeston, if we have any further questions on what you have said today, the secretary will write to you and request information. Thank you very much for appearing today.

[11.46 a.m.]

BURNESS, Mr Mark Alexander, Director, State Financing Group, Department of Health and Family Services, 32 Corinna Street, Woden, Australian Capital Territory 2606

FISHER, Mr Peter, National Director, Australian Government Health Service, Department of Health and Family Services, 32 Corinna Street, Woden, Australian Capital Territory 2606

KING, Dr Kathy, Director, National Health Clearances Unit, Department of Health and Family Services, 120 Sussex Street, Sydney, New South Wales 2000

MEAD, Dr Cathy, Head, National Centre for Disease Control, Department of Health and Family Services, 32 Corinna Street, Woden, Australian Capital Territory 2606

CHAIR—Welcome. Thank you for appearing before us today. Do you have a brief statement in addition to your submission?

Mr Fisher—I would like to make a couple of points, please. Firstly, I will explain the role of my organisation—the Australian Government Health Service—and that will give a lead-in to the comments we have made in our submission. The Australian Government Health Service is part of the Department of Health and Family Services, but is a separate unit. It is a business unit that provides services to organisations on a fee for service basis. One of the organisations we provide a service to is the Department of Immigration and Multicultural Affairs. Our main activity for that organisation is to provide health clearances for migrant applicants to Australia, and those clearances are undertaken mostly by the National Health Clearances Unit, of which Dr Kathy King is the director.

The role that I have is a service provider role, not a policy formulation role, and it is for that reason that we have here also Dr Cathy Mead who is the head of the National Centre for Disease Control within the Department of Health and Family Services. I can talk about some of the issues generally, but it is Dr Cathy Mead who can talk about policy issues and responses. Cathy has some statistical information as well. I do not know that I need to do any more: I merely wished to make the role clear.

CHAIR—That is fine. Mr Fisher, I will direct my questions to you, if that is all right, and you can allocate them to the person you think is the most appropriate to answer them. Firstly, we have broadly three categories of people coming into Australia. There are the people who are coming here to settle, who have an extensive health check. Then you have the tourists who do not have any health check, except a card that they probably tick. Is that correct?

Mr Fisher—There are a couple of exceptions. Certainly, with the long-term visitors there are extensive health checks. When we say long-term we are talking about

people who apply for residency, say, for 12 months or longer, and if you wish I or perhaps Kathy King can talk about the nature of those checks. Short-term visitors are required to fill out a card, but I believe there are some circumstances where some health checks are required.

Dr King—At the moment what applicants for a visitor's visa do is fill in a declaration when they apply for their visa. This declaration includes a question on health. If they complete that question negatively—saying, 'There is nothing wrong with me'—they are deemed to meet the health requirement. If they complete that declaration saying, 'I've got a problem in some way,' that case will be referred to us and we will be asked what we would like to do about it. That is the first check on a visitor. It is not a great check and is very little impediment to their passage to Australia for a visit.

The secondary check is when they arrive in the country having got their visa. They fill in a passenger card and that asks the question about tuberculosis. With the electronic transfer authority—the new system that is now coming in—there will be no declaration up-front, but they will still have to complete the passenger card.

CHAIR—So normally people who are coming in for a 12-month residency would have to have a full health check?

Dr King—No. There are three categories of people: those who are visitors, who will complete just the declaration; those who are coming in for temporary residence of longer than 12 months, and they will have a full health check; or those who are coming permanently who will have a full health check. Students have a slightly staggered program, which is predicated on how long they are coming here to study and whether they have come from a country at high or low risk of tuberculosis.

CHAIR—So the working holiday-maker falls just under the category of residency over a year where they would have that health check?

Dr King—They would only complete a declaration. Unless they declared that they had a health problem they would not undergo any further medical checks.

CHAIR—Does the department see that these young people—and bear in mind that they are young—would have any health problems detrimental to Australia, whether in the cost of looking after those problems or in passing on a disease, because they are likely to stay up to 12 months whereas other tourists tend to stay for shorter terms?

Mr Fisher—I will ask Dr Mead to address that question.

Dr Mead—No, we do not have any concerns about that as a policy issue, based on our overall monitoring of disease incidents—it does not lead us to believe that there is any significant transmission of disease from those groups of people. So we do not think it is a

health risk. There are two categories of health issues: whether it is a public health risk in disease transmission, or a general health risk in terms of the person being sick while they are in Australia.

From a public health point of view we do not believe there is any evidence of significant disease transmission that would cause us a problem. We believe we need to be vigilant, and to maintain statistical monitoring and watch that. But the current patterns of people coming into the country are not causing any problem.

CHAIR—What about on an individual basis? Does the department have any information of any problems that have been caused to individuals when they come to the country if they get sick, or even if they have a skiing or mountaineering accident?

Mr Fisher—It is fair to say that we do hear about individual incidents. The department takes note of those for the ongoing process of policy advice and policy development. Occasionally there will be cases where individual cases need to be followed up in some way, but they are rare.

If I could make a general point, in the activity we do to provide the health clearances for applicants to be visitors for 12 months or more, we only find about 1.6 per cent of applicants do not meet the health requirements. So it is a fairly small percentage and that is a point to draw some strength from in looking at the policy implications that come from health screening. But, yes, we do occasionally have individual cases that we need to follow up.

CHAIR—I suppose if we look at the countries where we are drawing the majority of our WHMs from, they are countries which, for instance, do not have high incidences of tuberculosis or other communicable diseases?

Mr Fisher—Did you say our short term or long term visitors?

CHAIR—No, our WHMs—our working holiday-makers. I am not sure if you are aware that the bilateral agreements we have are with the UK, Ireland, Holland, Japan, Canada, Korea and Malta.

Mr Fisher—Of those countries you have listed, Korea is regarded by us as a high risk country. I think it is because of TB.

Dr King—It is because of TB. With Japan we have a two-level system. Because of the strides the Japanese have made in containing TB, Japanese under 35 are considered to be of low risk, whereas those over 35 are high risk. So working holiday people from Japan would be considered to be of low risk because the cut-out for that is 31.

CHAIR—Do you see any problems if we opened up the WHM visa to a wider

range of countries? This is being worked on, so that there is greater agreement between more countries. Can you see any problem arising from that in the length of their stay?

Dr King—My understanding is that, at the moment, pretty well anyone can apply for it, that the countries you mentioned are allowed to send people to us who are between 26 and 31, and that the working holiday category for other countries cuts out at 26. So I could not—

CHAIR—It is much easier if you are in a country with a bilateral agreement, and that is certainly where the majority of our WHMs come from.

Dr King—I would have thought that at the sort of ages we are dealing with that would not be a problem, although some countries would have quite high incidences of TB, particularly those in South-East Asia and South America and some of the African countries. So if we started to extend to there we would have to perhaps think again.

CHAIR—Thank you.

Senator McKIERNAN—On page 2 of your submission you give us the instance of a particular working holiday-maker who had tuberculosis. I imagine that was in last year's figures. One person out of 40-odd thousand people coming in is not a bad average; it is not a bad risk factor at all.

Mr Fisher—Correct, and we would certainly support that.

Senator McKIERNAN—That is only in TB, though. Are there any other communicable diseases where these working holiday-makers could be a problem for Australia?

Dr Mead—The thing that distinguishes tuberculosis is that it is transmitted by aerosol, whereas, say, sexually transmitted diseases or blood borne diseases are transmitted by the sharing of needles. So tuberculosis is the one that is focused on because of that potential for more general contact to be a risk. That is the only notifiable disease that we look at in that context.

All the other communicable diseases require much closer personal contact for transmission and there are means of preventing transmission in those cases. So safe sex practices, not sharing needles, those sorts of things that we promote to the Australian community as being protective behaviours are the most important aspect of controlling those diseases in the country, rather than being concerned about the small risk that might come from people coming into the country. Other communicable diseases, like food-borne diseases, diarrhoeal diseases, more obviously need medical help, in which case they can be treated, or they would be of much shorter duration and therefore have less chance of risk. So, really, TB is usually seen as the indicator one because of the potential for more casual

transmission.

Senator McKIERNAN—Backpackers are another element that has received quite considerable attention during this inquiry. Working holiday makers make up 15 per cent of the backpacker market. What is the potential in the overall backpacker market for this type of problem for Australia, for extended stay people who do come here?

Mr Fisher—I might have to get Cathy Mead to follow up; but, I guess, from AGHS's view, what we understand is that there is no information that indicates that there is a public health risk from backpackers. So we do not particularly see a need to change the current requirements.

Senator McKIERNAN—What have been the overall instances of people coming to Australia with TB—we will stick with that particular one—in the last few years? That is going over the three different areas of migration that the chair mentioned earlier.

Mr Fisher—Perhaps I will talk about the system that we have got for ensuring that people with TB do not get into Australia first. It is probably relevant for you to understand that we do have a very solid system for making sure that people do not migrate to Australia with TB. For visitors for 12 months or more, X-rays are looked at. People are looked at by doctors mostly in Australia. If people are found to have TB, they are required to undergo the normal treatment and cannot come to Australia until that treatment has been finished.

Also, we have a system called a health undertaking service. For people who have had a past history of TB or if there is some abnormality on their X-rays which indicate that they might have had some contact somewhere, they come to Australia on what is called a health undertaking. They are required to sign, before they can be issued with their visa, an undertaking that they will visit and seek follow-up treatment or follow-up examination from a health clinic once they reach Australia. So we now have a system in place under which these people, once they arrive in Australia, make a telephone call to our unit in Sydney; they are then directed to the appropriate health screening state service; and, if they do not show up or if they do not phone us, we have got a system of finding out their most current address and passing that on to the state authorities for them to follow up.

That is probably a longwinded explanation; but I guess what I want to do is at least let you know or assure you that there is a system that is aimed at making sure that people with TB do not get into Australia—applicants for 12 months or more. In terms of the incidence of people who slip through that net in one form or another, I do not know but Dr Mead might have some light to throw on that.

Dr Mead—I think one thing that is important to understand is the nature of tuberculosis. People may be exposed to the bacteria at some point in their life and later in

their life actually develop the disease. The system that AGHS operates means the people, on arrival, have been screened for active disease at the time but, over their lifetime of staying in Australia, their disease is sometimes reactivated. We monitor at a national level the notifications of diagnosis of active TB. The states and territories run the actual TB services and they notify us of cases.

I can table, if it would be useful, the total cases notified since 1990. We have got that broken down by the rate per 100,000 persons in Australian-born population and the rate per 100,000 persons in the overseas-born population. The rate in the Australian-born population is very low: it was 2.1 per 100,000 in 1995 and that is virtually unchanged since 1990—if anything, it has gone down. The rate in overseas-born persons fluctuates from around 15 to 16 per 100,000; once again, that is quite stable. We conclude from those sorts of figures that there is not significant transmission going on in Australia from the overseas-born population to the Australian-born population. But there will be, in some ways, a predictable rate of reactivation of disease in later life, which will lead us to these higher rates in the overseas-born population.

The current overall level of tuberculosis in Australia is probably the lowest in the world, at between five and six per 100,000 population overall; and that has been very steady, despite increases in overseas countries in recent years. We are able to analyse those figures to a great extent, such as breaking them down by length of stay in Australia. Length of time of activation of disease after arrival in Australia can vary: anywhere from a year to 70 or 80 years. We can break that down by country of origin, various age ranges, and so on. The continual monitoring we have been carrying out leads us to believe that we have appropriate systems in place for monitoring prior to arrival and for treatment and follow-up on arrival, and for overall management of TB cases as they occur.

Senator McKIERNAN—Thanks for that. My question was aimed at the fact that you have found a working holiday maker who came to Australia who did have TB, and I wanted to extrapolate that to other visitors and, indeed, to people who come in on a permanent residence visa, notwithstanding the guidelines. I know there are some X-ray exceptions that are allowed: children may not have to have the X-ray, in all cases.

Mr Fisher—That is true.

Senator McKIERNAN—Really, what I was looking for was information about the number of visitors to Australia. Hopefully, some members of the committee will address some questions to you about the financial aspect that is contained in the other part of the submission. I do not want to hog it all.

Dr Mead—We do not specifically seek information at a national level on the visa status of cases notified; so we do not have information that would categorise people according to their visa status when they came to Australia.

Senator McKIERNAN—How would you know of the particular instance identified in your submission?

Dr Mead—How would we know about that?

Senator McKIERNAN—How would you know that that person had a working holiday maker visa, if you do not collect that type of information?

Dr Mead—An anecdote like that comes more through individual discussion: the treating doctor raises the issue. It is not that we formally try and collect that data. With an anecdote like that, an individual doctor raises it and brings it to our attention.

Senator McKIERNAN—But it is factual though, is it, that it was a working holiday maker?

Dr Mead—It was a working holiday visa, yes.

CHAIR—Senator Troeth, I think you want to address the financial aspects.

Senator TROETH—Yes. In your submission you say that there have been cases of working holiday-makers incurring debts to the health care system and failing to pay them. How common is that, and do you have any statistics for it?

Mr Burness—There is only anecdotal evidence that has come from the states, and that dates back a few years now, to about 1993. I am not quite sure what the figures were that you got from Industry, Science and Tourism in terms of their income, but the comparisons were something like about \$4,000 million that they were earning from the income from these people, as against something like a \$5 million debt nationally. It is very small, compared to the extraordinary income that is earned from the tourist dollar.

Senator TROETH—What procedures are in place in the department to process the recovery of such debts? I notice in the submission that you say that it is only when the patient has received treatment and is due for discharge that the treating institution seeks payment. Is there no check-up at the start of their treatment? I realise that sometimes, when they are admitted, they may be in a condition that precludes asking ‘Can you pay?’ but is there any early finding out of the patient’s ability to pay?

Mr Burness—There is very little opportunity. What you are actually dealing with is emergency admissions. If someone enters a public hospital seeking treatment, the first thing they are going to do is analyse the circumstances as to whether they need to provide the treatment that the person is asking for. In other words, they ask, ‘Are you financial? How are you prepared to pay? Is it an elective type of procedure, or what?’ But most of these that we are talking about come in via an emergency situation, and there is no time to make those sorts of adjustments. The Australian system of medical ethics is that one only deals with the predicament in front of one, and seeks the patient’s recovery first, and then

the hospital system looks at what sort of avenues there are for payment.

Senator TROETH—So it would, by and large, be emergency situations in which they are admitted?

Mr Burness—That is right.

Senator TROETH—With the reciprocal health care agreements that we have with the United Kingdom, New Zealand, Italy, Malta, Sweden, the Netherlands and Finland, what sort of scope is there to expand the number of health care agreements to other countries?

Mr Burness—We are currently examining the expansion of those agreements, and negotiations are going on all the time, at this stage.

Senator TROETH—With the countries that we do have the agreements with, it is direct reciprocation in the sense that what we provide to their nationals they provide to our nationals: is that how it works?

Mr Burness—That is correct. There is no direct cross-billing as such, in terms of the services provided. We absorb the cost, and it is like a knock-for-knock agreement in terms of insurance, substantially.

Senator TROETH—Right. So, in spite of what we discussed earlier about the recovery of debt, while that reciprocal agreement is in place there would not be any sense of moving to recover more of that debt?

Mr Burness—Not where there is a reciprocal agreement. The person would be admitted as a public patient into the public hospital system, and would be treated as a no-charge public patient, the same as an Australian would be, overseas.

Senator TROETH—What about those who are not covered by reciprocal agreements? When they come to the emergency admissions centre, if they indicate—if they are able to do so—that they are not covered by reciprocal agreement, is there any sort of further certification required as to their ability to pay or where they are from?

Mr Burness—Fortunately, in Australia, we have the ethic of ‘treat, recover and then find finances’. That may be seen as a disadvantage to some but, in those circumstances, there is a considerable amount of effort made by the tourist industry, the Foreign Affairs department, our embassies, et cetera, when visas are issued for coming to Australia, to inform people about the need to observe certain protocols—one of them being to take out some reasonable travel insurance containing a component of health insurance. And that is done particularly in countries where there is no reciprocal health care agreement, but also where there is a reciprocal health care agreement, because people

are exposed whilst travelling.

If they are travelling to Australia from Europe, there will be stopover somewhere and, as one is wont to see, it always happens to the unlikely person. They get sick on the plane, are taken off in Hong Kong or Singapore or wherever, and then they are on their own again. So, at all stages there is a desire—and there is a lot of indication about it—for people travelling to take out some sort of travel insurance. That would be the main mechanism that the hospitals would be looking at, and also at whether they could obtain some sort of redress for the costs: from the individual, per se, who was self-insured, or else through their family.

Senator TROETH—Is notice taken of those sort of precautions that are urged upon people?

Mr Burness—To the extent that you can. It is a reality that people look at their ticket to make sure they have got the right country and the right time to leave. All the other documentation falls away. One's enthusiasm for getting there or here, whatever it might be, tends to overcome the realities of where one sits. We are always hearing of the further anecdotal evidence from Australians overseas caught in America, or in that sort of situation. It is something we have to live with, but the real avenues we have taken are to look at the reciprocal health care agreements, where they are appropriate, and also to use whatever powers we have got for getting out information to people. It is like the Foreign Affairs booklet when you are travelling. I cannot remember off the top of my head what it is called, but all tourists get this booklet from the embassies and it covers the things you need to do. You can only put it in front of people, and you can only ask them to read it.

Senator TROETH—In the case of people who are not covered, who are coming here for a short time only and may then be a charge on the public purse, as it were, do you think it is a possibility to make compulsory the payment of health insurance before they are allowed to acquire the visa?

Mr Burness—I think that issue has got a lot of tentacles to it that run out into a lot of areas. From the health point of view, it would be a very nice tick; but, in the sense of the practicalities of doing it, the cost to coming here and the issue of the billions of dollars that are at stake in tourism seem to be an issue which has had some adverse reaction from the industry.

Senator McKIERNAN—Perhaps you could narrow that down a bit and answer it in the context of the working holiday maker in the visa class only. Manageable numbers we are talking about, as opposed to the millions that are coming in under the tourist class.

Mr Burgess—As I said, in terms of health, if it was there, it would be there as a criterion to be put on by Immigration to bring it in, in terms of—I think you said—40,000-odd people. The question and the tentacles I am referring to are: what is the impact

of that in terms of the number of people who would travel here with that additional cost? If one made it a requirement that one had to have that, what impact would that have on the numbers? I am not in a position to answer that, but it has been raised before in terms of whether it would dissuade people from coming here and what its impact would be.

CHAIR—What would be the actual cost if somebody did take out this compulsory health insurance, as Senator Troeth suggested?

Mr Burgess—Probably the ambit area is between \$100 and \$200. Would that be right, Kathy?

Dr King—I think it could be regarded as a low risk population. It would depend on what the cover would be. Would it be just traumatic cover or where they cut in on pre-existing conditions and so on? If they were considered just for traumatic insurance, I would not have thought it would be much more than that for a year's stay.

Senator TROETH—I would have thought that would have been about the cost. I could see a few positives in so far as, if you buy this, you are admitted for traumatic conditions and emergency-type consultation to any public hospital in Australia and, therefore, you are covered for that—in the sense that, if the specific conditions were made clear and it was a relatively low cost in addition to the actual air fare or whatever, there would be a case for perhaps selling that. But that is a thought.

CHAIR—We will write to the Department of Tourism and ask them whether they see any impact on the numbers of putting on such a charge. You referred to tentacles. Is that the only tentacle, or have you got others?

Mr Burness—It had not immediately sprung to my mind as to what the others might be. I am sure there are others.

Dr King—There might be a tentacle in that Immigration would have to ensure that every one of these holiday makers actually had got travel insurance.

CHAIR—It could be, as Senator Troeth suggested, a condition of the visa. You come along there with your little paid slip and get your visa. It is a requirement that, if you do not produce the slip, you do not get the visa.

Mr Burness—We are well out of school here in terms of our expertise, but the one that springs to my mind is: what is adequate insurance? Who determines adequate insurance?

Dr King—Yes.

Mr Burness—That will be an issue at the border.

Senator McKIERNAN—This is a question I have to ask. It is three months since the submission went in, and you say, in regard to the working holiday maker visa holder who had tuberculosis, that the case is so recent that we do not yet know whether there have been any secondary cases. Can you give an update on that? I think the question is left hanging, and it is three months out.

Mr Fisher—Senator, the actual case of the person with TB found its way to the Immigration Review Tribunal and it has been reported. So I could give the secretary the reference to the reporting of the actual case from the Immigration Review Tribunal. It was in September, I think.

Dr Mead—But, in relation to any secondary cases, following that submission, the advice from the treating doctor was that the patient had had treatment prior to arrival in Australia and he felt that there was no significant risk of transmission. So no follow-up of other passengers was, in fact, carried out in the end. To our knowledge, there have been no other secondary cases.

Senator McKIERNAN—It did state in the submission:

Thus, this young person represented a significant threat to public health in Australia for some months.

Mr Fisher—At the time that was written, we did not have the benefit of the Immigration Review Tribunal's deliberations. We had an indication, passed on to us verbally, that there would be that follow-up of the planeload of people, but in the end that did not occur. It is a state authority's jurisdiction, and in the end a decision was taken not to do that—that it was not necessary.

Senator McKIERNAN—Are you able to tell us for what reason the person appealed to the IRT?

Dr King—His visa was cancelled.

CHAIR—Because of the tuberculosis?

Dr King—Because of his failure to declare a significant health condition on an application and on the passenger card.

Senator McKIERNAN—And the decision of the IRT?

Dr King—They reversed the cancellation.

CHAIR—Do we know why?

Mr Fisher—I have got a photocopy of the decision here.

Senator McKIERNAN—It does not identify the person, though, does it?

Mr Fisher—It does, actually. I think in the public record it does as well.

CHAIR—As it is on the public record, would you like to table that?

Mr Fisher—I am wondering whether, rather, I could get you a pristine copy of it and hand that to you.

Senator McKIERNAN—It might be safer taking it on notice and just checking whether or not the individual needs to be protected in this matter. Whilst it might be published, I would like to be a little bit careful.

CHAIR—I appreciate that.

Mr Fisher—I did seek advice about the public nature of IRT decisions and was advised that they were public documents; but I take your point. I think I will be cautious as well and go back to the source, find that out and have a copy provided to you that has got the right imprimatur.

CHAIR—If there is a problem, I do not see any problem from the committee's point of view with having it presented to us with the name excised. It is an example. We have no need for the name.

Dr Mead—I think the point of the anecdote is to say that we really do need to keep monitoring the situation and follow up those sorts of anecdotes; but, in the overall scheme of things, we are confident that the system at present is appropriate.

CHAIR—I have another question for you, just relating to your submission that people can apply for visas up to 12 months before and then start the visa. You have got 24 months over a period. We are not looking at people over a year; we are looking at them over two years. Does that affect your judgment on the likelihood of these young people having problems in regard to your department or not?

Mr Fisher—I do not know that we would put it that highly. I think what we see is that there could be just an equity issue here—not so much a health issue, simply an equity issue.

CHAIR—That they can get away with two years where everybody else cannot?

Mr Fisher—That is right. That is really the point we wanted to make.

CHAIR—Thank you very much for appearing before us today. We do appreciate your time. If we have any more questions, the secretary will write to you. Thank you.

Resolved (on motion by Senator McKiernan):

That this committee authorises publication of the evidence given before it at public hearing this day.

Committee adjourned at 12.23 p.m.