



COMMONWEALTH OF AUSTRALIA

JOINT STANDING COMMITTEE ON MIGRATION

Reference: Working holiday visas

MELBOURNE

Monday, 16 December 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

BEELLEN, Ms Peta, Executive Officer, Riverina Area Consultative Committee, PO Box 1551, Griffith, New South Wales 2680	654
CORNISH, Mr Harry Stan, Labour and Training Coordinator, Northern Victoria Fruitgrowers Association, 23 Nixon Street, Shepparton, Victoria 3630	636
DEAR, Mr Christopher James, Director, Temporary Entry Policy and Operations, Department of Immigration and Multicultural Affairs, Chan Street, Belconnen, Australian Capital Territory	584
EVERIST, Mr Richard Neil, General Manager—Publishing, Lonely Planet Publications, PO Box 617, Hawthorn, Victoria 3122	601
HICKEY, Mr Darren Charles, Project Officer—Harvest Labour, MIA Council of Horticultural Associations, PO Box 1059, Griffith, New South Wales 2680	654
JARVIS, Mr Jeff, 10D Cromwell Road, South Yarra, Victoria 3141	608
MARUSKANIC, Mr Antonin John, Regional Manager, Department of Employment, Education, Training and Youth Affairs, 69 Yambil Street, Griffith, New South Wales 2680	654
MATHESON, Mr Alan, International Officer, Australian Council of Trade Unions, 393 Swanston Street, Melbourne, Victoria	545
MITCHELMORE, Mr Norman James, Executive Director, Northern Victoria Fruitgrowers Association, 23 Nixon Street, Shepparton, Victoria 3630	636
MOORE, Ms Melissa, National Industrial Officer, Australian Services Union, 4th Floor, 35 Regent Street, Chippendale, New South Wales	545
MURPHY, Ms Jill, Previously Senior Researcher for Bureau of Immigration, Multicultural and Population Research, Department of Immigration and Multicultural Affairs, Chan Street, Belconnen, Australian Capital Territory	584
NOAKES, Mr Brian, Executive Director, Australian Chamber of Commerce and Industry, 55 Exhibition Street, Melbourne, Victoria	566
POLLARD, Ms Celia, National Industrial Officer, Australian Liquor, Hospitality and Miscellaneous Workers Union, 187 Thomas Street, Haymarket, New South Wales	545

**SHEEHAN, Mr David Graeme, Director, International Exchange Programs,
and YMCA Australia, 196 Albert Road, South Melbourne, Victoria
3205 622**

**WILKINSON, Mrs Patricia Alison, Senior Project Officer, Riverina Regional
Development Board and Riverina Regional Economic Development
Organisation, 48 Fitzmaurice Street, Wagga Wagga, New South Wales
2650 654**

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Present

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Ms Gambaro

Senator Tierney

Mr Kerr

Senator Troeth

The committee met at 9.03 a.m.

Mrs Gallus took the chair.

CHAIR—I am pleased to declare open the first public hearing to be held in Victoria by the Joint Standing Committee on Migration during its inquiry into working holiday visas. This is the first major public inquiry into Australia's working holiday program, a program which has been in existence since 1975. Working visas enable young people to enjoy an extended holiday in Australia and to supplement their funds through incidental work. The reciprocal nature of the scheme provides an opportunity for young Australians to holiday and work overseas.

During this inquiry, we have been considering the operation of the scheme and how it might best operate in the future. The committee is mindful that there are positive and negative aspects of the scheme. While the scheme offers benefits to Australians who have contact with young travellers from other countries and our young people who travel and work overseas, we have received evidence that it has a negative impact on the job prospects of young Australians.

The committee's round of public hearings is drawing to a close in Victoria. We have heard evidence from various industry representatives, peak bodies and individuals in Sydney, Brisbane, Townsville and Cairns. During the next two days in Melbourne and Mildura we will be hearing from various individuals and groups who have a special interest or expertise in the program.

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

[9.05 a.m.]

MATHESON, Mr Alan, International Officer, Australian Council of Trade Unions, 393 Swanston Street, Melbourne, Victoria

MOORE, Ms Melissa, National Industrial Officer, Australian Services Union, 4th Floor, 35 Regent Street, Chippendale, New South Wales

POLLARD, Ms Celia, National Industrial Officer, Australian Liquor, Hospitality and Miscellaneous Workers Union, 187 Thomas Street, Haymarket, New South Wales

CHAIR—Thank you very much and welcome. Would you like to make an opening statement?

Mr Matheson—We welcome the opportunity to appear before the committee. The ACTU's submission is before you and we would like the opportunity to clarify a couple of issues.

First of all, the trade unions support the scheme. Despite some submissions which you have before you, chiefly that from the bureau of immigration research, the ACTU does support the scheme. We have always given strong support to the immigration program. We have been a part of reviews of the immigration program, particularly the labour market dimensions of that program, since its beginning. We have never been opposed to any part of the program and we have given strong support, particularly to the family union and refugee intake.

I want to emphasise a couple of things in the submission. First of all, the working holiday scheme is not a labour market scheme. Secondly, tour guides have always been a problem. They always appear in any discussion on temporary migration, whether it is through the employer nomination scheme, the labour agreement scheme, as students, or through the working holiday scheme. The dilemma that the committee, the community, trade unions and employers are confronted with is that rarely does immigration solve labour market problems that are complex. If immigration is used to try and solve labour market problems, they always get into difficulties.

We have a couple of concerns: students and those coming under the scheme are primarily working in industries where there are high levels of non-compliance. You already have before you some 15 submissions from individuals who are involved in the scheme and who talk about the dilemmas of the industrial relations aspects. Submissions 1, 20, 35, 39, 40, 67, 69, 73, 74, 75, 77, 78, 81 and 82 all refer to the particular dilemmas of actually working in industry, by professionals who are involved—professionals who are either tour guide operators or pickers in the agricultural area.

The two people from the unions have expertise to talk about the levels of non-

compliance. I understand that one of the dilemmas in the past—and I have been involved in the discussion on tour guides for the past 10 years—has been the great dilemma of not having an industrial framework. Ms Moore, from the ASU, if the committee desires, can brief you on developments in getting a structure around the industry in terms of a proposed award.

There is one issue that is not raised in our submission but was raised by unions and employers in 1994-95. It was raised by the Australian Bus and Coach Association and it concerned the movement of tour guides into coach driving. It came at a time when there were a number of horrific crashes on the northern highways in New South Wales. Both the union and employer organisations made approaches to governments, in an attempt to get some discussions going, in terms of what we regarded as a fairly serious development. To our knowledge no further action was taken following approaches to government.

I conclude by saying we have some concerns about the industrial relations aspects. We believe the committee at least should be encouraging government to be exploring in a more considered and strategic way the issues related to taxation, superannuation, health and safety and the broad issue of industrial relations within the framework of the scheme. From the union's point of view, we would like to caution the committee that in the kind of climate in which this inquiry is taking place, any changes to any part of the immigration program which are not perceived by the community to give everybody a fair go are going to be in difficulty. We are in a climate where we have to be exceptionally careful regarding perceptions. We support the scheme; we believe there does need to be some work given to the compliance dimension of it. We believe that labour agreements are one answer to one part of the working holiday scheme. Thank you.

CHAIR—Thank you, Mr Matheson. May I congratulate you on the work you have done in reading all the submissions up to date. You raise a number of points and I think they have probably been key points. The first one was non-compliance generally in the hospitality industry and how the working holiday-makers are exacerbating this. That is what I understood you to say, especially, I think, with tour guides. You said that the tour guide industry had always been a problem. Could you expand on this? Why should this particular area always have been a problem?

Mr Matheson—In the developing services area generally the industry has not been well organised, either at an employer level or an industrial level. It is a new area. It has depended upon temporary migration and students. We have never been able—either at a government or an employer or a trade union level—to sit around the table and work out what we should be doing. In 1994, we just about reached an agreement. The two parts of the labour agreement were the training and education part of the agreement where there was, by all three parties—government, employers and trade unions—agreement that we needed to do far more in the human resource area. We had a strategy plan in place; we had resources committed from government and that was ready to move. The employers refused to move in any further discussions on the whole area of wages and working

conditions.

It is in that context that we raised in our submission what seems to us to be a real dilemma in the lack of knowledge that is around. In paragraphs 13 and 14 we set out what used to appear in annual reports, the indications of the complaints investigated and the kinds of sanctions that were put in place. That information is no longer there. For example, in the miscellaneous workers area they have done some work at the Victorian end, I think, and would be able to provide you with some of the figures in terms of wages that have been claimed back in the past 12 months, if you would wish to hear that sort of information. Working holiday-makers are working in an industry. The industry, we believe, has high rates of non-compliance. Students and temporary migrants are going to be vulnerable. That is the kind of argument we are running.

CHAIR—So what you are saying to the committee is: we have problems with tour operators but we also have problems in the whole industry with wage compliance; using the young working holiday-maker is one of the aspects of this, presumably because as long as they get some money they are not actually quite as concerned as young Australians about the level of wages, as long as they are getting something. Is that what you are telling the committee?

Ms Pollard—That is exactly the argument we would put: that the hospitality industry is dominated by small employers; the nature of the industry means that workers are often not unionised and are transient. There is also a proliferation of casual workers—we are talking about Australian citizens or Australian residents. So it is casual workers as opposed to permanent employees and under those circumstances it is certainly the union's long-term experience that, particularly in smaller workplaces which dominate the industry, there is a high level of non-compliance with awards and agreements. So we might have those awards—they do exist and we spend a lot of time looking after those awards—but there is still a high level of non-compliance because of the nature of the industry.

Casual workers are less likely than permanent workers to join unions; therefore, generally speaking, they have less knowledge of their industrial rights. They often perceive themselves as being transient and not being in an industry for a very long time, and that seems to make them reluctant to join unions.

CHAIR—Do you see them as exacerbating the problem in any way? I think when we were in Cairns talking about the tour operators, in that sort of microcosm that is Cairns we saw that they were actually having a major effect on that industry within Cairns, whereas I would think that in the hospitality industry generally they are not exacerbating the problem, the problem is already there and they are just slipping into part of that problem.

Ms Pollard—That is exactly right. The submission that we are making is that there is an enormous problem that exists already and that, if it is being proposed that there be

further deregulation, this problem needs to be looked at first. These people that are coming in as working holiday-makers are more likely to be exploited because they are less likely to understand what their industrial rights are if the situation is already so bad for Australian workers.

The union spends an inordinate amount of its time recovering wages in underpayments, and that is some of the evidence that I present. In the Victorian branch of the union alone last financial year we recovered in one year about \$500,000 in lost wages in formal unfair dismissal proceedings and about \$150,000 in formal underpayment proceedings. When I say formal, that is because they actually went to a tribunal. That is only a fraction of what we recover in settlement prior to proceeding to a tribunal. So probably 50 per cent of what we do is monitoring non-compliance.

CHAIR—Are you aware of any businesses that deliberately hire the working holiday-makers because they feel that there will not be an appeal on that?

Ms Pollard—Yes. We are aware of them. I do not have any evidence of that today but yes, as a general rule, if I can make a general statement, we are aware of some places that will deliberately hire working holiday-makers because they know that they can get them cheaply.

CHAIR—There is a difference between that and the tour operators because the tour operators just simply do not have an award at all, do they?

Ms Pollard—Yes, that is right. There is a difference because what we are talking about is non-compliance with an award that is there and that exists. We are talking about ignorance, I think, about what industrial rights a worker has.

CHAIR—And the tour guides seem to have no rights at all, as far as I can work out.

Ms Pollard—My understanding is that the ASU is in the process of negotiating an award but they are probably better placed to come and tell you.

CHAIR—Yes. I noticed the difficulty that you have had with that, but I will hand over to the Deputy Chair who I am sure wants to follow this further.

Senator McKIERNAN—Indeed. But I want to take a slightly different tack on things. I acknowledge the support the ACTU is giving to the working holiday-maker program. You indicated in your submission—indeed, it is among your recommendations—that the program should be capped. It has been capped at 50,000 for this financial year. Is that an adequate cap? Is it too large or too small? How appropriate is the 50,000 mark?

Mr Matheson—Our concern is that we know so little about the industrial relations

dimension and the legislative requirements being complied with, whether they are taxation, superannuation, or health and safety, that it would be unwise to move beyond that cap. The only evidence that we have of compliance is the 1984-85 inspectorate report, which we provided you with; the 14 submissions you have, which raise the concerns; and two further documents of an audit done by two firms—ID Tours and Orbit—in 1994 in terms of the legislative requirements being met within those two companies. So, before you move to any kind of increased figure, we would like to be convinced—and we believe the community should be convinced—that people are not being exploited.

We know that the problems in the immigration area are always caused by the few numbers; that is, the problems in the Northern Territory were caused by 30 Chinese outworkers, not by the 100,000. With regard to the problem with the tour operators, it only needs one tour guide operating illegally as a bus driver to run off the road in a coach and kill or injure a bus load of passengers for us all to be in difficulty in terms of the general immigration program. We are in difficulty with the tour guide situation and we are in difficulty with the Japanese tourist market, let alone adding to that the people who may be killed or injured. So we are arguing that, because we know so little in terms of the compliance end of this particular scheme, it would be unwise to move beyond the 50,000.

Senator McKIERNAN—There are sections of the industry in this country which, from the submissions that we have read, are indicating to us that they are now very, if not totally, reliant on working holiday makers to complete the harvesting, for example. We are going to Mildura tomorrow and we will be taking some evidence from there. The submissions from the organisations we are meeting tomorrow indicate that they are almost reliant on these overseas workers to come in and harvest the Australian crop.

Mr Matheson—I have total confidence in your creativity and your analysis, Deputy Chair, in terms of knowing where those submissions are coming from! You will find a whole range of those submissions come from backpacker hostels, for example, which have now taken over the placement of the unemployed. You will also see that, of the 14 or 15 submissions, about half of those that talk about industrial relations are coming from pickers themselves in terms of what is happening to them, getting jobs, the kinds of wages and working conditions, and the inability of professional pickers to get jobs because of the depressed wages and working conditions. So it does not surprise me that employers are going to be pretty enthusiastic about a mobile, transient work force that can be exploited.

Senator McKIERNAN—I would not think that that would be good for either the region or the industry or for the nation as a whole. What is the ACTU doing to protect the workers and the industry and, in turn, to protect the country?

Mr Matheson—The industries in which working holiday makers, temporary workers and students end up are industries that are increasingly being deregulated. It is exceptionally difficult for the union in terms of being able to monitor the situation. We

believe, in all of these areas, the best way forward is through labour agreements. We are going to protect the integrity of the immigration program, we are going to move towards a better human resource development for these industries in terms of getting training packages in place and we are going to protect workers, particularly young workers. Government does not have the resources to be monitoring. Labour agreements with the collective resources of government, employers and trade unions—and all labour agreements—are tripartite; it seems to me that that is the best way forward in handling a complex problem.

Senator McKIERNAN—Except that the labour agreement is part of it. But I cannot envisage a labour agreement covering the employment situation in the horticultural industry—for fruit picking—because, generally, it is an unskilled industry. Labour agreements are more appropriate to a specialised or at least a skilled area.

Mr Matheson—As you will note from the submissions to the committee from professional pickers, temporary workers are being used to depress wages and working conditions. We are not moving towards any kind of strategic way of handling the problems of growers. I believe we have not considered historically, for example, any discussions with, say, the Pacific islands. That has been raised occasionally, but there needs to be a strategic approach in terms of the particular problems of industry that are not solved by immigration. Immigration never solves a complex labour problem.

Mr KERR—Why hasn't somebody put that? I remember in Tasmania when the apple picking season was on there were arrangements where a lot of local labour went down to pick apples, and the same with hops. Why is it that the normal arrangements that have existed to use, say, some of our own students who wanted to make extra money, or unemployed people, are not being exploited as effectively? Why are people feeling this need to use transient visiting labour?

Mr Matheson—There are a number of reasons. One of the interesting submissions related to the role that the backpacker hostels are playing. There is an almost perpetuating cycle. The hostels are set up, they attract students and they establish connections with the growers. The growers do not have to enter into any negotiations or arrangements with the CES, which is going to disappear anyway. They can rely on the backpacker hostels for supplying the labour.

So the nexus between the hostels and the grower is one that really needs teasing out. Forget about the industrial relations dimension of this. For a government concerned with these two sectors, it must be of concern. There is evidence in terms of taxation, health and safety, and superannuation legislation not being complied with. I would have thought that that is as important as the industrial relations dimension.

CHAIR—The backpackers' hostels also cater for young Australians. They are not exclusively looking for overseas working holiday makers. They can fulfil that function for

the young Australians, to follow up Mr Kerr's question, as much as they can for the working holiday makers. So I think his question still stands.

Mr Matheson—I think it does. My point, though, still is that the role of the hostel and the role of the working holiday maker must be fitted into a broader strategy in terms of these two industries—hospitality/tourism and agriculture. You must drive these industries from a strategy point of view, not from an immigration point of view. You cannot drive a labour market dilemma or problem or issue from immigration. It seems to me that we start at the wrong end. We have to look at the industry itself and then see where the working holiday maker fits in, or the student, for students are also involved in both these industries.

Senator TROETH—If we take the horticultural-agricultural side to start with, many of the submissions in that area maintain that they would not be able to draw a sufficient labour pool from unemployed Australians. How do you propose to maintain the balance between what the industry needs and what they cannot get from employed or unemployed Australians, and the balance that comes in through the working holiday maker scheme?

Mr Matheson—Do not quote me, but I think it was in submission 73 or 77—maybe both—where professional pickers were saying that they cannot get work because of the temporary student involvement. So it seems to me that the degree to which employers cannot get workers needs to be tested when professional pickers are writing to you and saying, 'We cannot get jobs, and the kinds of wages and working conditions we are expected to work under are deflated and depressed.' Is it any wonder that Australian workers are not working there? That is the fundamental problem.

Senator TROETH—Could I take you back to your earlier remarks regarding compliance. Do you, as a peak body, or any of your unions have the capacity to go into the workplace and inquire about conditions, wages and so on?

Ms Pollard—Yes, we do have the capacity. In most cases, we actually have right of entry through our awards to enter workplaces. I can really only speak for the hospitality industry, I am afraid, not the agricultural industry. Certainly we can enter a workplace but the nature of the workplace does make it extremely difficult for us unless we actually have union members there to talk to and to find out—if I can assume the meaning of your question—if there is award compliance.

It makes it difficult because in a restaurant or a cafe, for example, which is where a lot of working holiday makers work, it is physically very difficult to organise. It is often difficult to get past the manager and usually, in the case where there is non-award compliance occurring, the manager will not want you to go anywhere near the staff.

Senator TROETH—But what about a capacity for the union to ask to see wage

sheets or reference materials from the manager?

Ms Pollard—Yes, we can do what we call a time and wages check. But, generally, this only occurs if there is a union member or several union members present at the workplace to make that request of the union. Unless we become aware of non-award compliance, then our resources simply do not stretch to be able to walk into any restaurant and cafe—and in Victoria alone, there is 5,000 restaurants—to do a time and wages check. There is a process that you have to go through in order to get to the records if the management refuses.

Senator TROETH—What about if you suspect that there is avoidance or non-compliance? Can you set in place the process before you arrive at the workplace and then go in on that basis?

Ms Pollard—It would be, I would suggest, unwise to do it before you check the records. But, technically, yes, we could set in place that process if we suspected there was non-compliance going on. But, to be honest, we suspect there is non-award compliance going on in most workplaces which are non-unionised and in restaurants and cafes, most particularly, there is a very high level of non-union workers.

Mr Matheson—Senator, I noticed that one of the submissions talks about word being passed around growers when it was known that inspectors were in the area, particularly from the immigration department, and people were moved out. The difficulty is, therefore, going to be compounded. It would be interesting to probe up in Mildura the degree to which this happens. One submission or two submissions does not give you any more than an indication and we would have no idea of how widespread the activity is, but it is an indication of the difficulty of trying to get compliance measures in place right across the board, whether it has to do with wages, working conditions or taxation.

Senator TROETH—Yes, I do agree. In a reasonably small and probably well coordinated community that would be difficult. But getting back to your area, Ms Pollard, with hospitality, say here in Melbourne, does your union or any other union not have a program of spot checks?

Ms Pollard—Yes, our organisers do. Our organisers are organised in regions and within their regions, yes, they do spot check or occasionally just call in on places, as part of the job of an organiser is to recruit. That means simply going into non-unionised workplaces as often as you can. That does occur. But it is a case of lack of resources on our part: not enough organisers, thousands and thousands of workplaces.

Senator TROETH—Do you have any comment to make on the role of the Department of Immigration and Multicultural Affairs in monitoring and enforcing the compliance by working holiday-makers with their visa conditions? Perhaps the employers may not be doing their part, but what about the working holiday-makers who perhaps flout

the conditions of their visa?

Ms Pollard—I am not really sure. I cannot really answer the question in terms of what the conditions of the visa might be.

Senator TROETH—They should be working for one employer for not more than three months.

Ms Pollard—I am afraid I do not really have any comment to make in relation to that. The only thing that I would like to say from the point of view of the employee is that I think that coming into Australia you are even less likely to understand what your rights are. I think that is one of the reasons why those workers might be attractive to some less scrupulous employers.

Mr Matheson—Could I make the comment that the immigration department has never had the resources to monitor effectively any labour market program. They have never had the computer hardware or software. They have never had the capacity to do that; I think individual state officers have endeavoured to do their best. Certainly one hopes that, with the new computer system now in operation, effective monitoring will be a whole lot better than it has been in the past, but two things will need to happen: one, effective hardware and software in terms of the computerisation of entry and departure and secondly, the professionalisation of staff.

That department, like other departments, is confronted with substantive cuts across the board. So the degree to which effective monitoring and compliance will take place in the future has to be a question. It is not only immigration in terms of the other aspects related to industrial relations, taxation, superannuation, health and safety. There are other federal government and state government departments also involved and few of them have ever devoted resources in any strategic way to targeting these two industries in terms of their vulnerability to temporary workers coming in from overseas.

Mr KERR—Plus there is the need for some strategic response. It is predictable that every year you will have labour needs for the fruit picking industry in various parts of Australia. I think the CES used to do that. There was a recruitment program. I am throwing my memory back and I remember hearing radio advertisements through the CES to locate and find university students and others who would want to go to different towns for the fruit picking season.

If it is all being left to people who have no national direction and who are pretty indifferent to some of the interests of making sure that Australian young people, professional pickers or whatever—but certainly people who need employment here—get a chance at it, then we may be building up for a problem where nobody tries to do anything other than to continue the present practice that you are suggesting, which is becoming increasingly dependent on transient overseas labour.

Mr Matheson—There are two dilemmas. One is being able to monitor the fundamental or minimum standards that have been built into awards in the hospitality area. The other dilemma is that in some sectors we do not even have a piece of paper which sets out wages and award conditions. So that in the tour guide area the Australian Services Union is working towards that establishment. That was signalled to us two years ago when the Japanese inbound tour operators refused to enter into a discussion.

But at least we are now moving towards having a framework which can be used as a benchmark in terms of monitoring. At least it combines with minimum standards and awards. So there are two problems. If you have got something in place, how do you monitor it? And secondly, if you have nothing in place, how do you get it established and then how do you get resources to monitor it?

Senator TROETH—I take it that you are indicating that, if employers prefer working holiday makers, that is largely because of their capacity to work for much lower wages, is that so? They do not have any other attractions for employers, such as mobility or willingness to do short-term work in somewhat unattractive locations.

Mr Matheson—I really do not want to speak generally in a sense that there are some employers who are doing the right thing. I think the submission from Childers committee, for example, is an admirable submission in terms of a responsible role being played by a hostel. But I think the evidence that you have had from the Bureau of Immigration, Multicultural and Population Research, the kind of submissions that you are receiving from individuals and the kind of evidence we have generally about the industry would suggest that employers are getting a pretty good deal and that workers are not getting a fair go.

Senator TROETH—Do you think that Australian industry should be doing anything about training Australians then for these sorts of jobs? Or does the very nature of the job mean that it is uneconomic to train people for these jobs?

Mr Matheson—I think that, in terms of the industries in which the union movement is involved and working together with most employer bodies and the cooperation of government, there has been an indication in the past of trying to get a better hold on labour market needs—the human resource development side. I think that the Australian Liquor, Hospitality and Miscellaneous Workers Union and the ASU have worked hard in negotiations in these two industries in which temporary workers have been involved. We have committed significant resources and a significant amount of time to trying to get a framework and to trying to cooperate within a tripartite approach which covers the human resource side, the training end of the industry.

Senator TROETH—I wish to explore this a bit further. In the sort of industry that we are looking at, most transient workers might work three, six or nine months in the job. Then they are just as likely to move on to another part of the country or, indeed, to go

overseas to work in these sort of occupations. Is it worthwhile for the sort of tripartite resources that you are talking about to be devoted to that sort of employment?

Mr Matheson—Turning it over to the other side, we are concerned about two groups of industries that have complex labour problems. I think that is where we start in terms of the supply of labour, training needs and their career paths. When we have that in place, we can then fit in the transient, the mobile and the temporary worker. We do not start with a temporary worker and then move towards the industry. We have to work a lot harder at the industry level itself to put a strategy in place, whether it concerns the apple growers in Tasmania or the citrus growers in Mildura, and which acknowledges the very fact that if you go to Mildura tomorrow you will find them burning citrus trees. We have got substantive problems in Mildura that are not going to be solved by the working holiday makers. They are not a part of the solution unless we have a wider strategy in place.

Ms GAMBARO—In regard to some of the administrative features of the scheme, the committee has been given some evidence that there is a possibility that working holiday makers claim to be residents so that they pay a lower rate of tax. Have you had any evidence to suggest that they are doing that because they have 28 days to notify the employer of a tax file number? Do you have any knowledge of that occurring?

Mr Matheson—The ACTU has had this discussion with government for 10 years. We pleaded with government that, in the whole labour area, there has to be strategic cooperation between taxation authorities and industrial relations, social security and immigration officials. The immigration department cannot be expected to solve the wider problems. In some cases, there has been collaboration between government departments but we believe that is the exception, rather than the rule, although I note in your submissions that the taxation office is moving towards a greater collaboration with other government departments. But I must say that it has taken a long time for that kind of strategic approach to come in. We believe that temporary workers, illegal ones and working holiday makers are exposed and very vulnerable. The businesses that are employing them are also likely to be breaching the wider legislative requirements in the Australian community covering taxation, superannuation and industrial relations.

Ms GAMBARO—Just going back to the issue of employers, do you think that the chances of employers being monitored and of being exposed are minimal, and that is why the practice continues? Would that be a fair comment to make?

Ms Pollard—Certainly, in my view, that largely does go unchecked in the hospitality industry. That is part of my submission today: that because it does go largely unchecked it is a huge problem.

Ms GAMBARO—If I may just go back to the hospitality industry, is the practice of such employment, for example, in the restaurant industry—and I am not singling out

nationalities—higher among certain nationalities who employ people who do not have proper working visas?

Ms Pollard—Sorry—the ‘certain nationality’ is of employers?

Ms GAMBARO—Certain restaurants. Or is it more widespread in certain communities?

Ms Pollard—No, I could not really say that that was the case. In fact, the examples I know of—in which that kind of abuse, as I would call it, occurs—are not of that case. They concern Australian employers. For example, one of the areas where lots and lots of working holiday makers are used is in the snowfields, and they are largely Australian employers.

Ms GAMBARO—In point 27 you mentioned that there is contract labour immigration where you have duty-free stores, multi-locational enterprises, pre-arranging itineraries and work contracts. Are there any other industries where that occurs?

Mr Matheson—From the ACTU’s point of view, these would appear to be the most prevalent industries. In most other industries we do not have these sorts of problems. In metals, education, academic and health, where there have been agreements about the particular labour dilemmas or problems, we have moved, at a tripartite level, towards trying to work out and develop strategic approaches. We do have dilemmas in the hospitality, tourism and the horticultural areas, and they seem to be the last two areas where we have to do a lot more work. In terms of the tour guides, which has always been there, the movement towards an award will give us those benchmarks that are going to be necessary to ensure we have something to measure non-compliance against.

Ms GAMBARO—In relation to geographical areas, we have heard a number of submissions and, depending on what geographical area we go to, we hear that there is a shortage of workers for particular industries. Do you have any suggestions as to how we might overcome the fact that different geographical areas have different requirements? Is there anything as a committee that we can look at in the administration of the scheme? What are your thoughts on this?

Mr Matheson—It is true that in terms of the labour market the shortages we are finding across the whole of the labour market are either in particular or peculiar or highly skilled areas, or geographic areas. It is going to be interesting to see how the regional scheme related to the employer nomination scheme and labour agreements is going to work out. They have only been in place for two or three months, but that may well be one way in which particular regional needs are met in some kind of strategic way which looks at the unemployed young people coming out of the Cairns high school, for example, and the colleges, with the needs of industry. That seems to be one way in which you might handle regional skill needs.

We have to watch that, though, in terms of monitoring at a national level, because people do not stay in regions. They come into a region. They may come in temporarily and bounce out, or permanently. So we would not want, from a national level, to put all of the responsibilities and the monitoring into a particular region without seeing the wider national implications. Say, for example, from the immigration department's point of view, we would hope that any regional plan put in place would be monitored at the central office and not monitored in each of the states so we would not know the broader labour market dimensions.

Senator TIERNEY—A lot of the evidence we have heard is anecdotal and we have difficulty—apart from Ms Murphy's study, and we are going to hear from her a little later today—on getting hard evidence on exactly what is going on in this area. You touched on that, Mr Matheson. Ms Pollard, in relation to your union, where this must be a major concern, how do you gather evidence on what the problems are in terms of working holiday visas across the country? What sorts of methods do you use?

Ms Pollard—In fact, I do not have any empirical evidence on the matter. I am appearing here as someone who is very familiar with the hospitality industry, so, I guess, I am making a general submission. So, when you say 'How do I gather evidence?', it is by being frequently—every day of my life—involved with the hospitality industry and knowing what is going on in that industry.

Senator TIERNEY—So how does the complaints mechanism work from the unions about problems with working holiday visas?

Ms Pollard—With regard to the complaints mechanism, in the sense that members of the union know what their industrial rights are, especially in certain sectors of the industry, and again I go back to smaller employers such as restaurants and cafes, one of the major problems that we have as a union and that our union members have is that often when employees make their employer aware of what the award conditions are, what the minimum rates of pay are, they are terminated and we have to go through a process of unfair dismissals. So, in terms of the processes of how the union comes to find out about those kinds of underpayments and that kind of treatment of casual workers, that is generally what happens and that is how I gather evidence.

Senator TIERNEY—Do you get much coming through on this sort of thing, that in certain workplaces employers are putting on these sorts of people at lower rates?

Ms Pollard—Yes, I do know of examples where that occurs, and in particular regions especially. As I have already mentioned to one of the members of the committee today, in the snowfields, for example, there are an enormous amount of working holiday makers employed. But, yes, I do not have anything more than that for you in terms of actual empirical evidence.

Mr KERR—I can perhaps follow up that point. Isn't it true that in the small hospitality side in Melbourne, for example, you would be damned lucky to find a restaurant that paid award wages, so that this is not a peculiar problem of exploitation of short-term working holiday makers.

Ms Pollard—No, that is right, and I think that is what I started out by saying, that non-compliance with the award is a broad problem in the industry, and that is because of the nature of the industry, which I have talked about. But what we are saying is that working holiday makers are even less likely to understand what their rights are.

Mr Matheson—If I might just respond to that previous question, two things: I think Murphy's study found how difficult it was to probe employers in terms of what was happening. I think in some of the questions related to industrial relations she was getting 70 or 75 per cent response rates, whereas a lot of her other questions were higher, 80 and 90 per cent response rates. The second thing is that I would hope that in your deliberations you might take note of the recommendation of the ACTU where we suggest that one of the dilemmas of students, temporary workers, working holiday makers, is the lack of knowledge of just how we operate here and that consideration should be given to providing them with information. How do they know where to make a grievance or a complaint if they are working within fairly homogenous situations or they are isolated? How do they, if they do not know how to? So one of the things I would hope you might give consideration to is the provision of information at the industrial level, at the grievance level, which is not only industrial relations issues but issues like where do you make a complaint if you believe your rights are being denied, if you are being sexually harassed. That sort of fairly basic information should be available in packages to working holiday makers as a part of that information strategy.

Senator TIERNEY—One of the major hot spots that has shown up in this inquiry is in northern Queensland in relation to the Japanese tour operators. In your submission you actually mentioned an attempt to develop a labour agreement. Can you expand on what you tried to do there and why it failed?

Mr Matheson—This is two of the folders of about eight folders of the attempts to develop a labour agreement. It has a long history of discussions that have taken place where the Japanese employers took very responsible action. Ian Macphee was under contract for some time to assist the employers to get some knowledge of how the industrial relations systems operated here. We worked for the best part of 18 months with Mr Macphee, acting on behalf of the employers—the ACTU, the ASU and the Miscellaneous Workers. We went through a two-year period. As I say, their training, the human resource end was a well developed strategy, and it broke down when, according to the consultants to the employers, they believed that the Japanese employers really had little understanding of how we operated here. That was where the fundamental break took place.

Senator TIERNEY—Just in terms of the problems in particular regions and in particular industries, do you think it would be possible to tailor the visa in any way to take into account the fact that there are excess people in certain regions or certain industries or do you think that might be too difficult?

Mr Matheson—Any time a government attempts to put visa requirements on particular classes of visas, a government needs to be fairly confident that it has resources and the capacity to monitor those requirements. Requirements which lock people into particular regions or industries would seem to me to pose formidable problems in terms of monitoring analysis and compliance.

Senator TIERNEY—Perhaps locking them out of a very small selected range of industries or regions where there are problems.

Mr Matheson—The ACTU is always ready to move positively rather than negatively and, rather than locking people out, we would much prefer to move towards a point where, in particular industries, you set a labour agreement in place or a process similar to that where, rather than locking people out, you attempted to get a better hold on the industry. I do not quite know how you lock people out. These are very mobile transient groups.

Mr KERR—I have two questions. The first is about these industries. There is a difference for the Japanese tour operators which do not depend on itinerant labour. The nature of their employment could be done by trained full-time people, so there is a different issue from where you have industries that are essentially temporary like fruit picking or anything of that nature.

It is frequently said that one of the reasons that it is hard to develop a domestic group of people who are happy to travel to areas to take up casual work for short periods is the complexity of the way it affects our own social security system. For example, if you are a student or on unemployment benefits, the way you phase in and phase out and the perceived negative effects on your income stability is seen as an issue now. Do you have any comments on that? If our 10 per cent of unemployed and young people who are at school or university who might otherwise take advantage of these things feel discouraged from doing it, it is no little surprise that employers look for people who are actually a bit more enthusiastic about it.

Mr Matheson—No. The only general comment I would have would be that the dilemmas and the problems of these particular industries is that the wages and the working conditions are the problems, not the lack of workers. If there was more work done on wages and working conditions, there would not be a problem.

Mr KERR—You do not think there is a social security issue about the phase in and phase out sorts of issues?

Mr Matheson—I am uncertain.

Mr KERR—That was the first question. The second is that you make a point at 29.3 that the three-month employment limit be retained. We have had a fair amount of evidence that there is often only lip-service given to that, that it can be a change of employer's name. I am wondering, too, about the rationale for that. One of the things that you have said was that short-term, transient employment people have less likelihood of actually seeing that it is in their interests to make sure they get adequate remuneration or not be exploited or whatever. Given that there is a year currency for the working holiday visa, I am wondering about the three-month period. I appreciate that the whole idea is to allow people to experience different parts of Australia, and exchange of culture, background and the like.

I am not so certain, having heard the evidence, that that is an enforceable provision in a practical sense. I cannot be sure of that. But, given how easy it is to have a couple of corporate vehicles with different names, and different legal entities shifting from one to the other, even if you had a formal compliance system it would be difficult to prove that that was improper.

The merit of limiting it to only three months is questionable. If we are saying, 'Get some experience of Australia,' why not allow people to exploit some working opportunity as they will. If they can get four months or five months work in one place, what is so wrong about that? If they do, are they not less likely to be exploited rather than more likely to be exploited?

Ms Pollard—I would have thought that that was the case. If they are working in a place for longer, I would say they are less likely to be exploited and more likely to come to understand what the award standards are in Australia and those sorts of things.

Mr Matheson—Nevertheless, this is not a labour market program. This program is substantively a holiday program. We really have to switch the words: rather than a working holiday scheme, it is a holiday scheme with work experience. If you want a temporary work scheme, a guest worker scheme, that is a different kettle of fish. But it is wrong to use a student holiday program to supply a labour market, a demand. Rationally, you are right—if a person is in the one place longer then they will know more. But that seems to me to be starting at the wrong end. What is the scheme? It is a holiday scheme.

Mr KERR—I appreciate that, but if I were a holiday maker in France or Germany, I do not know whether my experience would be diminished or enhanced by my opportunity to work four or five months rather than three.

Mr Matheson—It is a deal about realities and perceptions. The reality is it is a holiday scheme. If you begin to convey a message, a perception, that you can work three months, six months or 12 months, then it seems that that is the perception you are going

to communicate, and I do not think it is appropriate for a holiday scheme.

Mr KERR—I wanted to ask that question because it seems that it will be one of the things that we will be having to look at.

Mr Matheson—Madam Chair, I am aware of the time, but I am anxious, given the concern of the committee at the tour level, to spend one or two minutes briefing you on the developments of the award side of the tour operators. This will be the first time that we will have a standard, a benchmark, a framework in the tour guide area. If we could take one minute to talk on that—

CHAIR—Fortuitously, it is the question I was about to ask you.

Ms Moore—The ASU was involved in negotiating an award to cover inbound tour operators currently. We have a dispute finding in the federal commission involving 32 operators. Inbound tour operators employ three main groups of employees: tour guides; tour coordinators, who are the office based people who arrange the local tours here and liaise with companies overseas; and the clerical administrative staff, who support that. So we are seeking to have an award to cover all those areas, so it will be fairly broad in its coverage.

As you can imagine, negotiating with 32 separate companies is a lengthy and sometimes arduous experience. But we are close to reaching agreement with three of the largest operators, and they happen to be Japanese tour operators. That will make it easier in terms of having an award, so you will have something for your membership to come to you with. If they have problems, we can go to the award and use it as a tool.

I refer to some of the aspects of the industry. Tour guides are very casualised, which makes it hard to recruit in those areas. When I say ‘casual’, though, we do have members who have been employed on what you would basically class a full-time basis—full-time hours—for up to 10 and 12 years, and they are still employed as casuals. So that is something that they perceive as a problem.

Also, in terms of working holiday schemes, I would agree that they do depress wages and working conditions. All my evidence is anecdotal. It is only evidence that has been provided to me by my membership. There does seem to be a problem in companies sponsoring people out here to work, and those people are willing to work for lesser wages and conditions and probably are not aware of their rights. When it is an award free area, it is hard to develop what their rights are. I think also in terms of, for example, the Japanese inbound tour guide area, where you have got Japanese tourists coming out here, there may be a perception that they need people that can speak fluent Japanese to take those people around.

The problem is not that there are not local people there to do that, the problem is

that the wages and the conditions are so low and so bad that people in this country that do have those skills do not see the tourism area as a very good area to go into. There are other more financially rewarding areas that they can use their skills in. So that is a problem in the industry. So we are on track to having an award—that will not happen until the new year, obviously now—but we are hoping that that will improve things in the industry.

CHAIR—Can I take that a step further. In many countries overseas the tour guides have quite high qualifications and some of them have diplomas or degrees that allow them to be experts in the history of their country and the culture of their country, as well, obviously, as having linguistic skills to assist the tourists. Do you think that in Australia we should be looking towards that?

Ms Moore—I certainly agree with that, yes. I find it astounding that local people are not seen as being the best people to show overseas visitors around our country. For example, I have spent approximately three weeks in London but I certainly would not consider myself competent to go over there and be a tour guide and know the culture and the ins and outs of London. I believe that in cities like New York, Rome, Paris and London there is actually legislation whereby tour guides have to be locals. So I think that would probably increase the professionalism of that industry. I definitely think that having qualified and skilled tour guides is an important thing.

CHAIR—From your knowledge of the industry, were there to be some contemplation of that sort of expertise it would certainly increase the award for the tour guides.

Ms Moore—Certainly, yes.

CHAIR—And would the industry then, just from your knowledge, be able to cope with it? This is probably a better question for the people who follow. How do you think that would affect the viability of the industry in hiring tour guides if they were hiring people with higher qualifications?

Ms Moore—Obviously, in terms of an award, if you are having a skills based award, the more skills people have the more value you can place on that, which is going to go a long way to improving wages in that area, which I think again will make it be seen as a more popular area to go into. I do not know if I have misunderstood your question there.

CHAIR—Certainly, I think from the employees' point of view it sounds attractive. I am not sure from the employers' point of view.

Mr Matheson—We do have a problem with our tourism, industry in the sense of maintaining our space with the Japanese and Koreans, that if our industry is not best

practice, if we do not have a fully professional tourism industry, we are going to lose our market share. I would have thought that there is enough evidence around to suggest that in some areas, with some employers, they are doing great damage to us through the operation of inefficient amateurs who will in the end affect us. From a union point of view it is good to see the industry talking about best practice. It is important for us to see the professionalisation of the industry because that will lead to best practice, it will lead to a better service and, hopefully, it will lead to a more satisfied tourist market.

CHAIR—I could only agree with you. Can I just touch on your comments about the coach association and the employing of overseas drivers. This has been raised with us in Cairns and, although it is not an immediate concern of this committee, I think anybody, generally, would be concerned about the problem that is there. So we do note that you have made those comments on the coach industry. Mr Kerr, you looked like you wanted to ask another question.

Mr KERR—You asked, I think, the question about the 50,000. That is an increase from 35,000, isn't it?

CHAIR—We went up to 40,000, an interim 43,000, I think.

Mr KERR—Something of that nature, so the 50,000 is above the limits that had been previously set. You say we should not increase that without certain preconditions being met. It leaves open the question of what you think would be an optimal program. I appreciate that, as you say, this is not intended to be a labour market program but a holiday program. But, from everything else you have said, it has clearly got labour market impacts. There is no pure distinction between one and the other; there is a grey area.

Mr Matheson—We are always in grey areas.

Senator TIERNEY—Were you comfortable with the increase to 50, or did you think it should be less? I am trying to narrow down precisely what you would wish.

Mr Matheson—The ACTU did not support the increase, because we were not convinced that government understood the rationale for the increase. All the evidence suggested that we do not know the implications of the increase. We do not have enough information about what is happening to workers. We have some areas that are totally deregulated. Until we have that information, do not let us start debating numbers. We can have a debate about numbers when we know a whole lot more about the implications of the scheme. That is our position.

CHAIR—I have sympathy with your point of view, but it seems to me that the working holiday scheme has a lot of advantages for the young people coming here and for Australia, in increasing awareness. When you put in a cap, it does impose some problems, especially to the tourist industry when that cap is reached and suddenly all the hostels are

empty until the end of that year. It does have effects. It is not an easy thing to put in without any effect. You are saying that we should be putting on a cap, because we have so many problems in our horticultural and our tourism industries and bringing more people in is going to exacerbate those problems.

While I take your point, it seems to me that, because of our problems in the horticultural and tourism industries, we are putting restrictions on a program that is essentially good. The program may exacerbate those problems, but perhaps we should be cleaning up the problems to make those industries work properly in favour of Australian employees who do need those jobs, rather than penalising another segment that has nothing to do with it but happens to impact on it.

Mr Matheson—Every program related to immigration has a cap, so I do not have a dilemma with limitations. There is no unlimited immigration program. Perhaps the only unlimited part of temporary movement into Australia relates to students. Students also are working in those sorts of areas—30 per cent of students coming here and working are ending up in the hospitality industry. I do not have a problem with limits. No country has an unlimited immigration program.

We do have industries with labour market dilemmas. I reiterate that immigration is not the answer. Immigration is a part of the answer. I will be more confident to talk about where immigration fits into any industry, when we get broader solutions into place in terms of those industries. I would be looking to the committee to say that in some industries we have got dilemmas. Working holiday-makers can be a part but not a totality of the solution. We have to work at other areas. In the interim we need to know a whole lot more. Students and working holiday-makers need to know a whole lot more about how we operate. Secondly, we do have mechanisms in place that are not being utilised as effectively as they could be, whether they be the regional schemes or the labour market schemes which are being put in place.

CHAIR—I think you misunderstood me in part. I was not looking at the scheme as answering labour problems. I do not think the working holiday-maker scheme was ever there to answer Australia's labour market problems, and it should not be used as such. I think it is a very good scheme that stands separately. If we got our own act together in all other areas, I do not see that it really should impact much. I could be wrong on that.

Senator McKIERNAN—I have one question about the extension of the scheme and the manner of reciprocity with other countries to give benefits. Have you anything further to add on that? It is not one of the larger points you made in your submission: it got only one line, as a matter of fact.

Mr Matheson—We would support reciprocity as a principle. If there are to be exceptions, they are to be the exceptions. Reciprocity in this area works, has worked, and is effectively working; therefore, do not let us change it, if it is working. Let us make the

exceptions as they emerge, for whatever reason; but reciprocity for us seems to be a good mechanism.

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

[10.20 a.m.]

NOAKES, Mr Brian, Executive Director, Australian Chamber of Commerce and Industry, 55 Exhibition Street, Melbourne, Victoria

CHAIR—Welcome. We have received your submission. Would you like to make a brief opening statement in regard to that submission or make any amendments to it?

Mr Noakes—There are no amendments, but I would like to make a brief statement summarising the thrust of the submission. It should be obvious from the written submission that we are strong supporters of the working holiday-maker scheme. We see the scheme as providing a number of considerable advantages. It fulfils an important labour market function, which I will come to in a moment.

We believe that the scheme offers the means of cultural exchanges in a two-way sense, both from the enriched experience of persons who visit here and the experience of Australians who come into contact with those visitors. The scheme also offers significant economic benefits, as those who come here under the scheme spend money in Australia and travel around Australia. The scheme has an important function of promoting tourism in this country, as working holiday-makers spread their knowledge about Australia when they return home.

Finally, we think that the scheme has a positive impact in the trade and business sense, because of the experience which the working holiday-makers take away with them. We support the existing requirements for the issue of visas in the broad sense, but we do have one or two proposals to make. We are concerned about the restrictive nature of the age limit, for example. The age limit is from 18 to 25. We believe that there are sound arguments for extending that at the upper level. The arguments used in relation to that point concern the longer periods which young people around the world these days spend in education, both tertiary and postgraduate education. We have suggested that the upper limit might be extended to 27, 28 or even 30 years of age. We do note in that context that the existing arrangements do allow for extension up to the age of 30, if benefit can be demonstrated, so we believe the principle of extension has been accepted.

The second point we would want to make is that we believe the period of three months as the maximum which the working holiday-maker can spend with one employer is too low and should be extended. We make that point particularly in the context that working holiday-makers are important to the tourism and hospitality industry, and a development in recent years in that industry has been a much greater focus on training. It is regarded as critical to the success of that industry that the persons who are employed in it are trained to a greater extent than they used to be at one time.

It appears to us that, if an employer has to make an investment in training the

working holiday-maker for a period of time, there ought to be a reasonable time when the return can be obtained on that training investment. We pointed to the study that we did of skills shortages in northern Australia. This was a frequent concern expressed by the employers who were studied in that exercise. We also note in that context that the period of three months can be extended if written permission is obtained from the department. So, again, I think the principle has been accepted, although probably the process of obtaining written permission is a little impractical in many circumstances.

We have welcomed the increase in the cap on visas. We have accepted the need for a cap; we think that is a sensible provision. But we have argued that the cap must always be set taking into account labour market needs. In that respect, we note that there is no evidence, that we are aware of, of negative labour market effects which have arisen as a result of the scheme. We have proposed that the cap should continue to grow in the years ahead and we have made a suggestion of a 19 per cent per annum growth figure as an indicative figure which reflects the experience of recent years. But we do concede that the cap does need monitoring and reassessing for each year.

We have made a particular point about the impact of the year 2000 Olympic Games. We think this is going to have a significant and perhaps unprecedented effect on the number of tourists coming to this country—before the Games because of the publicity, during the Games and after the Games because of the follow-on effect. So we have said that there may be a need for a considerably greater number of visas because of the effect of the Games.

So far as the administrative arrangements are concerned we have made no particular comments. So far as the impact on the community and the labour force is concerned, we have noted the lack of any evidence indicating negative labour market effects. We have pointed to the report by the Bureau of Immigration, Multicultural and Population Research in 1995 which indicated marginal labour market effects and indicated that there was no rationale for restriction of the number of visas. The report also pointed to positive effects on the economy and said that the scheme added to aggregate demand for goods and services, and we endorsed those conclusions.

I would want to emphasise that in our view, and in the view of industry generally, working holiday-makers are an important source of temporary and seasonal labour. They provide a source of labour which is flexible and enthusiastic; they are willing to do difficult and arduous work, and they are also willing to work in remote locations, particularly, if this is for only a limited period.

We note the report of the 1994 horticultural task force which referred to the fact that there were insufficient workers in peak periods, such as harvesting. Perhaps, in conclusion, I would simply note again the conclusions of the study which we did in northern Australia that indicated that most employers have difficulty finding staff for isolated areas. They regard the availability of working holiday-makers as absolutely crucial

for them.

They have indicated that some of those working holiday-makers come with suitable skills because of experience they have had in their own countries. But they do say, very strongly, as I have already indicated, that when training is required, then three months' employment is too short a period for them to obtain a return on their investment in that training.

One final point I should make concerns the reciprocal arrangements. We believe that reciprocity is important. We endorse the availability of flexibility in some circumstances for non-reciprocal countries, and we believe that the number of reciprocal countries should be expanded. We have made no particular proposals about particular countries.

CHAIR—Thank you very much, Mr Noakes. What do you see as the purpose of the cap? You endorsed having a cap, but I would just be interested in what you see as the purpose of having a cap.

Mr Noakes—I think that the purpose of the cap is probably to maintain confidence in the scheme. It seems to me that if there were unrestricted numbers, it would be quite likely that there would be a loss of public confidence in the scheme. I think that this is similar to the immigration quota, in that sense.

CHAIR—There was a period when this scheme did not have a cap and I do not think that it suffered from a particular lack of confidence during that time, or fell into disrepute because of it.

Mr Noakes—I am not aware of those circumstances.

CHAIR—I just wondered because in your submission you have actually based the cap on what you estimate the demand to be. You have raised it 19 per cent each year. I thought that if the cap is simply going to be driven by demand, what is the purpose of having a cap at all?

Mr Noakes—I did say that they were indicative figures and that they needed to be assessed each year in the light of the circumstances. Obviously, there will be submissions made to you and to the government from time to time about possible negative labour market effects if the cap is raised.

CHAIR—What would you see to be good reasons? For instance, if you did have a cap, or even if you did not, of putting a cap on at a lower level on what is coming in, what would you see would justify such a move?

Mr Noakes—At a lower level?

CHAIR—Yes. Not what it is at the present but, for instance, say, in the year 2000 and 2001, you estimate that it would be over 100,000 working holiday visas and, let us say, we were up to that by that year: what would you say would be a reason to bring that cap down?

Mr Noakes—I think I can answer that best by saying that the state of the labour market will always need to be taken into account. Obviously if there were an extremely high rate of unemployment and if there were evidence that Australians were seeking and unable to find employment because of the presence of working holiday-makers, that would be a factor which would need to be taken into account.

CHAIR—But don't we have that situation now where we do have high unemployment in this country? We do have, in certain segments of the industry, places where Australians are seeking work and believe they are being held out of that work because of the working holiday-maker.

Mr Noakes—I am not aware of that.

CHAIR—I think earlier the ACTU suggested to us that there were professional pickers in the horticultural industry who were finding it hard to get work. At this stage we have not had direct evidence from anybody in that situation but certainly in the tourist industry we have had evidence from people who would like to be tour operators but feel that they are being kept out of the industry by the working holiday-maker.

Mr Noakes—I think that is a very specific and limited area of employment but I can repeat again that in the study that we did across northern Australia, which ranged from Broome right across to northern Queensland, there was a frequent indication from employers that they were suffering from skill shortages and not able to get the people they wanted. As I have already indicated, they said that working holiday-makers were an important means of addressing that skills shortage so there was no indication from that study that Australians were being denied employment opportunities.

Mr KERR—In a closed labour market, supply and demand operates so that if people want to employ labour in more remote areas they attract that labour. They find accommodation or wage levels that do it. But if they have got a cheap and readily mobile external work force that can be plugged in, then they do not do anything to really accommodate the domestic labour force. I note the change in the fruit picking. I made this point to the ACTU. I remember when I was a young boy there was this large internal migration to go fruit picking. It does not seem to be happening now. What has been suggested is that it has been taken up by external in-sourcing of working holiday-makers. The fact that there is a call by employers to have readily available to them people who are happy to work in these localities, in harsh conditions as you say, does not necessarily mean that this is not displacing local labour. It may simply mean that the labour market is being distorted because of this.

Mr Noakes—I do not know of any circumstances in which the proposition would hold true that Australians were being denied employment—in other words, that they were available and seeking the work and not able to obtain the work because of the presence of working holiday-makers. All I can say is that on the material available to us, as I have said, employers in the north of Australia in particular are not able to attract all of the labour that they need. They do suffer from skill shortages and they rely on working holiday-makers. That may be a function of the remoteness of the area. It may be because the peak periods of employment are limited and Australians are reluctant to travel the distances to those areas. I do not believe it has anything to do with the wages and conditions on offer. We certainly have no evidence to that effect.

CHAIR—If I can go back a little further than Mr Kerr, although I never went fruit picking myself, I remember that in the last years at school many of my friends did. Recently I had a group of unemployed young people in my office and we were discussing it. I asked about whether they had contemplated following the fruit-picking or horticultural season because, as you would be aware, you can actually get jobs in this industry all months of the year—except, I think, in January, which is about the only month that around Australia you could not find a job—and not one of them was aware of this possibility.

The second question, of course, was once they were would they really consider it. But the first question was that they were not aware that these jobs were available for them. So, taking Mr Kerr's point, is it that the working holiday-makers are picking this up through their own streams of information in the backpackers' hostels and by word of mouth, and that information is not being made available to our own young people who are seeking work?

Mr Noakes—I would be amazed if people in this country who were actively looking for work did not know that opportunities were available in fruit-picking or harvesting or whatever. If they go to the CES offices they will find that out; the facilities are there.

Mr KERR—They will not necessarily find out if they are not being advertised. I think that is one of the problems.

CHAIR—I am sure they did not know why they did not know, but they just did not know that it was available.

Mr KERR—Certainly it is true that none of the things that one used to hear about seems to be readily known. It just does not seem to be something that is talked about much now in the community. I know that both of us are old enough to say, 'Aye, when we were young,' but when we were young certainly it was one of the things that happened if you were a student or unemployed. You knew there would be a certain season. The work advertisements were a ready route that a lot of Australians used, and now it seems to be increasingly restricted to working holiday-makers. Good on them for doing it, but I am

not sure that it is smart for Australia.

Mr Noakes—It is hard work. It may not be too attractive to many young people these days. You and I probably did things that young people today would not readily do in that sense.

Mr KERR—I do not commend everything I did in my youth to young people!

CHAIR—I think the point we are making, Mr Noakes, is that the working holiday-maker scheme was never intended as a labour scheme to fill shortages of labour around the country, but obviously from the submissions we are hearing, and certainly from you, that is in fact what it is being used for. One of the submissions we are getting from you and others is that we need these young people in the horticultural industry.

If Australia had full employment I think nobody would bat an eyelid at that, but the fact that we have so many young people who do not have jobs and who have never had experience of work is one of the really worrying things—they are out there and yet we are filling these positions with working holiday-makers. We are wondering what the reasons are, other than the fact that the work itself is arduous and not all that attractive.

Mr Noakes—And remote in many cases. It may not be a labour market scheme, but it has a labour market component; otherwise working holiday-makers would not be allowed to work. The fact that they are allowed to work indicates that it has a labour market component.

CHAIR—No, the reason they are allowed to work is so that they can support themselves while they are here for a year. It is an opportunity for a cultural exchange of young people on the understanding that, if you are going to be here for that long, you need some way to supplement your funds. But it was never intended to fill in holes in the labour market within Australia.

Mr Noakes—Not in that sense.

Senator McKIERNAN—I want to follow through on the labour market program. It appears from the submission and what you have said here this morning, Mr Noakes, that the chamber sees this program as a labour market program; rather than being a tourism program or anything else, it is a labour market program.

Mr Noakes—No, I do not think so. We have pointed deliberately to the other advantages of the scheme. We pointed to the cultural advantages, the trade and business advantages that accrue from working holiday-makers being here and returning overseas. We have pointed to the economic benefits that come from their spending in Australia. We do not see it only as a labour market scheme.

Senator McKIERNAN—But you focused attention on your survey of skill shortages in Northern Australia and it appeared to me—and forgive me if I am getting it wrong—that you put a great reliance upon the working holiday maker program to alleviate or at least diminish the problems in skill shortages in Northern Australia. Am I correct in that?

Mr Noakes—What we are saying is that it is important to employers. It is important to employers of labour. It fulfils an important function to them.

Senator McKIERNAN—Some of the other submissions that the committee has received, particularly from the horticultural industry, tell us how crucial the working holiday makers are to their industry. That causes me a concern because, if you look at the figures that you have actually reproduced in your graph, you notice in the year of recession—1991-92—in a demand driven program that the people just did not apply to come here. I have got a concern that those industries are reliant on something that they are not in control of, that they are reliant on a work force that may not, in some future year, apply to come here to pick the crops.

Mr Noakes—That will have to be faced if it happens. That is a problem which will have to be addressed if it occurs.

Senator McKIERNAN—Would it not be better addressing those labour market problems from a labour market perspective, with labour market strategies, rather than a program that is put in essentially for tourism reasons?

Mr Noakes—That is what the immigration program does to a large extent.

Senator McKIERNAN—Our immigration program is reducing—it certainly has been reduced this year and it has been reduced in previous years—but the working holiday maker program has increased and increased, as you indicate in here, by less than 20 per cent, whereas our tourism program is not increasing at anywhere near those levels.

Mr Noakes—I think what I am saying is that the immigration program addresses the area of skills shortages in the context of the overall labour market situation. It obviously is not going to address needs for fruit-pickers or short-term employment in the tourism industry. That is an area where the working holiday makers scheme is regarded by employers as being important for them.

Senator McKIERNAN—It is regarded by employers but it is not regarded by government as important, and that is part of the reason why this inquiry is being undertaken. Employers regard it as one thing, but I think certain working holiday makers regard it as merely a tourism program. Some of them do not—from the evidence we have been given—actually work while they are in the country at all.

Mr Noakes—Of course.

Senator McKIERNAN—So the employers, in seeking to address problems that they have got or that they see a potential for, are reliant on something that may not, next year, be able to deliver a solution to their problem.

Mr Noakes—They are not solely relying on that. I am not suggesting to you that employers out there in the industries I have mentioned are solely relying on working holiday makers. There are other sources of labour which they do their best to make use of, but this is one of the important sources.

Mr KERR—I think one of the conundrums we face is that this discussion takes part against a background where governments have felt constrained to respond to high levels of unemployment in Australia by, for example, constraining the immigration program very significantly. And some of the measures that the government has brought in are measures which we have criticised as being too harsh, particularly those that affect the right of members of families to marry or dependent children to come here.

I am not trying to be partisan here. All I am saying is that the pressures that are on what is a relatively small program—I think the total number of family reunions tops out at about 50,000 or something of that kind—could cause a problem if we are bringing in increasing numbers of, say, working holiday makers, or students who have an entitlement to work—short-term contract labour which we have facilitated and streamlined so that it is much easier to get people in that way. I wonder whether the Australian resentment of outsiders taking work is impacting harshly on the migration program and things like it. There is an odd imbalance occurring here. We have the sense that we should restrict our migration program, yet it is not in the migration program per se that job competition is happening. We have shut down that program to a degree where numbers are at historically low levels.

We are increasing other areas of short-term entitlement to work. There are a lot of students here—I do not know how many—who are working. You would know about the arrangements for short-term contract employment, Mr Noakes. I think they have been very much streamlined. The numbers of people coming in under that have been dramatically increasing.

I wonder how you see this dilemma: we have an immigration debate focusing on cutting numbers. At the same time, we are increasing the number of people coming in who can work in the labour market? All this other stuff has been driven by the fear of the impact on unemployment.

Senator McKIERNAN—We might give Mr Noakes an opportunity to respond to the range of questions in there.

Mr Noakes—There is a policy dilemma. There are all sorts of policy dilemmas for governments. We have not come here proposing that government open the doors completely or adopt an exponential target without any proper assessment. We have given you some indicative numbers and said, ‘All the factors need to be examined on an annual basis, to see what the effects are of whatever figure is set.’ That is the most that can be done. I do not think it is possible to plan five or 10 years ahead, for example, and say, ‘We’re going to have so many more during those forward periods.’ We have to make a regular assessment of all the factors mentioned.

Senator TIERNEY—You mentioned near the start of your oral evidence that the working holiday scheme had no negative labour market effects. Am I quoting you correctly?

Mr Noakes—That is right.

Senator TIERNEY—How did you assess that?

Mr Noakes—I think the actual words I used were that there is no evidence of negative effects available to us. On the other hand, the report by the Bureau of Immigration, Multicultural and Population Research indicated positive effects.

Senator TIERNEY—But there is not much evidence at all, is there?

Mr Noakes—Precisely, yes.

Senator TIERNEY—A lot of it is anecdotal. It is an area where we are grappling almost in the dark. The Chair referred to the strange situation where you said you believed in a cap and you wanted it to rise by 19 per cent, relating to demand. Doesn’t that really mean you do not believe in a cap? Capping means you stop at a certain level. If you are following demand, and demand is going up by 19 per cent in current terms, is that really a cap?

Mr Noakes—We have said there ought to be a cap set annually.

Senator TIERNEY—But that cap is related to the change in demand.

Mr Noakes—It would be related to all of the factors we have been discussing, including demand.

Senator TIERNEY—In what way is it a cap?

Mr Noakes—It would be the maximum number.

Senator TIERNEY—My understanding of a cap is that you set it at a particular

level and then it is capped at that level.

Mr Noakes—Yes.

Senator TIERNEY—But your idea is that it keeps going up. I am trying to figure out how that is a cap.

Mr Noakes—Because it is reassessed.

Senator TIERNEY—But in line with increasing demand?

Mr Noakes—As one of the factors, yes.

Senator TIERNEY—What other factors?

Mr Noakes—If there were perceived negative effects, the cap would need to be assessed for those negative effects as well.

Senator TIERNEY—Just say it moves up 19 per cent in one year, do you think the labour market and the infrastructure of the country could actually absorb that 19 per cent?

Mr Noakes—Yes.

Senator TIERNEY—What gives you that confidence, given that unemployment is actually not improving significantly at this time?

Mr Noakes—We are speaking about very low figures anyway. We are not talking about a lot of people in the context of a labour force of eight million.

Senator TIERNEY—But regionally we probably are. It does impact regionally in certain areas. If you allow it to go up by this sort of figure, if these people are attracted to specific areas of the country, like around northern Queensland where there are very high pools of unemployment, you would not see that a 19 per cent increase would have a significant effect?

Mr Noakes—No, I would not and that is not borne out from the study we have done of employers in areas like that. Again, we are talking about small numbers of people. I would not see it as having a negative effect. As I tried to say, I do not discount the necessity for a regular assessment of all the effects.

Senator TIERNEY—You say in the submission that some working holiday-makers are forced to leave Australia early as a result of the three-month limit. Could you enlighten us a little on that view? I suppose we are wondering, if there is a three-month

limit on employment, what is stopping them from picking up employment elsewhere in another region in another three months?

Mr Noakes—I do not recall that we said they were forced to leave Australia.

Senator TIERNEY—I do not have a page number on there.

Mr Noakes—It is on page 26 of our submission. It is on the bottom of the first page of your submission. Yes, I am sorry, we did.

Senator TIERNEY—What is the reasoning behind that?

Mr Noakes—Presumably if they were unable to obtain other employment.

Senator TIERNEY—But you have evidence that that actually is occurring and therefore they are leaving the country—

Mr Noakes—I cannot point you to any actual evidence.

Senator TIERNEY—Also in your submission you refer to the chamber's study of skills shortages in Northern Australia.

Mr Noakes—Yes.

Senator TIERNEY—We believe that study is not publicly available.

Mr Noakes—It was to be completed in October. I think we did indicate that to the committee. It is still not completed, but it soon will be and we will make it available.

Senator TIERNEY—Okay. I do not know if you have seen a preliminary draft or anything but perhaps you might be able to let the committee know just what was found in the study. Are there any preliminary findings?

Mr Noakes—I cannot tell you anything more than is in the submission, Senator.

Senator TIERNEY—Okay. What is the revised date of that study being available?

Mr Noakes—I cannot give you a firm date but it will be soon I hope. We will let you have it as soon as we have it.

Senator TIERNEY—Thank you, Mr Noakes.

Senator TROETH—Mr Noakes, are you aware of any administration or other sorts of problems that employers face when they employ working holiday-makers?

Mr Noakes—No, Senator. We have not addressed that area in our submission.

Senator TROETH—Do you think employers are sufficiently aware of the conditions that attach to working holiday visas?

Mr Noakes—I cannot point you to evidence. Maybe it will come out in the survey that I have been discussing with Senator Tierney.

Senator TROETH—Do you think there is a temptation for employers not to assist with compliance when there are no penalties for employers who employ working holiday-makers and who do not comply with the conditions?

Mr Noakes—I would expect they would be anxious to comply with the legal requirements irrespective of penalties or not.

Senator TROETH—We have heard allegations that some employers exploit the short-term nature of their contact with working holiday-makers and their ignorance of those rights—for example, by paying lower than award wages or cash in hand or less than the rate agreed. Are you aware of such allegations?

Mr Noakes—No, I am not. I am not aware of any such circumstances.

Senator TROETH—You commented before that your survey, or the study that you had done, looked at working holiday-makers right across northern Australia from Broome to Cairns.

Mr Noakes—Yes.

Senator TROETH—And you said that there was obviously an uneven impact in northern Australia given that conditions in Cairns were different from those in Broome.

Mr Noakes—Yes.

Senator TROETH—Would it also follow that any changes that we want to make would have an uneven impact?

Mr Noakes—I suppose that would depend on the changes to some extent.

Senator TROETH—Do you have any solutions that would allow a scheme to be tailored to suit different needs in different regions around Australia? I think you said that the Japanese tour industry in Cairns was a specific and a very small impact area because of the locality. How should the committee look at tailoring any solutions to these sorts of problems?

Mr Noakes—I imagine it is very difficult to tailor solutions to specific problems. I cannot offer any suggestions.

Senator TROETH—When you spoke to employers in isolated areas about the skill shortages, what view did you form about the efforts which were made by them to find Australians to fill the vacancies?

Mr Noakes—I cannot answer that question; I do not know.

CHAIR—Mr Noakes, in your submission, you noted that the Sydney Olympic Games would require more labour than was presently required in Sydney and you suggested the working holiday-makers would be filling some of this gap. Considering the youth unemployment in this country, should we not be looking to the Sydney Olympics to give some of those people, who have not been employed, an opportunity to experience work and looking to some sort of program to move people perhaps from other areas into Sydney so that they can fill that demand rather than looking at the outside working holiday-maker to fill the gap?

Mr Noakes—I certainly hope something like that happens. Of course, I was not only speaking about Sydney. I was not only speaking about employment during the period of the Games, which is one factor. I think a much more important factor is the very large increase in tourism which will come before, during and after the Games and which will necessitate increased employment in the main tourism areas throughout the whole of Australia, including remote areas. While one would hope, of course, that the Olympic Games produce enormous economic benefits and employment benefits for our own labour force, we are convinced that there will be a need for increased numbers of working holiday-makers to fill the gaps as well.

CHAIR—From your knowledge of employers, if an employer—for instance, a restaurateur—envisages that he or she is going to have an increased need for labour during this period of the Olympic Games, do you think he or she would be more inclined to hire a young Australian who has been out of work or a young working holiday-maker? What are the relative benefits or attractiveness of either?

Mr Noakes—I think the employer would be concerned to get the best person for the job. I do not think an employer would discriminate between one or the other.

CHAIR—I was just wondering if, when you were talking with employers, they had said anything to you along the lines that working holiday-makers were prepared to work harder, longer and with fewer complaints or that they preferred Australians because Australians at least knew the local working conditions, knew their way around and knew what was expected in restaurants. Did you have any feedback from them on that sort of aspect of it?

Mr Noakes—No, not specifically; again, it may come out of our study. But I repeat what I said earlier that it is not a case of all Australians or all working holiday-makers in a particular employment: the employer would be looking for the best person to do the job. He may have both categories and most likely will have both categories.

CHAIR—So there is no characteristic that is common to all working holiday-makers and none that is common to all Australian young people that would separate them in any way?

Mr Noakes—I think there would be satisfactory and unsatisfactory employees in both categories.

CHAIR—Do you have any feelings about whether the CES should be providing jobs for working holiday-makers or a source of employment for them?

Mr Noakes—I see no reason why not. That is part of the CES function.

Mr KERR—With regard to your suggestion that the three-month limit on one employer be reviewed: I have some sympathy for that having heard the issue of training and things of that kind, but the idea of the working holiday scheme was that it was a holiday program and cultural exchange rather than a labour market program. The ACTU made that point very plainly.

One of the things that would perhaps allow us to split the difference would be to more clearly articulate that work is meant to be an ancillary part of a holiday experience in Australia. I was just checking with the secretariat and they confirm that, essentially, as long as you keep moving you can lawfully work for every day of the 12 months you are here. It may be that a more appropriate way to do it would be to say that there is a six-month period: you can work six months in the time you are here for the 12 months and, if you want to take it with one employer, fine, or if you want to take it with a number, fine. Six months would at least allow you to get back some of the training you invested in a person. But it would get away from the idea that you could come here as a so-called working holiday-maker and then just spend all your time working with one employer, not having a holiday and not having any tourism or cultural exchange. I am just wondering whether we could look at something that basically says that more clearly, that makes this an ancillary to a cultural travel tourism rather than not having any job at all to be able to have some cultural experience.

I do not think it was ever the intention of the working holiday program to enable somebody to come to Australia and work for 12 months in a temporary—

CHAIR—No, but I suspect there has never been anything there to stop them from doing that.

Mr Noakes—Yes, it is permitted.

Mr KERR—There is a provision but it is much ignored; that seems to be the case.

CHAIR—Yes, that is right.

Mr KERR—The computerisation and everything else is now catching up so you can develop an enforceable system, albeit perhaps not as enforceable as some would wish. I am just wondering whether, say, you could take the 365 days in the year and divide them by two and say, ‘We do not expect you to work more than half of those days because you are here primarily for a cultural—and other—exchange.’ Then I would be more relaxed about doing something about the extension of three months. What I think is in the minds of many people is that this is really transforming a program, that had one particular rationale for its establishment, into a program that has a very different rationale. Whilst, of course, this happens in life, I am not certain that at public policy level the government or the opposition really would want that to be the case.

Mr Noakes—I think I am putting my proposal on a fairly narrow base by trying to justify it on the basis of the training that is required in certain occupations. Obviously, it is not going to apply to fruit picking because of the duration. But clearly there are areas of tourism and hospitality, which are very important to the economic future of this country, where the training of staff is very important and where we think there is a justification for an extension of the period.

Mr KERR—To what?

Mr Noakes—Well, we said six months.

Senator McKIERNAN—Can we tease this one out a bit? I understand where you are coming from, but I do not understand why the employer would put that investment into the training of a person who the employer knows is only going to be here for a very limited period. To me it just does not make logical sense to make that investment in a worker when they know they are not going to get a repayment on it.

Mr Noakes—Senator, they have to operate their businesses, they have to get the labour from where they can and they have to choose the people they think are going to be able to do the job to their satisfaction. If—to achieve those objectives—they have to make some investment in training, they will make it. Obviously, if they can get a fully trained local person who shows every sign of being able to do the job satisfactorily, they will take that person.

Senator McKIERNAN—Can you give the committee some instances of the areas of industry where that investment in training has occurred? Obviously, fruit picking does not come into it. I am referring to the training of working holiday-makers.

Mr Noakes—Well, we focused on the tourism and hospitality areas in that sense. We said that no longer does an employer simply take someone in to work in a resort hotel and put that person to work without training as to what they are required to do and how they are to perform their work.

Senator McKIERNAN—The evidence we have got from one very large hotel chain is that it will not employ working holiday-makers because it will not get a return on the investment that it is making. That is one sector of the hotel industry. Where else has it occurred?

Mr Noakes—You have quoted the example of one hotel chain. There will be different experiences and there will be different locations where what I say has a different effect from other areas but just because one hotel chain says, ‘We do not want to do this—

CHAIR—The senator is making a very good point. Why would you take the trouble to train somebody who you know is going to leave? Is it not in your interest to train someone who you think is going to be here at the end of this year, next year, because there is an expense every time you change over and retrain an employee?

Mr Noakes—Absolutely.

CHAIR—You are guaranteeing yourself this sort of expense by taking on the WHM. There have got to be young Australians out there who you can train up and who give you a permanent return on your investment.

Mr Noakes—In many cases, that is not true. They are not available.

CHAIR—Mr Noakes, I find that hard to believe.

Mr Noakes—They do not want to do the work or they do not want to go to the area. Or they do not want to work just for the peak period that the job is available for.

CHAIR—Could you tell us what areas such cases are in?

Mr Noakes—The area I am speaking about is the same as the senator is speaking about: tourism and hospitality. Do you mean geographical areas?

CHAIR—I was just thinking. Is there some sort of area within that where this rule does not apply. I was raised in the hospitality industry, Mr Noakes—as I believe Ms Gambaro was—and it seems to me that just to train somebody up you are hoping for a long term return on your investment. I cannot see where that would not apply and where you are going to have as a rule of thumb that working holiday-makers are going to be better per se than Australians, especially considering you are not going to get a return on

that investment.

Mr Noakes—I can only repeat that the employer of labour will take the labour that he or she needs and can get in the circumstances. If that requires training on which they will not receive a full return for their investment, they will be compelled to do it.

CHAIR—Do you want to follow that any further?

Senator McKIERNAN—No, I think probably not.

CHAIR—Ms Gambaro is the one who started this.

Ms GAMBARO—Can I just go back to the hospitality industry, Mr Noakes. Is it in lower grade positions such as housekeeping or laundry? Again, I am asking the same question. Do you have any experience that employers being willing to employ working holiday-makers is more prevalent in certain sectors of the hospitality industry?

Mr Noakes—I cannot differentiate in that way.

Ms GAMBARO—And you have no studies that show that? Have you any experience from employers that would indicate otherwise?

Mr Noakes—The study I have referred to may indicate that.

Ms GAMBARO—With the CES, have you had much feedback from employers regarding the effectiveness of the CES?

Mr Noakes—In relation to the scheme?

Ms GAMBARO—We have had a number of occasions where we have had people in North Queensland, particularly in the fruit-picking industry, saying they would like to employ locals; they go to the CES but they are no use to them and they are very inadequate. Do you find that?

Mr Noakes—No, I cannot give you any evidence of that.

Ms GAMBARO—Can I ask you one more question on the CES? The information flow in the backpacker network, particularly with backpacker hostels and magazines, seems to be very good. Do you think that some of the problems that the CES may have experienced was because of the lack of information between the fruit-pickers and backpacker market? Could that be an honest assessment?

Mr Noakes—I cannot really answer that, but I would be very surprised if the CES offices in the regional areas where fruit-pickers were required were not very well aware of

the local situation and transferred information about that situation.

Ms GAMBARO—We have had some interesting submissions saying that the CES were not aware of the conditions and were not able to supply local market labour. That is interesting.

Mr Noakes—Frankly, I would be amazed if that was so. If the CES office in Shepparton does not know that fruit-pickers are needed in the Shepparton area, I would find that quite amazing.

Ms GAMBARO—Okay, Mr Noakes, thank you.

CHAIR—Mr Noakes, we are almost out of time, but I will just quickly put this question to you, if you could give me the briefest answer. What would be the reaction of the tourist industry if we started to require a diploma as a minimum for a tourist guide so that the person would be known to have historical and cultural knowledge of the area plus linguistic abilities?

Mr Noakes—I cannot answer that question off the cuff.

CHAIR—There has been no discussion within the industry that you are aware of?

Mr Noakes—No, not on that particular issue. I can try to get an answer for you, if that might be helpful.

CHAIR—Thank you very much, Mr Noakes. You have put up with a lot of extensive questioning here. We are trying to get a really good feel across the very different points of view. Thank you for appearing before us today and, if we have any more questions, the secretary will write to you.

[11.22 a.m.]

DEAR, Mr Christopher James, Director, Temporary Entry Policy and Operations, Department of Immigration and Multicultural Affairs, Chan Street, Belconnen, Australian Capital Territory

MURPHY, Ms Jill, Previously Senior Researcher for Bureau of Immigration, Multicultural and Population Research, Department of Immigration and Multicultural Affairs, Chan Street, Belconnen, Australian Capital Territory

Ms Murphy—I am appearing as a representative of the Department of Immigration and Multicultural Affairs. I probably should explain my situation. At the time that I wrote the report, I was employed by the Bureau of Immigration, Multicultural and Population Research. It has now been closed down. When I was the author of the report, I was employed by the Department of Immigration and Multicultural Affairs.

Mr Dear—I appear solely in a support capacity to Ms Murphy.

CHAIR—Ms Murphy, do you want to make any statement about the report?

Ms Murphy—No, not at the moment.

CHAIR—Questions will simply be on the composition of the report. Any time that you feel that we are straying beyond where you want to go, please refer the question to Mr Dear. I am sure he will take over from you. Perhaps we will move straight to questions. The Deputy Chair was about to ask you a question.

Senator McKIERNAN—He was indeed. You have got a comment on page 9 of your report about the interrelationship of working holiday-makers coming to this country and those going overseas. It says:
Also, in countries such as the UK and Ireland, Australian citizens with an English or Irish parent and grandparent have the right to work without a WHM visa.
Is that correct?

Ms Murphy—Yes.

Senator McKIERNAN—It is. So an Australian citizen can go to Britain and just work without having a work visa?

Ms Murphy—Yes, as far as I know.

Senator McKIERNAN—Mr Dear, do you know?

Mr Dear—I think Ms Murphy is referring to the patriality provisions which are in place in the UK. I cannot quite find the reference. It is my understanding that, if you have a parent or grandparent born in the United Kingdom—I do not know whether it applies to Ireland as well—you do have certain rights of entry, abode and work rights. Australia did have a similar patriality provision where a citizen of the United Kingdom had an Australian parent or grandparent but, on the advice of the then commissioner for community relations, I think—and I am probably going back to the early 1980s—the provision was abandoned as discriminatory, but the English side still maintains that provision. That is on page 9.

Senator McKIERNAN—It was quoted at the bottom of page 9 of your submission.

Mr Dear—Oh, of our submission!

Senator McKIERNAN—Yes. Do not go trawling through it but, in the sense of reciprocity, it is important that the UK is the country where the largest number of Australians go overseas to work and visit. But I was under the impression that a person travelling on an Australian passport, irrespective of the birthplace of the parents, had to have a work visa.

Mr Dear—For the working holiday-maker arrangement, if that is what they are going under, yes. Referring to the patriality provisions—and I talk off the top of my head because my niece has been in Britain now for the past five years—because her grandfather was born in Britain she has the right to work there, but she is not there under a working holiday-maker arrangement; it is a separate piece of British legislation which does enable that. As I said, our own provisions were rescinded because, on the advice of the community relations commissioner of the time, they were seen as discriminatory.

Senator McKIERNAN—Perhaps you might take that on notice and come back to us with the factual situation on it, Mr Dear. On page 6 of your submission you indicate that the working holiday-maker visa program is responsive to changes in the labour market. You use that to support the decline in numbers that came in in the years 1991-92 and 1992-93. Does that still bear weight, do you think, bearing in mind that last year it was said a cap had to be put on and this year there certainly is a cap in place as well and the figures that we are talking about in those years have doubled? Is the WHMs scheme still market driven?

Ms Murphy—I cannot comment because I am no longer working in this field, so I am not aware of how responsive the scheme is to the current labour market situation. Certainly two years ago when I did the report, the figures were showing that there was some fluctuation that was in line with movements in both the Australian economic situation and the international economic situation.

Senator McKIERNAN—Further down on that same page you indicate that most people who come in on a WHM visa have a very poor knowledge of labour market conditions in Australia. Is that not a contradiction in terms?

Ms Murphy—They had a poor knowledge of the unemployment rate in Australia, yes, and I have made the comment elsewhere in the report that it is more likely that it is their own economic situation that was causing them not to travel to Australia during that time and that just coincided with the Australian recession.

Senator McKIERNAN—Are you saying that it was not the recession that kept them out, it was their own economic situation?

Ms Murphy—It was the worldwide situation at that time, I think, of which the Australian recession was part.

CHAIR—So you saw it as part of the world recession; that the recession in their own countries kept them there rather than knowledge of the recession in Australia?

Ms Murphy—Yes.

CHAIR—So there was just a general depressing dampening effect on travel in this category because of, I guess, the psychological effects. Was it a fear that if they took off that time to do a year out in touring that they may be more vulnerable to not getting employment when they returned and it seemed to be a good idea to grab employment at home while they still could?

Ms Murphy—Yes, I think that was partly the reason. A lot of working holiday-makers were studying prior to coming, so perhaps they felt that they should stick around and try to get into the labour market straightaway. Others were probably working before they left and were unwilling to resign from their employment.

CHAIR—Yes, it is easier to resign, is it not, when there is a time of easy jobs than when that job is hard fought for?

Ms Murphy—Yes. If you look at the figures, the number of tourists also fell at that time, as did the whole number in the temporary residents program, which includes skilled temporary residents. That is probably a lot more demand driven but it is following a trend there.

Senator McKIERNAN—Are you sure about the tourist visa numbers?

Ms Murphy—From what I can remember.

Senator McKIERNAN—I thought the tourist visas had been increasing each year

since the—

Ms Murphy—No, I am sorry. The number has been increasing. I think it has just increased a lot faster in the last few years.

CHAIR—So perhaps the acceleration of growth had diminished slightly, in absolute numbers, so that the acceleration was not as high.

Senator McKIERNAN—We were recovering from the airline dispute as well, which had a major impact on things.

CHAIR—Yes. Ms Murphy, looking at your study, can you tell me where you see the weaknesses in its design? We all know that with every study—this is not a comment on yours—you can say, ‘These are the weaknesses in the design which could have perhaps led to slightly different results than would be general.’

Ms Murphy—I will just talk about the survey of working holiday-makers first. That survey, of about 450 people, was conducted with self-administered questionnaires. We visited youth and backpacker hostels in four cities on the east coast. The survey was not representative of visitors to the whole of Australia; it was only held in four cities. So that was one caveat that was borne in mind. We chose those four cities because other research had shown that, generally, they were the four main destinations of backpackers.

The other issue was the way in which we conducted the survey. We held it while people were here in Australia which meant that we were not able to capture their whole experience. You would only be able to do that if you surveyed them at the end, say at the airport or after they had gone home. When interpreting the results of this survey, it is important to bear in mind that it is only a description of part of these people’s trips. Some of them had been here for only three months, so there is obviously variation in that aspect.

The other main thing to note is that the surveys were conducted at hostels which meant that we excluded some working holiday-makers who did not stay in them and spent their entire time in rented accommodation or with family and friends. That was probably our biggest concern, in relation to the working holiday-makers survey, because their patterns of expenditure and employment might have differed quite significantly. We did ask people in the survey where they had spent their time and roughly a third had spent some time in rented accommodation. So at least we caught some of that.

One other thing: the questionnaires were translated into Japanese. People were able to fill them out in Japanese and we had them translated. So we got English and Japanese speakers, but we possibly missed a segment of the market who could not speak or write in either language. However, we had a lot of Dutch working holiday-makers in the survey. In relation to the employers survey, I guess that is probably—

CHAIR—Looking at the WHM and just summarising what you said, it appears that your concern about the design of the study was the language barrier, although you did cater for the Japanese and you are confident in your translators.

Ms Murphy—Yes.

CHAIR—But there was a gap there of anyone who was not fluent in writing English, who was not Japanese and who was not of an English-speaking background. You add that the survey was limited to four cities and therefore did not take in the experience of people in regional areas which, in the context of this inquiry, would miss those who were in the horticultural area.

Ms Murphy—We missed people who had not visited those four cities and who had spent their entire time in other locations. A lot of people in the survey had been elsewhere, obviously.

CHAIR—They had experience of that particular series. You refer to the limited nature of the sample. It was actually a sample of working holiday-makers in backpacker hostels. Is what you are saying?

Ms Murphy—Yes.

CHAIR—It was not the total information of their experience because some of them obviously had not been travelling more widely. Was somebody with them when they were filling out these questionnaires?

Ms Murphy—Yes.

CHAIR—There was no influence from other backpackers in the hostels at all?

Ms Murphy—We tried to make it as informal as possible. We wanted to maximise the degree of honesty so we made sure that it was voluntary; it was confidential. We were at the hostel but people were filling out questionnaires simultaneously, so we were not sitting there watching them fill them out. They could go away and fill it out at their leisure. We were there for approximately three hours.

CHAIR—Could you get a particular location bias in as much as in a particular hostel they may be filling it out and saying, 'Hey, what did you put to this question?' Was there a bit of discussion that got a generalised response based on the general feeling there, rather than an individual perception?

Ms Murphy—I did not notice that. Most of the people filled out the questionnaires in the lounge room that we were sitting in and it was pretty quiet. I did not really notice people discussing it. The questionnaire is fairly lengthy and I guess people just wanted to

get it done. They were fairly straightforward questions. It was not, 'What did you put for that?'

CHAIR—Okay. And the other part of the survey?

Ms Murphy—The employer survey was different. We were trying to make the working holiday-maker survey as representative as possible and get a large enough sample. I think we did that. With the employer survey we were not trying to represent the views of all employers. It was more that we wanted to get an indication of why employers hired working holiday-makers and their attitudes towards them. It was not trying to get a quantitative idea of, for example, how many employers employed working holiday-makers or anything like that. It was not purporting to be representative at all.

CHAIR—It was more of a qualitative study than a quantitative study?

Ms Murphy—Yes. Because we were trying to get their views on working holiday-makers we were not interested in the views of people or employers who did not hire working holiday-makers. There is an obvious skew there. It was a mail-out survey. It was only 103 employers. The four industries were chosen because, after doing the working holiday-maker survey, they were the four main occupations. They were the four areas that were concentrated on. It means that that is not representative of employers in other occupations. We looked at fruit-pickers. We looked at employment agencies because we found that when we did the working holiday-maker survey, when it came to clerical and labouring types of jobs like factory work, a large proportion of these jobs were organised through temporary employment agencies. They were the employers that we targeted rather than the actual places of employment because they were the ones that were making the decision about who to recommend to a particular employer. We looked at clerical and labouring employment agencies and we also looked at sales and waitering establishments.

CHAIR—As you pointed out, you looked at those that are employing working holiday-makers and did not look at those who were not—that was the nature of your study. Would it be possible, do you think, that you would have found some information—and this is in no way a criticism; I am really trying to explore if there would have been a difference—from the people who did not employ them as to why they did not? We could have got a different profile of the two different sectors, the one that did employ and the one that did not?

Ms Murphy—Yes.

CHAIR—There may be some sort of common thread going through either stream, even though they are in the same industries—the one that employed and the one that did not.

Ms Murphy—The reason we did not do that was that we initially phoned them and asked them if they were aware of the working holiday-maker scheme. If they said no, there was not really anything to pursue. I am sure you would get a different profile, though.

CHAIR—Presumably, your first question was, ‘Are you aware of the working holiday-maker scheme?’ and if they said no, you would say, ‘Thank you very much,’ and hang up. If they said yes, was your question then, ‘Have you ever employed anybody in that scheme?’

Ms Murphy—No, if they were aware of it, I asked them whether I could send them a questionnaire.

CHAIR—So you were actually tapping into people who did not employ?

Ms Murphy—Yes.

CHAIR—They would be the important group, wouldn’t they? They would be the ones that knew about the scheme but had not employed anybody under that scheme.

Ms Murphy—Yes, although most were aware of it because they had employed someone. I think about 80 per cent of respondents had employed at least one in the last year. So most of them had, but some of them might have a few years ago and had not since. So we did capture some who were very irregular users, at least, of working holiday-makers.

CHAIR—Without going to your report, where I know you have the answer, but from your own impression, can you just say what was the one single thing that attracted employers to the working holiday-maker above everything? I do not want to go into the detailed report, but what is your impression of what was the benefit to an employer hiring a working holiday-maker?

Ms Murphy—There were some who noted benefits but I do not think it was any particular attribute or quality of working holiday-makers. The reason I think they hired them was because there were no locals available. The biggest users of working holiday-makers from our survey were fruit-pickers and clerical employment agencies. Most of them said either that they preferred to hire a local or they were indifferent. The reason they hired working holiday-makers was that there was a shortage of local labour.

CHAIR—I do not know if you were here when Mr Kerr was making his point, but it seems also from what you are saying that the reason that they were hiring the WHMs and not the locals was not that locals had turned out to be bad employees in any sense or less willing to work, but they simply were not available—as if they were not applying for those jobs. That could be for a whole number of reasons: one could be that the jobs are

not attractive or possibly it could be what we were exploring earlier, that a lot of people did not even know that those jobs were there from some lack of information around the country. But I think I am taking you beyond your expertise.

Ms Murphy—You would know that only by surveying the locals or the people who are competing for the same jobs. You can only guess at why locals are not going for those jobs. It might be that they are just not there, that they do not live there or, as you say, the jobs are unattractive. But from both surveys there was no perception that working holiday-makers were favoured over locals.

CHAIR—Thank you.

Senator TIERNEY—Can we go back to your methodology with the 450. You mentioned there were four tourist destinations, but how many hostels were there?

Ms Murphy—We went to four in Sydney and in Melbourne and in Cairns, and two in Brisbane, so 14 all together.

Senator TIERNEY—Was there any particular way of selecting those?

Ms Murphy—Yes, we selected the ones with the largest number of beds—in other words, the largest hostels so that we would maximise the number of respondents. Three or four days before we went to the hostel to do the survey, we put out notices and we went around to other hostels and put the notices up there, particularly in places like Cairns where there are probably 30 hostels along the Esplanade, and we just did it at the largest one. But we did bring other people from other hostels as well.

Senator TIERNEY—When you got into a hostel, how did you select the people who were to fill out the questionnaires?

Ms Murphy—We did not select them; they just came forward. We asked them to show their visa because a lot of people at hostels are on tourist visas and we did not want to interview them. If they had the valid visa then we gave them a questionnaire to fill out.

Senator TIERNEY—In relation to why people employed working holiday-makers, you said it was because of a shortage of local labour. Did you check the veracity of that in any way, for example, in Cairns, with the Japanese tourist operators? Was Cairns one of your centres?

Ms Murphy—Did we check—sorry?

Senator TIERNEY—Was Cairns one of the centres you went to?

Ms Murphy—Yes.

Senator TIERNEY—Did you check whether it is true that there was a shortage of labour? I am asking this because we have had other evidence that people, particularly with tour guide jobs with the Japanese tourist industry, apply and they never get jobs. That is why I am asking the question.

Ms Murphy—No, we did not check. We did an overall analysis of the labour markets in terms of unemployment rates and vacancy rates at an aggregate level, but I am not sure how you would go about getting that sort of information at a local level.

Senator TIERNEY—Your study is quoted very widely. From your research and preparation for the study, can you provide us with a picture of what research generally has been done in this area? Did you find much?

Ms Murphy—The bulk of work that has been done was done by the National Population Council in 1991. For that, they commissioned two or three surveys, but they were undertaken in 1986, 1988 and I think another was in 1989. Apart from that, there have been some studies done of backpackers in general, but they were more geared towards their expenditure effects rather than their labour market effects.

Senator TIERNEY—Did you go into the non-economic benefits in any way in your study?

Ms Murphy—We looked at the cultural benefit, which is something that is very difficult to measure. We did ask working holiday makers and employers about their experiences in Australia. We found that quite a large proportion commented on the benefit of being in Australia, in terms of learning more about the culture, which was a very common response. Some employers—not a lot—also commented that they liked to have people from other countries, particularly fruit growers, and that the rest of the staff benefited from that exchange.

Senator TIERNEY—Was that a question with choices, or was it open ended and they simply filled out what they saw as those other benefits?

Ms Murphy—In relation to working holiday-makers, the question was: ‘What is your main reason for working in Australia?’ It was a closed ended question, but there was nothing mentioned about culture.

Senator TIERNEY—You did not actually mention culture, but a number of them did.

Ms Murphy—No. It was more things like: ‘It has added to my enjoyment’ and ‘It has made me able to stay longer.’ There was a box at the end for ‘Other’ and over half of the respondents wrote ‘Other’ comments. That is where the cultural thing came in—it gave them a chance to meet the locals, to learn more about Australian culture, to see how

Australians work and live. Yes, that was purely from their own comments.

Senator TIERNEY—A number of people who have come before us have argued that we should remove the cap because there are positive economic benefits for the country to do so. In other words, the overall balance is positive. Did your findings support that?

Ms Murphy—Yes, they did. We were looking purely at the labour market effects and so we were looking at two parts there: their effect on the labour market in terms of their employment and their effect on the labour market in terms of their expenditure. Their expenditure effects were obviously positive; with their labour market effects we found that—there was a whole list of reasons why—the main thing was that they were a flexible source of labour. When we asked them about what sorts of jobs they wanted to do while they were here, the bulk of them said they wanted to do either ‘anything’—they did not specify what—or they wanted to do an unskilled occupation like fruit picking, sales and, maybe, clerical. So this indicates a fairly high degree of flexibility there.

The other thing we found was that very few had had difficulty finding work and indicated that they were not hanging around: if there wasn’t a shortage of labour they would move on to where they knew there was a shortage and where labour was needed. I guess for that reason it was felt that, firstly, they were not competing with locals for permanent jobs. Where they were competing with locals for temporary jobs, from the employers’ survey we found that they were not preferred. So I guess the overall conclusion that was made was that they did have a positive effect on the labour market and that any effect that they might have is always offset by the number of Australians who are going overseas on a similar experience. There is an ejection from the labour market of a similar magnitude.

Mr Dear—Ms Murphy’s answer is very much in terms of one of the focuses of the survey, which was labour market impact. Your question was more in terms of the justification for the cap. I think it has to be remembered that, at the time the survey was conducted, there was no cap in place. I think the survey was undertaken in 1994.

Ms Murphy—Yes.

Mr Dear—The first cap was introduced in 1995—at the end of that year—so Ms Murphy’s answer should be seen in the context of the labour market impact rather than justification or otherwise for capping.

Senator TIERNEY—The essence of the question was: regardless of the cap, was the effect of the scheme positive in terms of the economic benefit? Did you do a dissection across the four areas? Did you find that, maybe, (3) it was positive, (1) it was not, or did you not do that sort of analysis when you collected the data?

Ms Murphy—We found that there were different levels of need or different levels of usage of working holiday-makers. For example, in labouring employment agencies there was very limited usage of working holiday-makers. When you look at the unemployment figures they are fairly high in that area. The participation rate of fruit-pickers in the survey was fairly low compared to other employees. That was because a lot of those that were called up had no awareness of the working holiday-maker scheme. So it is indicating that, across the board in fruit picking, there are people who use working holiday-makers but there are a lot who do not. Of those who do, some were saying that their businesses could not survive unless they had access to working holiday-makers. So, within particular occupations, there is a fairly broad range of levels of demand.

Senator TIERNEY—But in particular regions—given that you are in four different regions—was there any significant variation in positive-negative benefits of the scheme? Or was it pretty uniform right across the survey?

Ms Murphy—Do you mean from the working holiday-makers' point of view or from the employers' point of view?

Senator TIERNEY—We are talking about the economic benefits of the scheme, and your perception overall was that it was positive. Given that that is generally the conclusion, I am just trying to tease out if it was also the conclusion in the four specific regions where you drew the data from?

Ms Murphy—In the working holiday-maker survey we did not ask them about their opinions or their experiences in particular regions.

Senator TIERNEY—But they were in particular regions when you did the survey.

Ms Murphy—Yes. I can say to you that, for example, in Sydney a much higher proportion of working holiday-makers were working. But that could be for a whole range of reasons. In Cairns a lot fewer were working. It was not a regional study; we were not out to look at differences by region.

Senator TIERNEY—So you did not do that dissection of the results?

Ms Murphy—No. Only for some questions.

Mr KERR—You say it had a positive labour market effect and I want to try to isolate what the nature of the statement is. Assume that we had no working holiday-makers program at all. The recorded unemployment rate in Australia would be higher than it is currently. In other words, the injection of cash that comes in with this sector actually generates more jobs than are taken by the people who find employment in the labour market. I am just wondering whether we have a net increase in employment as a result. Certainly, you can say that the aggregate economy is expanded. But I am just wondering

whether we can make the claim that, absent a working holiday program, there would be increased unemployment?

Ms Murphy—We did not do that analysis. We tried to calculate the number of jobs created in the tourism industry. That was a really rough calculation, given that—

Mr KERR—But was that outcome greater than the number of people who are themselves being placed—

Ms Murphy—In our survey we found, for example, that the average number of jobs held was two and the average length of a job was six to eight weeks. But you cannot work out how many jobs or how long. It would just be a rough calculation.

Mr KERR—Sixteen weeks would be the top amount of time that people usually worked through their 12 months. So, if there are 50,000 of those, you would be looking at 12,500 full-time jobs. Do the economic benefits from this amount to sufficient economic activity in the Australian economy to generate greater than 12,500 full-time jobs?

Ms Murphy—You would need to do modelling for that, and that was not something that was covered. I think calculating the number of jobs created is a pretty difficult exercise.

Mr KERR—What about the point you make about allowing the period of three months to be extended. If the demand was predominantly for this unskilled casual work, why then the case for an extension from three months with any single employer?

Mr Dear—I do not recall the point being made in the survey.

Ms Murphy—I never said in the report that it should be extended.

Mr Dear—I am sorry, on page 16 of the executive summary it does say, ‘Many WHMs and employers felt that the three-month work limit should be extended. However, in the light of the aim of the WHM program to provide the opportunity for young people to travel, a short-term work limit is considered necessary to ensure the objective is being met.’ I think maybe that is a reflection more of what was put to the survey, rather than the other way around.

Mr KERR—Given the nature and intent of the scheme, and given also that 16 weeks seems to be about as much as anyone works, would you think there would be any possible merit in saying, ‘Look, you can come to Australia for 12 months but your entitlement to work is for so many days’—perhaps half a year or something of that kind—‘but within that you can mix and match it as much as you like. You can do it with one employer or several.’

If you had been listening earlier you would have heard some submissions suggesting that we extend that period, and there is some plausible rationale for that, at least with some of the people we have heard previously, particularly in Cairns. In the duty-free stores they were saying that if you get somebody in for a short period you have to give them at least some basic training in the management systems and then you get two months out of them of effective work after a month's training. Do you think that the scheme would be seen as less attractive to people if they were told they could only work, say, for six months out of the 12 that they are here, but they could do it at any time during that period?

Mr Dear—I think there are two points that could be made there. The first is that the extent to which we try to put controls within the program raises issues of how serious we are about policing them and the resources we have to do that. The second is the question of the purpose of the working holiday-maker scheme. I think Mr Matheson was very articulate in pointing out that the working holiday scheme is not a labour market program.

While it does have attractions for young people to be able to extend their stay in Australia because of their ability to earn while they are here, perhaps from Immigration's perspective, the thought of allowing a longer period of work with any one employer does go to the question of the spirit of the scheme. It is there to serve a multiplicity of objectives but, let us face it, I think it is mainly there for cultural, international benefit rather than employment based.

Mr KERR—May I put it to you this way: the evidence we have heard says that those employers currently who wish to circumvent that and have a complicit employee merely use another business name. To go to the first point you made about our willingness to regulate, maybe nothing is possible to regulate it but, certainly, the alleged three-month period is easily got around. Maybe a situation where you actually said, 'Look, the whole idea of this scheme is so that you can have a cultural experience. It's not so you can work for 12 months in Cairns in a duty-free store under a variety of names. So once you reach a certain number of days basically that is the end of your working entitlement, and you have got to go off and have a good time.' I just wonder whether there are other ways of skinning the cat. Any regulation in this area will be dodged around by those who wish to.

Mr Dear—That is right. I still come back to the point of the purpose of the scheme: it is not seen as employment based—although, clearly, there has been evidence that there are advantages. But, again, if we are really serious about putting bells and whistles and controls in place, are we going to be out there not only doing the job that the community might expect, but being seen to do it—and resources are finite in that regard.

While it is well within the letter of the law for a working holiday-maker to work for a full 12 months, albeit only for three-month periods with any one employer, the spirit of the scheme is not that, but it comes back to the question of how you legislate to ensure

that the spirit is observed.

Mr KERR—Just to test you: it would seem to me much more easy to regulate a system that said you have so many days that you are entitled to work—part-time or full-time—than one which has this three-month limit which is just got around by paperwork. If you want something that is possible to regulate, you have not got it at the moment.

Mr Dear—With respect, I do not know that saying a certain number of days or any other further combination is going to regulate it any better than it is now, if we are not monitoring it.

Ms GAMBARO—Ms Murphy, just going back to your survey, did you ask in the survey how they were attracted to Australia in the country of origin and how they got to hear about Australia? Was that one of the questions in your survey?

Ms Murphy—No, it was not. We did ask them whether they applied for a working holiday visa to any other country. From memory, I do not think very many had. But no, we did not do that. A lot of research has already been done on that. Laurie Loker and Jeff Jarvis have covered a lot of that.

Ms GAMBARO—Okay. Also, with regard to the employer survey: you mentioned you also spoke to employment agencies. Is that correct? Or were they surveyed? Did I hear that correctly?

Ms Murphy—Yes.

Ms GAMBARO—There was not any evidence in your submission and Mr Dear spoke of someone who had been overseas and the family had worked there for five years in London: from things that people are telling me who come back from overseas, employment agencies, particularly in the UK, are financially driven by employers in that they will send people off to employers and they are not very mindful of regulations. Did you find that to be the case in Australia? Are employment agencies driven to the extent that they do not observe the regulations with working holiday-makers?

Ms Murphy—That is something that is very difficult to gauge. We did ask them about their awareness of the regulations, and the employment agencies I think were probably more aware than any other employers about what the regulations were. A lot of the jobs that they were doing in employment agencies were very short term, sometimes only one or two days. I do not know, but I think they would request proof of a working holiday visa at those places.

Ms GAMBARO—Again, are there any checks and measures in place to ensure that that occurs?

Ms Murphy—Not that I know of.

Mr Dear—Other than the employer awareness campaign where we encourage employers to do the right thing and check the work rights of potential employees.

Ms GAMBARO—Okay. Just two other quick questions on compliance. I notice you asked their views about compliance with the three-month work limit on page 8. You did not ask the working holiday-makers directly if they had complied; you solicited an opinion from them. How accurate do you think that response would be?

Ms Murphy—That was a really difficult thing. That was something we did want to find out. I think if we had asked them directly whether they complied, we would not have gotten an honest answer, so that is why we asked what proportion of people they thought comply. The results show that a fairly low proportion felt that everybody complied with that regulation. I think the bulk felt that between 40 and 80 per cent of working holiday-makers comply with the three-month limit but I cannot comment on the accuracy. You would notice that about 20 per cent did not answer the question. They were not able to.

Ms GAMBARO—And just one other question on overstaying: I think you have got here, again on page 7, that 10.9 per cent of male working holiday-makers and 7.3 per cent of female working holiday-makers overstayed. Why do you think a larger percentage of males overstay? It also said that one of the major countries of overstay was Ireland. Senator Jim, I am not particularly pointing in your direction, but why do you think those countries seem to highly predominate there?

Ms Murphy—That question, or the results from that, were gained from a database called TRIPS. It was not a question asked in the survey. There were problems with the accuracy of that because they worked that out based on matching arrival data with departure data, and if there is no match then they assume that they are still here. So there is a level of inaccuracy.

Ms GAMBARO—That was from the TRIPS database. Can one correlate the information from that and the questionnaire that you put together? Are they a fairly accurate indication of what is happening with overstaying?

Ms Murphy—As I say, there are a lot of caveats with using that TRIPS data.

Ms GAMBARO—I understand that. Thank you very much.

Senator TROETH—Did you ask the working holiday-makers how they went about finding work; whether it was through word of mouth, backpacker hostels, that sort of thing?

Ms Murphy—Yes, we did. We asked people who had found jobs how they found them. Only eight per cent had gone through the CES. The main source was through a private employment agency. A high proportion also approached employers themselves. They also got it through word of mouth or through the hostels. A lot of employers would advertise. Very few got the jobs through advertisements in the newspaper.

Senator TROETH—What proportion of them found jobs through the hostels actively aiding them?

Ms Murphy—Sixteen per cent.

Senator TROETH—Were there any difficulties mentioned by the people in your survey about the attitude of employers; just general problems that they found with the scheme?

Ms Murphy—There were a few, but only a small proportion who commented. For example, a few of them might have said that they were not paid enough. There were not very many, though. We did ask them whether they thought employers preferred to hire them over locals.

Senator TROETH—What was their reaction to that?

Ms Murphy—Most of them said that they did not notice any difference in the preference—very few of them. There were a few others but it was mainly Japanese working holiday-makers who indicated that they felt employers preferred to hire working holiday-makers over locals.

Senator TROETH—Thank you.

Senator McKIERNAN—You said in one part of the survey that regarding cultural exchange it was the Japanese and people from the Netherlands who benefited most in the cultural areas. Why did you reach that conclusion?

Ms Murphy—That was just a general comment after reading through the regulations and having a look at what the whole purpose of this cultural exchange was. I guess it was just a conclusion made after reading that the aim is to maximise the learning about other cultures. It was just an observation that those two were probably the most different out of the five countries.

Senator McKIERNAN—I was surprised with the inclusion of Japanese in the context of the tour guides. The Japanese WHMs who come here are surrounded by Japanese people practically all of the time. I do question from where they are getting the advantage of learning about Australia's culture when some of them never leave Cairns. They arrive in Cairns and stay there and go back and are showing Japanese around a part

of Australia.

Ms Murphy—I am not too sure about that. We found that the Japanese working holiday-makers travel just as widely as other working holiday-makers. We also found that a relatively large proportion of Japanese working holiday-makers are not interested in finding work while they are in Australia. They generally come here with more money and they spend more time holidaying.

Senator McKIERNAN—You did not find any evidence of Japanese WHMs being recruited in Japan to work in Australia?

Ms Murphy—No. I was talking before about the job source. There were very few who had prearranged jobs but that, again, may have been incorrect information, but from our survey there were very few who had prearranged employment before they came to Australia.

Senator McKIERNAN—A final question: would you know how much it actually cost to do this whole survey?

Ms Murphy—It is on file, but I can find out the information if you want it.

Senator McKIERNAN—It certainly has been invaluable to this committee and to the previous committee where the matter was touched on. I commend you on the work you have done; it is excellent. Thank you.

Ms Murphy—Thank you.

CHAIR—Thank you, Ms Murphy. Thank you, Mr Dear. If we have any more questions, the secretary will write to you.

[12.18 p.m.]

EVERIST, Mr Richard Neil, General Manager—Publishing, Lonely Planet Publications, PO Box 617, Hawthorn, Victoria 3122

CHAIR—Welcome. Would you like to make an opening statement to the committee before we commence the questions?

Mr Everist—I would just like to say that I am afraid I will not be able to contribute a great deal of hard factual information, but I imagine that is a problem you are facing consistently. I think I can contribute some direct evidence on the basis of my personal experiences and the experiences of *Lonely Planet*. I would also like to emphasise that we are strongly in favour of the working holiday program. In many ways we feel that *Lonely Planet* has been a direct and indirect beneficiary of the program.

It is very difficult to quantify the benefits because I do not think they are necessarily directly measurable in economic terms. But in terms of cultural exchange, which are two words that have been batted around this morning a lot, we believe that it is a very significant program and that the benefits run in a large number of different directions, certainly not just to the benefit of the visiting tourist. We believe it can contribute substantially to the actual organisation that employs the tourist, and it is very hard to even predict how the advantages might accrue in other ways.

In terms of my own experience I was very fortunate in that I was able to work on a working holiday program in the UK, the USA and Israel. At the time of working on those programs I could not have predicted that that would be in any way advantageous to me or my future employer, but that is certainly the case. In a global economy, where Australian companies do have to participate in a large number of different cultural milieus, having employees who have had the opportunities, as I have had, to live and work in those places—and it is very important that it is not just a question of holidaying but also of working in those places—is potentially of great advantage to Australia.

I believe that these programs do work on a reciprocal basis. In so far as your deliberations might affect incoming working holiday-makers, they certainly have the potential to affect Australians' opportunities overseas. I think that is not the least important of the potential effects of this program. However, I am pleased to have heard in my short time here this morning that a lot of people have argued that there are both direct and indirect benefits for Australia. I certainly agree with that.

CHAIR—Thank you. Could you briefly say what criticisms of the program you are aware of from your position as a publisher with *Lonely Planet*? And it is quite possible that you have not heard any.

Mr Everist—I have heard some. I think the three-month period is often cited as an

unreasonably restrictive period of time.

CHAIR—By employers or employees?

Mr Everist—By the visitors.

CHAIR—The WHMs?

Mr Everist—Yes. I have not had direct contact with other employees, so I cannot really speak for the impact on other employees. I do think I can, to some extent, speak for WHMs. I am not sure how familiar you are with Lonely Planet Publications, but we produce tourist guide books that are certainly used largely by backpackers so we have a close connection to the backpacker market, as it were.

CHAIR—So the criticism you heard is about the limitation of three months on working?

Mr Everist—Yes, and also the limited number of countries that can participate in the program.

CHAIR—So the lack of more bilateral agreements with other countries is a problem?

Mr Everist—Indeed, yes. There have been a number of occasions when contacts of mine from Germany and other European countries have bemoaned the fact that they are discriminated against—or in fact that is how they perceive it.

CHAIR—Obviously, you are aware that they can apply for the WHM but I think you have made a point in your submission that the word of mouth is that it depends how lucky you are when you meet the immigration officer; some are a pushover and some are particularly difficult. Is this a general criticism, or have you heard this more often than once or twice?

Mr Everist—I cannot really quantify it and say that it is a major problem but it is certainly something that I have heard: that the capriciousness almost of the department's decisions is something that has upset people.

CHAIR—So is it a possibility that, if you get a knock-back one day, you can go back the next and get a better reception?

Mr Everist—I cannot claim that I have an example of that but, on the basis of the anecdotal background that I have, it would not surprise me to hear that that would occur. Certainly I think that WHMs would have that picture in their minds.

CHAIR—So it is the three months and the lack of more bilateral agreements and the inconsistency of the immigration people when they are giving the visas: would that cover the range of criticisms?

Mr Everist—Yes, I think so.

Mr KERR—I was impressed by your analysis. I was asking the Bureau of Immigration, Multicultural and Population Research people about the actual net employment effects of this. I think you conclude in your work that there is a positive jobs outcome as a result of allowing a sector of this backpacking community to work in Australia. In other words, there is a net job benefit to Australia.

Mr Everist—I am not sure what work you are referring to because mine was a very brief submission indeed, but I would certainly concur with that conclusion.

Mr KERR—What you said is—

CHAIR—Mr Kerr, I am wondering if you are having a look at Mr Jarvis's submission rather than—

Mr KERR—Sorry, yes, that is right, I am. I am sorry I jumped.

CHAIR—While you were looking back, I think it was actually a very brief letter.

Ms GAMBARO—The age requirements of 18 to 30 from a country with reciprocal arrangements and 18 to 25: do you think that is a reasonable limit? Do you have any views about that?

Mr Everist—I think 18 years to 30 years of age would be a good span. I am not sure what the distinction—

Ms GAMBARO—At the moment we have an arrangement with 18 to 30 for the countries with reciprocal arrangements and 18 to 25 as the age limit for countries with which we do not have agreements. Do you think that should be left as it is or do you think that we should make it the one limit?

Mr Everist—I cannot see a strong argument for making that distinction. It seems to me that, if there is an argument for a benefit for people aged 18 to 30 coming from countries with a reciprocal agreement, that the same argument would apply to people coming from a country where there was no reciprocal agreement.

Ms GAMBARO—Are there any criticisms that are put forward to you about the age restrictions? Do you ever hear of any?

Mr Everist—Again, on an anecdotal level, I have heard people complain about that, yes.

Ms GAMBARO—I have a few general questions about the people who come out. In your opinion, do they have sufficient funds when they come to Australia? Have you heard of cases that would indicate otherwise?

Mr Everist—I think there is certainly a mix, but the people who come out here with insufficient funds pretty quickly exhaust their funds and go back home. Coming back to some of the points that were made earlier, I think one of the great advantages that working holiday-makers have over local unemployed youth is that most of them do actually arrive here with a significant kitty.

If you have that kind of kitty to start your travels with, it makes it much easier to go in search of jobs. If every unemployed person in Australia was given \$5,000 worth of travellers cheques, they might have the flexibility to get to some of these sometimes quite remote locations to chase work.

I think those people who do not have a substantial kitty to start with very quickly run out in most cases, but those people who do arrive here with a kitty are the ones who probably are going to spend that money. However, in the course of spending that money they are also going to have the opportunity to find the work that is available.

I would quickly like to also make the point that one of the great advantages that WHMs have when they arrive is a state of mind. Again, speaking personally, some of the jobs that I did when I was on working holiday programs in other countries were jobs that I would not have imagined doing in Australia in a pink fit. But, if you are on holidays, essentially, the possibility of doing what might be a quite gruelling, unpleasant job for a few months with a few friends is not an unattractive possibility. It certainly would not necessarily be an attractive possibility if that loomed ahead in front of you as your only potential career.

I think that lends a degree of flexibility and enthusiasm to the workers who come from overseas and that is one of the reasons, I would suspect, that they are attractive to people like the fruit-picking industry. They will throw themselves into the job, have a bit of fun for a couple of months, earn a bit of cash on the side, and be pretty effective while they are at it. I think you are much more likely to approach a gruelling job of that nature in a cheerful, positive frame of mind if you know that it is only going to be for a couple of months and that your next stop will be somewhere on a beach.

Senator McKIERNAN—In that context, why would you increase, or move to increase, the three-month limitation on employment?

Mr Everist—Because I think that does actually work towards pushing people into

those particular kinds of short-term jobs. I would argue that there is real benefit, certainly to companies like *Lonely Planet*, if we could employ young people for longer periods than three months. This comes back to some of the points you were making, I think, about the need to have a longer period of time in order to recoup any training investment that you make.

I also think that three months is actually quite a short period of time. In terms of what I have felt was where I have benefited from similar schemes overseas, you really only just start to get under the skin of a country in a serious kind of way when you have been there for a longer period than three months.

Senator McKIERNAN—The three-month limitation is on the job. It is a 12-month limitation on the visa.

Mr Everist—Point taken. But I still feel that the value of the working experience is going to be greater and that the range of jobs that might be open to these WHMs will be greater if that period of time is extended.

Senator McKIERNAN—If we had a 12-month limitation and a person came in and only worked with one employer for the full 12 months, wouldn't that be restricting and defeating the purposes of the working tourist visa?

Mr Everist—Because they would be confined to one—

Senator McKIERNAN—Because they would be confined to one employer in one location. At least now, if somebody stuck to the conditions, they could work for a minimum of at least four employers in different locations around Australia. Isn't that an advantage to the program rather than working with the one employer for the full 12-month period?

Mr Everist—What I am arguing for is as much flexibility as possible. In some cases, you might be right. In other cases, restricting people to that three-month period is going to reduce their employment opportunities to a very small number of casual jobs requiring very small amounts of training: the employer can take the risk that the person will come in and do the training and head off.

There are a lot of jobs where a company like *Lonely Planet*, for instance, benefits hugely from the opportunity to have input from another culture. In some of those jobs it would not be possible for us to take somebody on for three months because of the investment needed in training terms, as you have argued.

ACTING CHAIR (Senator McKiernan)—In a multicultural society like Australia, I think your needs can be met from the permanent work force. You should not be dependent upon a program which is supposed to be driven by demand. An individual

overseas makes an application to come here on holiday, essentially. Perhaps we are approaching it from different positions.

Mr Everist—Yes, I think we are. I agree with you that one of *Lonely Planet's* advantages and one of the reasons for our success is that we are based in this multicultural country. But there are still many cultures to which we sell our books, but from which we do not have a substantial pool of suitable applicants. Even in this wonderful multicultural city there are not, for instance, all that many potential editors from South America, Africa or large parts of Asia and central Europe.

ACTING CHAIR—The South Americans are not coming here on working holiday-maker visas anyway.

Mr Everist—That may be the case, but I am arguing for a maximum degree of flexibility, because I think the benefits are justified.

Senator TROETH—What do you know of the working holiday schemes of other countries?

Mr Everist—I have worked in the UK and I have recently written a guide book to the UK, so I am reasonably up to date with the UK's provisions. I have worked in the US, so I have an idea of their provisions. I have also worked in Israel.

Senator TROETH—Is there anything in those schemes which we could profitably adapt?

Mr Everist—The UK's scheme is a good one. It is more generous than the Australian scheme. One of my fears was that, because the Australian agreements are now tighter than the UK's legislation, the UK might move to our standard rather than vice versa. In the UK, I understand, you are allowed a working holiday visa of up to two years. You are not meant to work full time for that two-year period. They suggest that it should be, loosely, a one-year work period, but it is not enforced rigidly. Most Australians I know who have worked in the UK have worked for periods up to a year, sometimes longer.

Senator TROETH—In addition to the countries that you have mentioned, are there any other countries with which you think Australia should pursue reciprocal arrangements?

Mr Everist—I would like to see more reciprocal arrangements with some of the Asian countries, partly so that young Australians could have the opportunity to work in Asia. As I said in my opening remarks, it is not just a question of assessing the benefits to the Australian economy based on the effect of incoming people; it is a question of assessing the benefits to the Australian economy based on the effect of returning Australians who have had the advantage of this overseas experience.

CHAIR—Thank you for coming to talk to us today, Mr Everist. Can I correct one of your misapprehensions? You said that it is the people in the backpacker hostels who read your books. I assure you that I have never stayed in a backpacker hostel and, when I travel, I am quite devoted to the *Lonely Planet*, so perhaps you could take that on board.

Mr Everist—Thank you for that clarification.

Luncheon adjournment

[1.35 p.m.]

JARVIS, Mr Jeff, 10D Cromwell Road, South Yarra, Victoria 3141

CHAIR—Welcome. In what capacity are you appearing before the committee today?

Mr Jarvis—I am Program Coordinator of the Graduate Tourism Program at Monash University.

CHAIR—Would you like to make a short opening statement as an adjunct to the submission you have given us?

Mr Jarvis—Yes, I would like to make a few points. Firstly, I would like to say a bit about my involvement with the backpacker and working holiday visa tourism market. I have been researching the backpacker market since 1988. I was author of a report called *Billion dollar backpackers*, which was one of the first research reports into the whole area of youth tourism and backpacker tourism in Australia. In about 1991-92 the federal government allocated some funding to market backpacking in Australia and I am on the backpackers committee of the department of tourism. As part of that, I undertook some research overseas on behalf of the Australian Tourist Commission and the department of tourism, looking at the backpacker source markets overseas, primarily in the UK, Germany and Sweden. I also helped develop the initial overseas marketing strategy for the Australian Tourist Commission. Currently, I am looking at some of the barriers preventing young people overseas—the potential backpackers—from coming to travel in Australia.

The thing we need to think about, from a broad perspective, in the tourism industry is that there is a real danger down the track of getting too many tourists in certain locations, resulting in overcrowding. We really need to go for tourists who are of benefit to the country as a whole. This is the category the backpackers and the working holiday visa people fall into. First of all, backpackers are of great economic benefit to Australia and have a major cultural impact in terms of cultural exchange with Australians they meet and, from their own perspective, gaining an understanding of Australian life.

Backpackers are the highest yielding segment of the tourism market in terms of economic benefit to Australia, with the average backpacker spending just under \$4,000—an average of \$3,500—per year while in Australia. That is very beneficial. What you also have to look at in comparing their expenditure pattern with those of other tourists is where they spend that money. They tend to spend that money in the local communities and local economy, and there is minimal leakage—they do not spend it in Japanese owned hotels and the money does not flow back overseas. They also visit a large number of states, not just New South Wales and Queensland, so they spread their economic benefits quite widely around Australia.

The working holiday-maker is an important segment of that market. The thing you need to look at with this form of youth tourism is that they really want to experience Australia, and being able to work in the country gives them the opportunity to experience the way of life here. That can also lead to repeat visitation which is a very important thing about this segment because they are likely to come back. They are a very highly educated market—about 55 per cent have a university degree or some form of tertiary education—therefore they are likely to return.

In terms of how the working holiday visa influences the backpacker market, I guess it really acts as a motivator in influencing them to travel down to Australia. It also helps to differentiate us from some of the other competitive markets that we have, such as the United States. There is anecdotal evidence from some of the studies I have been doing—and I have to say that a lot of the points I will be raising will be adjuncts to my major study field, which is backpackers, because I was not looking specifically at working holiday-makers. But a lot of backpackers I interviewed really saw it as a safety net, that they would do their travelling first and if they needed to work they would take that as an option when they were there.

There are a couple of key issues I want to address. We have been talking a bit about what role the working holiday-maker visa plays in the backpacker market. I think the important thing we need to focus on there is the bilateral nature of a lot of the agreements in terms of allowing Australians to work overseas as well. That is something you cannot forget because a lot of Australians, by being overseas, actually influence reverse tourism—tourism to Australia—by meeting nationals of the other countries.

With regard to the question of whether the working holiday-maker visas contribute to the economy, we heard some points on that from Jill earlier. I would tend to say that the economic benefit they create through the tourism industry will certainly lead to jobs being created. The other point to realise, which I think has been mentioned earlier today, is that it is a very mobile work force and they are very highly educated. So in a lot of rural areas of Australia they can really fill jobs quite easily. In terms of the impact on employment, one thing I would look at is that it probably varies a bit between locations. Certain locations are more popular than others for work. For example, if they are doing clerical work, the big cities such as Melbourne and Sydney are likely to give a lot of employment opportunities.

What have been the implications of the cap that was placed on the scheme earlier this year? Last week I spoke with the Australian Tourist Commission in London and they passed on to me that some of the major operators for independent travellers and backpackers in the UK had expressed a lot of concern about the cap being placed and that it would have a major impact on their business from the UK to Australia. Two of the companies there are Bridge the World, who specialise in backpacker travel to Australia, and Quest Worldwide. In the first quarter this year, there was a four per cent decrease in the number of visitors coming from the UK to Australia. It is very hard to extrapolate

from that as to whether that was the result of the impact of the working holiday visa cap being placed at that time or whether there could have been other factors. So far, the year to September has seen an increase, so we have now got a 0.6 per cent increase in the UK market. But we certainly need to be aware of the impact on tourism and to look into that further.

What are the possibilities of expanding the scheme? I believe it is of crucial importance as a marketing tool for backpacking and tourism to Australia and I would certainly look at increasing the number of countries that have special status. The key ones I would focus on would be, say, Germany, Sweden and Denmark. Scandinavia as a whole has a high percentage of the backpacker market and it would work very well in those markets. The other ones to consider might be Switzerland and the United States.

Another point I would raise in relation to expanding the scheme would be to try to make it a bit more flexible. We talked a bit earlier about making it from a six-month period, but allowing them to work in a job for that period of time and still be able to facilitate their travel around Australia. So they could combine it with a tourist visa. The idea of having a flexible working scheme, where they had X amount of days they could use, would be an excellent one. But, if we are going to do that, it would be good to look at maybe doubling the amount of visas if we are reducing the time, so we can open it up to other countries as well. In terms of setting the cap, it might be worth while to consider having people from the various areas—the ACTU, the tourism industry and the backpacker areas—have a round table review each year for the setting of a cap. They could look at the different situations and then set it each year in advance having regard to what the benefits would be.

I will make a couple of other quick points before we go into questions. If there is a possibility that they can actually apply for the working visa when they are in Australia, that could be quite good. The tourist industry has done all the effort in getting them over here, and that is the hardest thing. If you try to market Australia overseas, everyone thinks it is so far away and so expensive. If they can apply for it when they are here, then that is going to extend their length of stay and that is very important.

There is also an issue in terms of when they transfer from the working holiday-maker visa to a normal tourist visa. A lot of the cases, sometimes, have to be out of the country to apply for that. So we are wasting a lot of money now on air fares to New Zealand, as well.

There are probably a couple of other areas that, if you wanted to get specific submissions from them, might be worth while contacting. It might be worth contacting some of the other members of the department of tourism's backpacker forum, which is specifically dealing in the backpacker market, and get their impressions on the working holiday visas. I do not know whether they have put a submission in or not. It also might be worth while talking to some of the backpacker tourism operators overseas who sell the

backpacker tickets to see what their views of it are.

CHAIR—Thank you, Mr Jarvis. Would it be fair to say that you are looking at the working holiday-maker scheme from the point of view of the tourist industry, and perhaps also the working holiday-makers themselves, but you have not actually looked at it from the other side, which might be the side of the young Australian who is looking for work.

Mr Jarvis—In terms of looking at them taking jobs from young Australians, you have to look at the type of work that they tend to do. From my experience speaking with people in the industry—this is anecdotal evidence—they tend to take jobs that maybe some of the Australians do not particularly want in some of the rural areas. I think you have heard from some fruit-pickers and whatever. The contribution they make to the overall economy will then lead to jobs being generated for those young Australians.

Senator McKIERNAN—Why would you extend the visa to six months in that case then, which is what you are advocating?

Mr Jarvis—The whole issue about employers wanting to hire people, and the training cost, which we heard about earlier, is important for six months as well. It also gives them the possibility of understanding more about the lifestyle of Australia by actually spending six months in Melbourne or Sydney or Adelaide or whatever, then they can really get into the lifestyle and then go travelling. It is important that we do not just have it as 12 months in the one place and they just come over here on a working basis.

I should also add that there is probably a distinction, and some of the problems have arisen in Cairns with the duty-free stores in some of the Japanese markets where a lot of Japanese working holiday visa holders will come over and specifically work there for the 12 months. That is something that needs to be addressed. So you will probably have a division between those who can speak English and move into the economy quite easily and those who maybe have greater problems with moving into that. The Koreans will be something, as well, to look at.

CHAIR—You were saying that the idea is to get them to travel as much as possible. Does it matter? For instance, a young working holiday-maker may come into one city, say Sydney, and stay for the 12 months in Sydney. Now, that is not a true reflection of Australian culture but he will find Sydney a delightful place to be. Is that any different, for instance, from the young Australian who might go to London and make London his or her main centre of interest? Is there something inherently wrong in a working holiday-maker coming and experiencing just one location in Australia?

Mr Jarvis—I do not think there is anything wrong with it. Most of them would want to visit many more than just the one location because the major motivation for this is generally tourism and they want to visit most of Australia while they are here. A lot of them believe it is a once in a lifetime opportunity—in reality it probably is not. They want

to get out as much as possible. Certainly, they can use a city, such as Sydney or whatever, as a base, but if you had six-month visas and more visas available then that actually would encourage more people to come to Australia and therefore the economic benefit would be greater.

CHAIR—Do you think there would be a danger if we limited it to six months? What we would be doing is, in fact, sending potential tourist dollars off to New Zealand as they made up the rest of the time. Australia is not like any other country. We are isolated down here with the Indian Ocean on one side and the Pacific on the other and there is considerable expense to get here. When they get here there is the time to maximise the time here. It is not as if you can say, ‘I will spend six months in Australia and then flip over to South America for six months’. It is not like Europe where you can continually go from country to country. It would be like saying, ‘Okay, we will do six months in Australia and six months in New Zealand, rather than the 12 months in Australia.’

Mr Jarvis—One of the major factors of backpackers coming down here is to visit countries in the region and you have to look at the air fare patterns that they have. New Zealand is very popular and it is actually a major motivator for people to come to Australia because they can add on New Zealand. If we can keep it as 12 months certainly that is beneficial as well. It is really up to you to come to conclusions as to the benefits, whether it is six months or 12 months. From a tourism perspective, basically the more visas that we can have, from a marketing perspective, the better it is. Maybe a solution to the employment impacts—if they are seen as negative—would be to reduce the length of time that they can work.

Senator McKIERNAN—On page 2 you give us some figures and some percentages of the number of international visitors to the Northern Territory, South Australia and Tasmania—

Mr Jarvis—They are backpackers, yes.

Senator McKIERNAN—They are backpackers?

Mr Jarvis—Yes. That is the percentage of the market that are backpackers.

Senator McKIERNAN—Have you got figures for working holiday-makers visiting the Northern Territory, South Australia and Tasmania?

Mr Jarvis—No, I am sorry I do not have figures on that. They are not calculated.

Senator McKIERNAN—Would you be surprised if you found that very few working holiday-makers actually go to South Australia and Tasmania?

Mr Jarvis—If you look at the length of stay in Australia, the backpackers have stayed the longest and tend to travel to the most destinations. If you look at the length of stay from general working holiday-maker visas, they tend to stay longer in Australia than the average backpackers. You probably would then have to hypothesise that they would be able to get out to more destinations.

Senator McKIERNAN—I ask you the question again: would you be surprised if we could provide you with information that says that very few working holiday-makers actually go to South Australia and Tasmania?

Mr Jarvis—Yes, I would probably be surprised.

Senator McKIERNAN—It would actually be a negative in terms of the argument you are proffering to the committee about the value and benefits of the scheme?

Mr Jarvis—I would be surprised if the backpackers who stay for a long period of time do not travel to more destinations than backpackers that stay for a short period of time.

Senator McKIERNAN—That really was not the question.

Mr Jarvis—I know, but if you interpret that in specific states then I do not have specific figures on that.

Senator McKIERNAN—With all due respect, you put forward the argument about specific states. I am challenging your argument on the issue that we have been charged to investigate working holiday-makers—not backpackers—remembering WHMs are a significant proportion but only a proportion of the backpacker market.

Mr Jarvis—I would be surprised if there are not working holiday-makers visa holders in the backpacker market that get to those destinations.

Senator McKIERNAN—Of the area that you are knowledgeable on—that is the backpackers market, which would include the working holiday-makers—how many of those people would you believe would work during their period of time in Australia?

Mr Jarvis—It is hard to really say. No research has been done on that. It is only anecdotal evidence that I can put forward. They will work if their funds run out and they really need to so I cannot really tell you exactly the figures.

Senator McKIERNAN—Thank you. You are arguing about the special status and asking that that be expanded. Could you explain what the special status is now?

Mr Jarvis—We have got special arrangements with about five or six markets and

I think it has just been expanded to include Korea and Malta, where there is a special reciprocal arrangement, I believe, for Australians to work there and also for them to come out to Australia on the working holiday scheme. You can actually apply for a working holiday-makers visa from any market but, for example, I have heard that in Denmark it is easier to get than it is in Sweden because it really depends on how the immigration people who run that office interpret it. I think it is great that this inquiry is being held because it is a real area for confusion around the world in terms of who can qualify for the working holiday-makers visa scheme.

Senator McKIERNAN—Why is it not the case that we do not have a special status for Germany, Sweden, USA, Denmark and other countries? Why do you believe we do not have arrangements with those countries?

Mr Jarvis—Why we do not have them? I am not sure on the actual arrangement for why the working holiday visa scheme came in initially and why certain countries like the Netherlands, for example, got it. I am just arguing from a tourism perspective, looking at the major backpacker markets, and we would probably see a boost in backpacker market numbers from those markets if the working holiday-maker scheme were introduced.

Senator McKIERNAN—Following that argument, 15 per cent of the backpacker market is made up of working holiday-makers. Why not just give everybody who applies under the backpacker market working rights when they come here? Would you like to follow that argument?

Mr Jarvis—So you are saying, give all the backpackers the right to work in Australia. If you did that, I think you would probably need to monitor the amount of numbers in terms of the ACTU and the potential impact on employment if you have vast numbers doing it, but I think beneficially if you have more markets open up to the working holiday visa, you would attract probably more backpackers and that would boost the economy.

Senator McKIERNAN—If we described the limitations on it, we would boost the economy anyway; we would not have to worry about those things.

Mr Jarvis—You mean continue in the existing major markets and just remove the limit. Certainly, but then you have also got to look at the other markets that have potential to grow at a fast rate from the backpackers' perspective. But that would be great if we could do that as well.

Senator McKIERNAN—Could you repeat those figures you gave us from London about the decline in the number of visitors this year?

Mr Jarvis—The information I have was that in the year to March 1996 there was

a four per cent decrease in the UK market—that is total outbound UK to Australia, and in the year to September this year it has gone back up to a 0.6 increase.

Senator McKIERNAN—That is total; it is not just working holiday-makers?

Mr Jarvis—No, it is not just working holiday-makers; it is just total.

Senator McKIERNAN—Of the visitors visas issued from London, what proportion would the working holiday-maker consist of?

Mr Jarvis—I do not know that information, I am sorry.

Senator McKIERNAN—Don't you think it is important if you are putting forward an argument like that that you then would be in a position to support the argument that the cap might have had an impact upon the number of visas issued from London?

Mr Jarvis—I actually did state in the initial statement that you cannot really draw too many conclusions on that because we do not have a lot of evidence associated with it.

Senator McKIERNAN—Why did you put it to us then?

Mr Jarvis—It just was related to me when I spoke to the Australian Tourist Commission that those were the figures.

Senator McKIERNAN—Okay, I heard that. Why did you proffer that argument to the committee this afternoon if you think it has got no support?

Mr Jarvis—There may be a link between the two. I am suggesting that it is something that may demand further investigation as to the impact of the quota on the overall tourism market, but there has not been any research on the specific impact that it would have. I would love to get someone to do it. It would be fantastic for me.

CHAIR—In your conclusions you said the way that people filled out their form indicated a high level of satisfaction based on their likelihood of returning. Could you tell me just a bit of the details. How did you assess their likelihood of returning? Was it a graduated scale of very likely, likely?

Mr Jarvis—It was whether they were likely to return within two years, five years—along those lines.

CHAIR—And so they had a choice between very likely, likely—something along that line?

Mr Jarvis—I might have to take that one on notice and supply you with further

information on—

CHAIR—I will tell you why I am asking—and it is not just to be difficult. You said that their high intention to return indicates a high level of satisfaction. If somebody put a questionnaire to me as I was leaving the country and said, ‘Do you think you are likely to return?’, unless I had had some really disastrous experiences in that country—I mean really disastrous—I would probably put, ‘It would be nice to return,’ without thinking that I am actually ever going to. It would only be in extraordinary circumstances that I would say, ‘I am not likely to return,’ unless, of course, I was in Outer Mongolia or somewhere where it is hard to get to.

Mr Jarvis—It is hard to look at that and take the return visitation as actual truth. It is more saying that if you are satisfied with the product then you are likely to return.

CHAIR—I am just wondering whether we do know how satisfied they are.

Mr Jarvis—That is about the only indication that we can have that they have been satisfied, if they express a desire to return.

CHAIR—Thank you.

Mr KERR—I was asking previously about this assertion that working holiday visas have a positive effect on the labour force but then I saw your reference to the Bureau of Immigration Research and they actually do not make that claim as such. Does this intuitive belief that if you expand the number of working holiday visas then it will have an effect on young Australians’ opportunity to find work themselves in some of these markets have any supporting evidence? Maybe the net economic effect of the industry as a whole that is being generated creates more jobs than are actually being absorbed. Have you got any comment on that? Is there any work that has been done about the multiplier effect of employment on expenditure in these service sectors and the like?

Mr Jarvis—I was just reading through the report put together by the Department of Immigration and Multicultural Affairs. They have listed some impacts of that on page 8 where they say that on the basis of a straight extrapolation the BTR estimates working holiday-makers would have produced about 1,440 jobs in the tourism industry in 1991-92. My belief is that with the backpacker market being worth about \$900 million at the moment on Bureau of Tourism Research figures, and a percentage of that market being working holiday-maker visas, that has got to lead to a generation of jobs in areas not specifically in tourism but in other areas as well.

If you look at where the backpackers spend their money, a lot of times they will spend a lot of their money at the local pub or they will spend it in the local supermarket. That has been one of the problems we have had with trying to get the industry to market it because they only spend 25 per cent of the money.

Mr KERR—This is talking about wins and losses, I suppose. If the average working period for a working holiday visa is 16 weeks—I am not exactly sure that is true but we worked that out as something like the equivalent of 12,000 full-time jobs—and if it is only generating 1,440 jobs as an economic spin-off, you would say it is a pretty poor trade in the sense that there is then a net of 10,000 jobs that are not available to—

Mr Jarvis—Those figures we were quoting were just in the tourism industry. You have got to look at the expenditure of the backpackers. Does it just stay within the tourism industry?

Mr KERR—No, I understand that.

Mr Jarvis—The majority of their expenditure goes into other areas as well. There are no figures on that, unfortunately. All I can say is my best opinion is that that would be more beneficial for the economy as a whole.

Mr KERR—What about the issue of reciprocity? You have indicated that you can apply for a working holiday visa from any overseas post. But, given that Australians cannot have a reciprocal benefit by travelling to a number of countries, is there an argument for us to be very generous with countries where there is a reciprocal arrangement? Basically, would it not create a better environment so that Australians could travel and take advantage of these working opportunities overseas if we only had a reciprocal arrangement?

Mr Jarvis—As I mentioned at the top of the address, if we can increase the reciprocal arrangements that is fantastic because it gives the Australians the opportunity as well. From Australia's perspective, we are very forward thinking in the tourism industry. If we can identify that this youth segment of the market actually creates benefits economically for Australia, then I think that someone has got to make the first move. If we do make the first move and increase the visa numbers, we should certainly look at putting some diplomatic pressure on to try and get reciprocal arrangements happening with some countries.

Mr KERR—Do you have anything to do with outgoing backpackers?

Mr Jarvis—Not really. I mainly look at inbound tourism to Australia.

Mr KERR—I understand that we have less than half the number. In other words, the reciprocal arrangements are two to one roughly in favour of inbound rather than outbound with respect to the utilisation of the working holiday visas. I am not certain of those numbers. Is that right? It is two to one basically, with people coming here and accessing work on holiday visas, as opposed to Australians who go overseas.

Mr Jarvis—I am not sure because we have got 20,000 going to the UK, and we

have got 50,000 coming in. We have also got the other countries—I know that it is smaller in the other countries. Certainly, it is larger, but I am not sure that it is actually two to one. I would not think that it was that large.

CHAIR—Do you have any opinion of the assertion by some people that, in fact, the use of the Japanese working holiday-maker within the tourism industry in Cairns is actually harming tourism? Used as guides, these young people do not have sufficient knowledge about Australia's geography, history or culture.

Mr Jarvis—I think that if it can be proved categorically that people from Japan are recruited specifically to use the working holiday visa scheme and work in Cairns as tour guides, yes, that would have a negative impact on tourism because it is decreasing the potential satisfaction of the Japanese who come out here to experience Australia. That is one of the issues, especially for me being in charge of my students. It can also restrict some of their opportunities.

As I have said, there are two distinct breakdowns, if you look at the subcategories. There are those who can fit into a lot of areas in the economy, such as those who come from English speaking backgrounds, or where they can speak English, like Holland, for example. They can fly right into various areas of the economy. And then you have got the Japanese and Korean working holiday visas. They may be a bit more limiting in terms of the types of jobs that they can get.

Senator TROETH—I note that your preference is to grant visas to 21- to 28-year-olds. Could you tell us the reason for that?

Mr Jarvis—Once again, in terms of the backpacker market, if we just limit it to 18- to 25-year-olds, you are chopping out a lot of the European backpackers who have to go and do military service, or those who may be taking a long time to complete their university degrees. For example, in Germany, they probably graduate when they are between 25 and 27 years old. And so you are then chopping out those people from coming to travel to Australia. Also with the 18-year-olds there is some argument that because they are fairly young they would benefit more from a cultural experience if they were older when they accessed that.

Senator TROETH—And what about the switch that you have advocated from a working holiday-maker visa to a tourist visa?

Mr Jarvis—That is something that we need to look at. We need to be able to make it very easy to do so. I have heard a number of complaints, and this is where it would be good to hear from some of the actual backpacker operators. It is very difficult for them to switch over after they are already here. If they want to extend their stay, they either risk overstaying or fly to New Zealand or Indonesia and renew it that way.

Senator TROETH—I also noted your comments about many of the working holiday-makers seeing the work experience as a safety net. How many of them actually work most of the time rather than some of the time?

Mr Jarvis—I do not have specific figures on that—because, once again, I was looking generally at the backpacker market; so I really cannot comment on the percentage breakdown.

Senator TROETH—Not even of your own constituent group?

Mr Jarvis—I did not research specifically the use of the working holiday visa scheme, but I can say from anecdotal evidence that a lot of people said, when I asked them what type of visa they were on, that they were on a working holiday visa, but a lot of them had not started working at that stage.

Senator TROETH—With regard to the reciprocal arrangements between Australia and other countries, why would you want to issue twice the current number of visas, but only for six months?

Mr Jarvis—I was looking at that from a marketing aspect. Say that people from other countries have the opportunity to come and work in Australia: that is going to increase the attractiveness, and it will give us a competitive advantage against the USA. In a lot of markets overseas, the USA has this huge presence and everyone wants to go there. It is quite a battle to get the tourists to actually come to Australia—especially the younger tourists, because they always see it as a long way away and a major cost, and that is a major barrier. So, if they do have the opportunity to work a bit of the time, that will start them thinking that maybe they could go to Australia and extend their stay that way.

Senator TROETH—What about the effect on the labour market? Surely, if there are twice the number of working visas being given, even in only six-month blocks, that may well effectively double the number of working holiday-makers who are looking for work and finding it.

Mr Jarvis—But then you will probably argue that, because it is six months rather than 12 months, it might chop some of the length of stay, as the jobs would turn over a lot quicker. The point I was making was that you could double it. Certainly, I would argue for an increase in the working holiday visas from the perspective of marketing Australia overseas.

Senator TROETH—Do you think that the labour market is ready for the additional volume that that would create?

Mr Jarvis—That is probably something that you would want to take up specifically with the employers. We have already heard today that they are a very mobile

work force and they are not going to hang around for a long time in one destination if there is no work. Once again, they may not use the option at all, if they cannot find work. The main motivation for the working holiday visa is to come to Australia not to work but to travel around and experience Australia, and work is seen as something whereby they can actually extend their stay for longer periods.

Senator McKIERNAN—How do you support that statement?

Mr Jarvis—How do I support that statement?

Senator McKIERNAN—The main motivation: where do you have the evidence for that?

Mr Jarvis—I do not have any specific evidence for that: I say it from speaking to the backpackers. No study has been done specifically looking at whether they came specifically to work in Australia.

Senator TROETH—What are the increasing limitations being put on our young people in the United Kingdom?

Mr Jarvis—Once again, this is something that has been fed back to me, and it is a shame that the guy from *Lonely Planet* is not here, because he might be able to help me on this. I believe that the situation is that you can go into the United Kingdom but you cannot work in the profession you state that you work in over here. If you put down on your application form that you are a chef here, you are allowed to work at anything else in the UK, but you cannot go there and work as a chef. It goes something like that.

Senator TROETH—Yes; that is so. My son is about to go, and I understand that that is the limitation that has been put on.

CHAIR—It includes chefs, does it? I know it includes sports commentators, sportsmen, doctors, accountants and lawyers. Does it also include chefs?

Mr Jarvis—I believe that, if your profession is a certain one, you cannot work in that profession.

CHAIR—I do not think that it quite lines up with professions, but there are a selected number of professions that they exclude.

Mr Jarvis—Certain categories, yes.

Senator TROETH—But the United Kingdom scheme is also longer in time frame, is it not? It goes for two years and you can work for 12 months?

Mr Jarvis—Yes. And, as so many Australians have grandparents who came from the UK, they can get the right of abode and the right to work over there. They can really exploit that. If you got all the Australians out of London, all the pubs would collapse.

CHAIR—Ms Gambaro, is there anything you would like to ask, having read the submission?

Ms GAMBARO—In the last part of your submission, on page 60, you state:

- c.2 Remove the 3 months in each job criteria . . .
- c.3 Make it available to only applicants in the age range 21-28 years old.

I do not know if the question has been asked, but what are your reasons for stating that?

Mr Jarvis—It was asked by Senator Troeth, but I can repeat it. In a lot of the source markets, young people do not have the opportunity to travel until they are older than 25, because of either military service or university commitments. They tend to finish a lot later than in other countries.

CHAIR—Mr Jarvis, thank you very much for appearing before us today. If we have any more questions, the secretary will write to you.

Mr Jarvis—Good luck with the rest of the investigation.

CHAIR—Thank you.

[2.13 p.m.]

SHEEHAN, Mr David Graeme, Director, International Exchange Programs, and YMCA Australia, 196 Albert Road, South Melbourne, Victoria 3205

CHAIR—Welcome and thank you for appearing before the committee today. Would you state the capacity in which you appear before the committee.

Mr Sheehan—I am here in the capacity of Director of International Exchange Programs. International Exchange Programs also operates programs under the auspices of the YMCA of Australia, so I have a dual role here, representing them as well.

CHAIR—Would you like to make a short opening statement? We have quite an extensive submission from you, but would you like to add to that?

Mr Sheehan—Yes, I would. Thank you for the opportunity to discuss further the factors relating to the inquiry on working holiday-makers visas. Having received and read the many submissions made by individuals and organisations, I can say that the working holiday-makers scheme has the involvement of many more entities than I had previously thought.

IEP is a non-profit organisation which aims to provide the best and most affordable opportunities in international work and travel exchange programs for students and young people around the world. IEP has had a successful history in welcoming young travellers bound for Australia from overseas who, in addition to their travel, are intending to take casual, part-time and short-term full-time positions in the Australian work force. In the spirit of the visa scheme, IEP sees young foreigners who enter Australia somewhat naive about this country but depart our shores full of positive stories and experiences of Australia to tell their families and friends. Indeed, the working holiday-maker scheme is an excellent promotional tool for Australia. For a young person from overseas to work and live the Australian culture allows the individual to have a truly Australian experience that cannot be readily obtained by sitting on a bus or plane travelling between Ayers Rock, the Barrier Reef and the Opera House.

Many of the submissions I have read suggest how positive the visa scheme is to Australia, while others highlight the ineffectiveness of the present measures in analysing the impact of foreigners competing for jobs with Australians. The ACTU carries this concern and suggests the development of a strategic plan for regular monitoring of working conditions. It also suggests in its recommendations that all participants under the working holiday-maker program be provided with information on the industrial relations system, work condition guidelines for employees, and an entity that participants can approach in case of dispute.

IEP endorses these recommendations and in fact already supports its participants by

supplying a 'dear employer' letter that participants on IEP's work and travel Australia program give to employers at the onset of employment. The letter outlines the guidelines that an employer must adhere to in relation to the limitations set by the visa scheme and welcomes their inquiries into our offices on a particular participant. If this information were to be made available to all participants under the scheme, as recommended by the ACTU, it would not totally eliminate abuse of the required obligations of an employer. However, it would at least clearly state to every employer the conditions of work. Consequently, if by investigation the employer is found to be in breach of its obligations action can clearly be taken without any defence of the employer.

The last point that I would like to expand on today is in relation to part (e) of the terms of reference which requests comment on the adequacy and effectiveness of reciprocal working holiday agreements established with other countries, including any potential expansion of such agreements. As you may be well aware, IEP submitted a proposal to DIMA, dated 28 August 1996, requesting approval for a reciprocal work and travel program with the United States of America. IEP currently operates a program to the United States called Work USA. The program is authorised by the United States immigration agency and IEP sends approximately 300 young Australians every year. IEP's program brochures are included in your presentation kit in addition to IEP's proposal and receipt from the DIMA.

I believe it is important to add also that a similar program between Australia and the USA currently exists and is operated between the National Union of Students Services in Australia and the Council on International Educational Exchange in the USA under the working holiday visa scheme subclass 417. This program was set up by Brian Havenhand from Global Exchange while employed at NUSS—previously known as Student Services Australia. Mr Havenhand has summarised his program in his submission to the committee, No. 16, received 5 August 1996. As mentioned, IEP is seeking approval for a similar program which would complement our existing Work USA program. If approved, IEP's new program would reflect the theme of reciprocity which is echoed in the ACTU's final recommendation which states the working holiday-maker program be developed and expanded only on the basis of reciprocity.

Furthermore, on the basis of reciprocity, I also endorse the remarks made by Mr Jeff Jarvis, from Monash University, where he, like the ACTU, endorses the concept of program expansion based on reciprocity. In addition, he outlines from a new markets point of view that Australia should look to new countries outside the existing big five in allowing special status to countries that are a key source of inbound backpacking which ultimately will add to the Australian economy. I look forward to the DIMA response to my proposal in line with the outcomes of the inquiry in the near future. Again, I thank the DIMA for the opportunity for organisations such as international exchange programs to submit their views on the terms of reference.

In finishing, I believe the working holiday-maker visa scheme is a positive and

exciting program, both for the overseas participant and for Australia. I guess if I said anything different, I would be putting myself out of a job. But my words are not rhetoric. IEP receives many telephone calls and postcards from participants ready to leave Australia with the experiences that they will tell everyone about that they meet back home.

I believe in the benefits of the structured inbound program in which we operate. IEP's Work and Travel Australia program allows the comfort of transition and an ongoing safety net which eliminates total isolation on our participants' travels in Australia. I hope the committee can see the positive benefits for working holiday-makers coming to our country on such a program.

Furthermore, the DMI are more than welcome to approach IEP for further data from our participants pertaining to their Australian experiences. For example, on returning to their country of origin, participants are asked to fill out a survey which asks them questions related to our services, their job placements, accommodation and travel bought in this country. Although a small sample on its own, it can contribute to the overall picture of what working holiday-makers see and do while staying in Australia.

To finish, I would like to recall a statement made in IEP's original submission which said:

IEP strongly believes that an individual from an eligible country should find the security, knowledge and safety of coming to Australia on a structured program, rather than venturing to Australia by themselves. The sponsorship of a reliable Australian entity significantly reduces the risk factors and provides a structured platform that might otherwise be left to chance.

Thank you for your time and I am open to any questions you may have.

CHAIR—Thank you, Mr Sheehan. I note your program has very much an English language focus to UK, Britain and America.

Mr Sheehan—That is right.

CHAIR—Has the organisation considered widening this to other countries?

Mr Sheehan—It has. At the moment we are part of an organisation called IWEB, which is an international student travel association. Just in October of this year we had a yearly conference. A number of other countries and organisations were represented there. There was an indication that there are a lot of other organisations from other countries, including countries that do not have English as a first language, that would be interested in some form of reciprocal arrangement.

One country that comes to mind is South Africa. I believe the South African government is ready to talk with the Australian government. They are happy to pursue some form of a reciprocal program. So what we are waiting for now, which I have not

approached the government with yet, is some form of approval to set up a reciprocal arrangement.

CHAIR—South Africa is basically an English speaking country as well.

Mr Sheehan—It is.

CHAIR—You have not considered this sort of arrangement with, for instance, Japan or Korea?

Mr Sheehan—We will not go ahead and set up a program, firstly, if it does not meet with approval from government but, secondly, unless we have a strong relationship with an organisation at the other end. There is no use putting our reputation on the line if we are dealing with an organisation—and there are organisations out there—that we do not think operates in the spirit of the industry and therefore we do not pursue those sorts of relationships.

With Japan, there is an organisation actually that deals with the National Union of Students—which is CIE again, the Council for International Exchange—in Japan, which we could approach but, at this stage, our resources in our offices are quite limited as well, so that is another factor that we have to keep in mind when we are developing new programs.

To develop a program in a developing country where we might only have 10 participants going back and forth, the actual amount of paperwork and the time to administer that program would outweigh the amount of paperwork spread across, for instance, 100 or 200 participants, like we have got for the American programs. So they are the certain factors that come into play.

There is an organisation in Malaysia that is also interested in setting up a program with us. They have had discussions with their government and the New Zealand government and both governments are open to some form of reciprocal agreement there. So again, if the outcomes of this inquiry allow us to pursue those sorts of agreements with other countries, then we will do so.

CHAIR—How would you characterise the difference between the WHMs who come here, in attachment to your organisation, and those who do not? Can you say there is a difference between the two in the type of working holiday-makers they are?

Mr Sheehan—I would have to agree with you there. There is definitely a difference. I am making generalisations here, of course.

CHAIR—I understand that.

Mr Sheehan—If you consider what people on our structured program go through before they actually reach the shores of Australia, they obviously have brochures—which you would have there in front of you if you were going overseas—but, in the reciprocal way, so they would be receiving a similar sort of literature from the UK or wherever.

Secondly, they have a pre-departure session during which work is just one aspect of the total experience over here which we talk about. That session is very important for them to get an understanding and an education before they come to Australia. Once they arrive on our shores, there is the meet-and-greet service, as well as transfers and the accommodation services we also run in conjunction which are, I guess, to back up what they have learnt at their pre-departure session.

Apart from that, on arrival in Australia they also have another orientation session attended by a representative of the Commonwealth Bank of Australia to help set up a bank account. We also have literature from the taxation department and we actually go through the particular form with them, explaining to them thoroughly how it is to be filled out. As part of our city tour which we give them, we actually go past where they need to lodge their taxation forms. If any questions arise, they always have us go back to wherever.

CHAIR—If they got into trouble anywhere, you would be the first to be called?

Mr Sheehan—We are the first people they call. To go on from that, we have also set up a voice-mail system so that wherever they are in Australia, including the outback, all they need to do is have access to some form of telephone and they are able to call us or use their voice-mail box. Likewise, we can also broadcast messages across the voice-mail boxes so we can keep in touch. That is also another great way for parents overseas to keep in touch with their kids, no matter where they are.

CHAIR—It sounds like a great idea. Do you find them work?

Mr Sheehan—No, we do not. We help them locate work. We do not actually do placements. At some of the orientation sessions in Australia, we have representatives from Drake Personnel. During the orientations, their objective would be to sign up obviously-good employees for their books. It is a two-way thing. These representatives have an obligation to also spend about 15 to 20 minutes discussing what would help these people promote themselves in an interview situation, such as how to dress, what a resume needs to consist of in this country, and so on.

CHAIR—My actual first question was a bit different from what you answered. Was it a different type of young person who would enter into your scheme? I guess what I was thinking about was that perhaps the more independent might not go through your scheme; the younger ones might. Is that a reasonable presumption?

Mr Sheehan—It is. The program is marketed overseas and so this depends on how

the organisation overseas does market it. In most cases the organisations try to approach prospective applicants for the program by saying, 'Yes, it is a safety net for people who, perhaps, have not travelled before.' They might market the program at such a price that reflects where they might have set up deals with airlines and so on. If they do so, the price of the program would be very similar to that for those people just buying a ticket off the street to come out to Australia. In actual fact, the applicants are getting value-added services for coming into the program.

CHAIR—Finally, and my question is going back to what you were saying before about how you keep in contact with them, are you aware of any particular complaints in the way the young working holiday-makers have been used by particular employers, or by a particular segment of the industry?

Mr Sheehan—As I said, we do survey everyone and we do have contact. Having read through a lot of the submissions, I find that an interesting question. There do seem to be certain themes with the fruit picking and so on. We have not heard that through our office. I do not know if that is a good representation of what is really going on out there. We have not really had any complaints in any real sectors of the marketplace.

Senator McKIERNAN—Thank you for the additional material.

Mr Sheehan—Sorry it came so late.

Senator McKIERNAN—It has been very helpful to me. When I read your submission earlier I was intrigued by your reference to the Work USA program where you said:

Work USA is a program allowing Australian students to work legally in the US under similar regulations as the Australian *Working Holiday* (417) visa.

I was surprised to see that there. You have provided us with a copy of these conditions. I find what you have actually said there is not backed up with what is contained in here. It is a very limited program as opposed to what the Australian working holiday visa offers, isn't it?

Mr Sheehan—It is for students only, but my proposal for a reciprocal program would be based on what NUS Services is actually running at the moment. It is an issue that I had taken up with the department of immigration originally before I actually put my proposal in. I was trying to actually work out which visa I should be actually pitching for to get the Americans out here. I completely got it all wrong. I thought it was a different visa. I cannot remember the subclass of it, but it was a different visa that I was pitching for.

The reason why I put my proposal in with subclass 417 is that there is already an

existing arrangement with NUS Services and the Council of International Exchange. NUS Services Australia is actually using the subclass 417 visa to bring the Americans into the country, so that is what I based my proposal on.

Senator McKIERNAN—NUS Services is bringing US working holiday makers into Australia?

Mr Sheehan—That is right.

Senator McKIERNAN—They get a 12-month working holiday-maker visa?

Mr Sheehan—Six-month. Brian Havenhand's submission, which I mentioned in my final statement, outlined that it is an adaptation of the normal 417 visa, so there are tighter restrictions on it. Obviously IEP is open to any form of approval. We would like to have the program operating, so we are more than happy to stick within those guidelines which Brian Havenhand set with Immigration some years ago with what they call the SWAP program—Student Work Abroad Program.

Senator McKIERNAN—So the Australian student going to the United States can get a six-month visa with the same conditions? It is the reciprocity of it?

Mr Sheehan—It is a four-month visa with an extension on it to allow travel, so they can actually work for four months and then travel afterwards. It can actually extend to a total of seven months because they can get a three-month tourist visa after the four-month work period.

Senator McKIERNAN—How far can the US visitor to Australia extend?

Mr Sheehan—I believe the six-month period is set so that within that six months they can work, they can travel, but they must leave after the six-month period.

Senator McKIERNAN—So it is pretty close to a reciprocity situation?

Mr Sheehan—Yes.

Senator McKIERNAN—The other restrictions on this Work USA program here is that it is restricted to students.

Mr Sheehan—Yes.

Senator McKIERNAN—Whereas our overall 417 visa is restricted in age groups rather than anything else, so it is not similar?

Mr Sheehan—If we go back to the arrangement with the SWAP program, again it

is an adaptation of the 417 subclass visa, which is what we would be aiming for as well. So I would not necessarily be asking for the working holiday visa as it is now for the Americans coming out. I believe in reciprocity and, if we are sending young Australian students over to work in the US, then it should be as close as possible to reciprocity with the Australian program going out.

One of the problems with Americans coming into the country is that their tertiary year is very different from the Australian one, so that can pose some problems as far as what time of year they can come out. The SWAP program brings Americans in, I believe, during the November to March/April period, which means then it limits the US organisation to actually recruit for the program because of the actual tertiary year. It falls halfway through, so then they are only pitching to deferred students and that sort of thing.

Senator McKIERNAN—Are you aware of any arrangements with other countries to allow students into Australia on reciprocal arrangements with their countries, in a way similar to what you have described here with the US and to what you have described with the UK in the written submission?

Mr Sheehan—No.

Senator McKIERNAN—You have mentioned that it would be useful to establish relations with South Africa. Have you thought of any countries in the South-East Asian region that we are part of?

Mr Sheehan—Yes: as I mentioned before, Malaysia. Supposedly, from what I have heard just lately, an organisation in Malaysia has had approval from both their government and the New Zealand government to have some form of reciprocal arrangement there, which will be going through.

Ms GAMBARO—You mentioned the summer camps, and there is also another USA program where students are encouraged to work overseas. My sister, at the end of one of her years, went over to Colorado, Denver, and worked at a resort. Are you linked up with resorts? What sort of work is there for students?

Mr Sheehan—Is this for summer camp, or Work USA?

Ms GAMBARO—Work USA. Could you give us the industry categories that students go under?

Mr Sheehan—Basically, the J1 visa from America allows them to work in any category whatsoever, including in their career related area. Again, because of the seasonality of the program, you find that the program has to be taken from the end of November-December, over the Christmas period, which limits Australians as far as job opportunities in America go.

The program also runs out of London, for instance, during their own summer break. For a Londoner or an English person to go across to America, it is summer to summer. The majority of casual, temporary jobs in America are during the summer, because that is when everyone takes their vacation. So for Australians it is limited to what sort of job can actually be taken. The main areas are resorts in Colorado, and that sort of thing. There is retail work, and there is resort work elsewhere, apart from the snowfields. A lot of Americans like to get away from the cold, so they head down to Florida or into California.

I cannot provide you with them today—I have probably provided you with too much literature—but I can provide you with surveys on what preplacement jobs have been taken. That is another thing which is different for the working holiday visa. As part of our service to our participants in Australia, we put together job directories, so that the organisation in America actually sends out job surveys to prospective employers, who then fax them back filled out with the number of positions, the rates of pay and whether anything else is included, such as accommodation. We then receive all of that data and we put it together in a handbook, which we put out in two editions per year: one is at the beginning at the recruiting season, which is February, and the other is out in about August, which is about two months before they leave.

Ms GAMBARO—If someone finds difficulty over in the States, for example, and they are not paid the correct award rate, do students contact you regarding those sorts of difficulties? What difficulties do they contact you about?

Mr Sheehan—We try to discourage them from contacting us, and I say that mainly because we have the organisation set up in the USA, so that they are there to deal directly with the participant. Rather than having to make long distance phone calls to our office, they then contact the local BUNAC office to have any problems sorted out. It is not 9 to 5; there is a 24-hour phone line open. Out of hours it is an answering machine but they actually have shifts to check the answering machine every half an hour throughout the night. That is the same for the summer camp program because things can happen, especially injuries with summer camp. But, yes, they deal directly with the US office with that. We do get grievance reports as well from the US office. We also again survey people when they come back to Australia to see the sorts of faults, and if there is anything that we can rectify in the program then we do so. But they have a very good safety net.

Ms GAMBARO—So you have pretty good support, by the sound of things.

Mr Sheehan—Yes. They also have the telekey card, which again is the electronic mail box system over in the States, so that parents can contact them at any time and leave messages and likewise. We have also set up that telekey card so that parents are able to call over to America free to speak to their children. We believe that it is a service that is needed. In case of emergency, if someone falls ill in Australia then they are able to

contact them directly without cost.

Ms GAMBARO—Thank you for that. You mentioned that agencies like Drake Personnel are involved in the Australian end of the operations. If they do recruit people on the scheme, what sorts of positions are we talking about: temporary word processing positions? What sorts of things?

Mr Sheehan—It is mainly administration positions because Drake deals with that sort of area as opposed to fruit picking and that sort of work. I can provide you with some more information. I have actually got the London office to run off from last year's Work Australia program the average number of days for job hunting in Australia for their first and second job—we do not go beyond first and second job on the survey; the most popular way of finding work; average number of weeks worked; and average weekly wages as well. So there is some more information I can pass on to you.

Ms GAMBARO—Just back on Drake, they have a very high level of security testing. Do you cooperate with them on that?

Mr Sheehan—Yes, we do, as much as we can. There are references that are given to us once they arrive into Australia. So we actually have on file some form of dossier of that actual person. We try not to get too involved with the process of employment, but if Drake requires additional information then they have access to it.

Senator TROETH—Do you have any comments on the criteria that have to be satisfied by applicants coming here to Australia, such as between the ages of 18 and 30 from a country with a reciprocal arrangement, or 18 to 25, a reasonable chance of obtaining employment, sufficient funds, and that their entry would be of benefit to Australia. Would you like to comment on those?

Mr Sheehan—I will break them down first. As far as the age is concerned, my only concern is—I actually walked in on Jeff's discussion with you all—I think it is an accurate fact that a lot of overseas people are limited by what time of their life they can actually come out here. At the age of 26 there are still many people who are unable to come out due to commitments in their own country. It is very hard to do, I guess, but I would like to see a constant top end figure for all countries. I think it is strange that there seem to be different limitations on different parts of the working holiday visa.

Senator TROETH—So you would make that the upper limit of 30.

Mr Sheehan—I would say 30, yes. Again, because there are people who study and there are people who have obligations to their country, such as military service and that sort of thing; not so much in the Commonwealth countries or the countries that come under the working holiday visa now as much as other countries if we do come into reciprocity with countries outside of the five main countries.

Senator McKIERNAN—You mention reciprocity on that. Would that be part of the condition as well? If you were expanding the age group to 30, would you make it a condition of that expansion that Australians up to the age of 30 could go and work in that other country?

Mr Sheehan—My feeling is that reciprocity should come into play outside of the main countries that exist within the visa at the moment. I am a big believer in—and I guess I will get criticism from the ACTU and anyone else who is against what I am about to say—the market dictating how many people should come out here. I really believe that, because if word does get back to the other countries, if there is not casual employment available to people, they will go back to their country and say, ‘Look, it was not a great experience because I did not actually find a job.’ Word does get back, so I think market should dictate the actual number of people coming in.

Senator McKIERNAN—My question was about reciprocity.

Mr Sheehan—Okay. Reciprocity—in the form of numbers or in the form of age?

Senator McKIERNAN—Whatever is available to people coming into Australia I believe ought to be available for Australians going to that country.

Mr Sheehan—Right.

Senator McKIERNAN—So I think we should be even. With the countries which we have got agreements and understandings with now, people up to the age of 30 can come in here and so on. If we are going to expand that to other countries which are not part of the agreement, I believe—it is just my view—that Australians up to the age of 30 should be able to go and work in their countries.

Mr Sheehan—Agreed and, as I said before, I think there should be a constant platform no matter what country, so I agree with you there.

Senator TROETH—What about sufficient funds and the money that they have to bring with them?

Mr Sheehan—Okay, I think it is very important that they do come out with the minimum limit. With the limits set at the moment, we have not had any problems with our participants, because it is a requirement of the program to come out on, actually in some cases, more than the required limit. So I think they should all come out with ample funds.

It is interesting also that obviously we have a close relationship with the CBA bank, and we find that there is a lot of money being transferred throughout the person’s stay in Australia as well. So, again, in the argument for bringing funds into the country, I think it is certainly there as far as our participants are concerned. They all come out on

the minimum amount, but also throughout their experience they are pulling more funds from overseas to help maintain their presence in Australia.

Senator TROETH—Right. I take it, in view of the remarks that you have just given, what your view would be on the limit placed on the number of working holiday-makers. You do not believe there should be a limit?

Mr Sheehan—No, I think the market should dictate. I think that is reviewable, of course. If things get out of hand and I am incorrect, then certainly there should be a review of the situation.

Senator McKIERNAN—How could things get out of hand?

Mr Sheehan—I do not foresee it happening, but if it does get out of hand, where all of sudden we have a huge influx of overseas working holiday-makers, then of course it should be reviewed. At the moment, I do not think numbers necessitate that at all. With the Olympics coming up as well, I think inevitably there will be growth if allowed towards the year 2000. And we have that feedback from the inquiry levels from the organisations we work with overseas as well.

Senator TROETH—Are the briefing sessions that you have for people going over or whatever mandatory?

Mr Sheehan—Yes.

Senator TROETH—The participants have to come to those?

Mr Sheehan—Yes. Similarly, for our Australians going overseas, it is a part of the program. They are required to attend the pre-departure session.

Senator TROETH—Do you think that would be useful for working holiday-makers coming into Australia?

Mr Sheehan—If that were the case, then it means, in real terms, you would have to close the whole program up to people like us with structured programs. Logistically, you just could not have it. To help push that point of being educated before you come out: it is important to have those people educated as much as possible. That could be by way of including a booklet of some description once they get their visa stamped or placed in their passport.

Senator McKIERNAN—You mentioned the Olympics?

Mr Sheehan—Yes.

Senator McKIERNAN—We have just experienced the Olympics in the United States in Atlanta. To the best of my knowledge the United States does not have a working holiday-maker program and did not need to bring in extra labour from overseas to service those Olympic Games. Why should it be the case that Sydney would need an expanded working holiday-maker scheme to make the games a success?

Mr Sheehan—It does not need it for the sake of employment in that particular sector surrounding the Olympics. What I am saying is that there will be more interest because obviously the Olympics is a good thing for Australia, otherwise we would not have bid for it. It is certainly going to generate a lot more interest in Australia and therefore more young people will be willing to come all the way out to Australia from the Northern Hemisphere to take on work and travel—not necessarily related to employment around the Olympic concept but just that people hear more about Australia with all the promotion going on pre-Olympics and therefore become more interested in possibly coming out to Australia overall.

Senator McKIERNAN—That is the general tourism market?

Mr Sheehan—Yes.

Senator McKIERNAN—That is marketing for tourism but we are looking at working holiday-makers. Why would we need to expand the WHM visa program for the Olympics?

Mr Sheehan—Again, because there would be demand there for people to come out because of the marketing of the Olympics.

Senator McKIERNAN—Why then was not the demand there for the United States?

Mr Sheehan—Because they do not offer a program.

CHAIR—No, I do not think that is a correct answer to the senator's question. He is saying they did not need to, that it was not a lapse but there was not a need for more employment there—they filled the jobs without a scheme. Why do we need a scheme to fill the jobs here? I think that is your question.

Senator McKIERNAN—Yes.

Mr Sheehan—I do not think we do, but I am saying that because of the promotional aspect of the Olympics there will be more interest in people coming out to Australia.

CHAIR—Undoubtedly.

Mr Sheehan—But I agree with you that there should be Australians filling those jobs and that is also why I believe in reciprocity.

CHAIR—Thank you very much, Mr Sheehan, for appearing before us today. If we have any more inquiries the secretary will write to you.

Mr Sheehan—Thank you.

[3.00 p.m.]

CORNISH, Mr Harry Stan, Labour and Training Coordinator, Northern Victoria Fruitgrowers Association, 23 Nixon Street, Shepparton, Victoria 3630

MITCHELMORE, Mr Norman James, Executive Director, Northern Victoria Fruitgrowers Association, 23 Nixon Street, Shepparton, Victoria 3630

CHAIR—Welcome. Thank you for appearing before the committee today. What areas do you represent?

Mr Mitchelmore—Our association is situated at Shepparton in northern Victoria in the Goulburn Valley fruit growing region.

Mr Cornish—I am the harvest labour coordinator for the Northern Victoria Fruitgrowers in the Goulburn and Murray Valley areas.

CHAIR—Would you like to make a short opening statement as an adjunct to the submission you have already given us?

Mr Mitchelmore—Thank you. The initial association that we had with the working holiday-maker scheme was over 10 years ago, following some activity by the immigration department in our region right at the peak of the fruit harvest season in February in the 1980s. That investigation by the immigration department created some disruption to the harvest labour period of that year, so much so that it created quite a lot of adverse publicity for both the department and perhaps for our own industry. At the time, the department was investigating possible people illegally in Australia without any documentation.

Their target did not appear to be people without working visas or people breaching in other ways the working holiday-maker scheme. As it happened, they found little evidence of illegal people in the region, but it did create quite a lot of disruption to orchard properties and to the temporary work force that was currently housed on a lot of orchard properties. Some of them felt offended by having their night's sleep disrupted for questioning and so forth.

As a result of some of the publicity associated with that event, we were contacted by the then director of immigration in Victoria and invited to talk to him about the use of the working holiday-maker scheme—of which, till that stage, we had no knowledge. Those discussions were very successful, because they alerted us to the possibility of making contact with certain overseas countries through embassy links, and of encouraging successful applicants for working holiday-maker visas in Australia to make contact with our industry and to secure some temporary work in our region.

Since those years, we have on an annual basis distributed the yellow pamphlet that you have, not only through the embassy links but directly to working holiday-maker or backpacker magazines or newspapers in the UK and other countries throughout Europe. Almost on a daily basis, we get from people in other countries under the scheme inquiries for the details of work in the Goulburn Valley in the fruit industry. We respond to those by sending a pamphlet which sets out not only some details of fruit picking as temporary work but also the conditions under which they may seek a work visa under the working holiday-maker scheme.

There is vetting done as a result of that publicity, and many people are fairly familiar with the job requirements when they arrive in Australia. Basically, that is our involvement with the scheme.

A more recent development has been a successful application to the department of employment for federal funding to enable us to set up Mr Stan Cornish as a harvest labour officer. That appointment was initiated last summer and it has proved to be very successful. We have found the general recruitment of labour into the fruit industry in the Goulburn Valley has become more successful, more organised and more managed—I am talking about Australian labour more than about working holiday-makers. I am glad to say that Mr Cornish will continue in that role in the upcoming summer season, which commences about late January and runs through until April.

CHAIR—I had not seen your little yellow brochure, *The Australian holiday scheme*, before. Reading it, I wonder if people get a really clear impression that they must get the special visa. It says you must have this visa to work, but it does not underline that. That might just be my cursory reading of it. Have you had any problems with people who have read the brochure but do not have the visa by the time they arrive here?

Mr Mitchelmore—I might refer that question to Mr Cornish.

Mr Cornish—No, we have not. Generally, the people we contact via this pamphlet and through other information come to us with a visa. We have not had any problems whatsoever in that field.

CHAIR—Do backpackers or other young tourists ever turn up without the visa? Is that a problem?

Mr Cornish—It is not a problem. We do have people turning up without visas. Our advice to them is that they are not legally allowed to work. We advise them that the jobs in our area are, therefore, not available to them.

CHAIR—Are there considerable numbers who do this or is this very minor?

Mr Cornish—Out of the 10,000 people we generally hire for the fruit season, I

think there were three last year.

CHAIR—How dependent is your area and industry on the WHM?

Mr Cornish—At this stage, it is an extremely important segment. I will explain how we attract our harvest labour. First, we attract local people. We provide free training sessions so that they can come into the industry. We then attract people from around Australia. I have just been on a tour of Wollongong, Sydney, Townsville, Bowen, Ayr and Victoria, with CES people, trying to attract Australians to our fruit industry, to pick. Then, because we need 10,000 to 12,000 people in such a short period, and that number of Australians is not available, we top up with the working holiday-makers. They are a valuable resource. We would not be able to harvest our fruit at the optimum maturity without that top up.

CHAIR—In your submission you call it a backup supply of labour. Have you got a percentage breakdown? What percentage of that labour force would be WHMs?

Mr Cornish—I cannot give you an exact figure.

CHAIR—A ballpark figure would be fine.

Mr Cornish—It would be around only 20 per cent, but it is very important. Without that 20 per cent, we would not be able to harvest our crop.

CHAIR—So 80 per cent of your labour is local, Australian. Of that number, is it very local, or is it from wider Australia?

Mr Cornish—From wider Australia. We do attract a lot of local people but Shepparton is not a huge place. In fact, two seasons ago we asked Social Security to supply us with information on the unemployed in the area. They came back and said that every person who was drawing benefits and was eligible to pick—we did not look at people who were too old or had medical certificates—had actually declared earnings for that season. So we attracted those people. Then we have got to look right around Australia.

CHAIR—How does that 80 per cent who are Australian break up between locals from within the local Shepparton region and wider afield?

Mr Cornish—I would have to take that on notice. I would not really know. A lot of the local orchardists attract their own people each year. They come back each year. What they cannot supply, I then supply through the harvest office. Out of the 10,000 people, I attract probably about 3,000. As for the other 7,000 that are attracted to the orchards, I really would not be able to tell you about them.

CHAIR—I would be interested in knowing, because Mr Kerr and I were musing earlier today that maybe there was not sufficient knowledge amongst young people that they could travel to these areas to obtain work. We might be quite off the beam there, so it would be interesting for us to know what percentage you do attract from areas other than the local area. Associated with that, if anybody was coming, say, from Adelaide to Shepparton to do some work, would there be a disincentive in the cost of the fare to get there?

Mr Cornish—We work closely with CES, and they provide fares assistance for unemployed people. That is why we have a very strong partnership with the CES. When we go on our recruiting tours, as we have just been on, we take a CES person with us and we talk to harvest officers from the CES; and that is one of the areas that we address. With the fares assistance, most people can come to us. When our season is finished, they can be assisted. Once our season is finished, we like to assist people to find a job in the next area. Once upon a time, there was a harvest trail and people would move to different areas. We are working very hard to re-introduce that. In Townsville, where we have just been, the crop has just finished and it does not start again till April, whereas our crop starts in January and goes through to April. It is logical that those people could come to us and then we could send them back.

CHAIR—Yes, I noted in looking through these papers that, except for most of January, there is employment in these areas all around Australia. You talk about late January, but most of January is a fairly dead period.

Mr Cornish—Yes; but in our area the tomato picking starts in early January.

CHAIR—So you could actually do it the whole year?

Mr Cornish—Yes. There are probably three weeks off over the Christmas and New Year period. Then, approaching the second week of January, there are tomatoes available to be picked.

CHAIR—Mr Cornish, we have high youth unemployment in this country, with young people who do not have work experience and really need to have some. You have said that assistance with transport is available from CES, and that you were out there personally canvassing with CES to tell people that these jobs are available. Under these conditions, why is it that we require those WHMs for that 20 per cent? Why aren't we filling them with local people?

Mr Mitchelmore—I might make some comment about that. Most Australian people have been encouraged to work smarter and find permanent employment; those are the major targets for their attention. As we mentioned, harvest work picking fruit is a very seasonal type of labour and there is a peak in the season. Australians are not generally attracted to short-term employment if they can get long-term employment. We find that

working holiday-makers are looking for the opposite—they are looking for short-term employment that probably provides them with some good income to enable them to travel around Australia.

CHAIR—I do not want to labour the point, but there are people who do not have the option of saying, ‘I want long-term work.’ They do not have any work at all, basically.

Mr Mitchelmore—Well training is another aspect. Even though it is considered to be a non-skilled occupation, there are certain training requirements that, if they are delivered, we find do help the participant to achieve a better income from picking. In fact, Mr Cornish started that type of work in the last season, developing training days for Australians coming from other areas in order to orient them to the job and give them one or two days of training. We find we get better results as a result of that training.

CHAIR—Finally, I notice that there is an award in your industry, so you would be confident that everybody in your industry sticks to that award and there is no attempt to use the WHMs to undercut it.

Mr Mitchelmore—It is a very strong role of our association to ensure compliance with the federal fruit-growing award, which has recently been amended. We do have a good working relationship with the relevant union—the AWU—in the area, and we sit and consider piecework terms each year which are adjusted upward to reflect any change in the basic award. So, from that point of view, we have very good compliance for all employees in the harvest period.

Senator TIERNEY—Can I come in on the last point? Senator Troeth and I were on the long-term unemployment inquiry last year. With over 800,000 unemployed, almost half of those were long-term unemployed. I know you are saying that we have been told to work smarter and get into training courses, but there is a huge number out there who are just not doing anything, and have not for years. Do you get many of those sorts of people—people who might have been out of work for two years—coming into your area seeking work?

Mr Mitchelmore—Obviously not enough, otherwise we would not require—

Senator TIERNEY—But my question is how many a year, what sort of proportion, come in? Or do any come in?

Mr Mitchelmore—Some of them do, yes. We get people who have never picked fruit before coming from other areas of Australia to try it. We are not embarrassed to say that fruit picking is hard manual labour and people who have never worked manually in their lives do find it a bit confronting when they start, particularly during the summer period in Victoria which is quite hot. The other negative is to uproot themselves from wherever they live and come, sometimes thousands of kilometres, to a region which is a

long way from home to try and find labour. And, of course, they have to take whatever accommodation might be available, which can vary quite a lot; it can be quite good, but during the peak of the season it may be camping or caravanning in a caravan park, or something like that. So that is naturally not attractive to Australian people who are unemployed.

Senator TIERNEY—Roughly, out of every hundred that are employed, how many would be in the category of Australian long-term unemployed—for 18 months to two years—and, despite those sorts of barriers, do actually get a job?

Mr Cornish—Maybe I could answer that. It is not as high a percentage as we would like and it is probably less than the working holiday-makers. It is very hard work, and we make that quite plain to everybody. We are also conscious of attracting people to our area from long distances away that will not be able to do the job, and it is no good to them and it is no good to us if they come all the way, work for a day and then say they are not going to do it any more. Then the local Salvation Army and those sorts of people are put at stress and so on. So I think the nature of the job, being very physically demanding in hot, dusty conditions, sometimes does deter those people from coming, even though we go and—

Senator TIERNEY—What is the ballpark: one in 10, one in 100?

Mr Cornish—It would be one in 10. In fact, some of them that do come and stay end up—if we can keep them for a week, which we try very hard, we have generally got them for the season. It is that first week that is difficult.

Senator TIERNEY—Back-breaking work.

Mr Cornish—It is like marathon running. After the third or fourth day you hit the wall, and if you can get through that—

CHAIR—Kill off all your pain senses.

Mr Cornish—Yes—and then away they go.

Senator TIERNEY—I still remember my one and only day of pea-picking. I remember it very clearly.

CHAIR—It was what decided you to go into politics, was it?

Senator TIERNEY—That was it.

Senator McKIERNAN—I never tried potato picking.

Mr Cornish—It is quite interesting that the working holiday-maker people are often more adapted to the physical nature of fruit-picking. I am not quite sure what it is. There is some sort of an incentive there, I guess. The earnings are quite attractive for sticking out for a week or two and then travelling to the next destination. But I guess I can say we have less complaints about the hard work from working holiday-makers than we do from Australian workers.

CHAIR—It has been put to us that by nature the backpackers tend to be fitter because they walk around with a pack on their back and they go up hills and down dales, so they come as a fitter segment of the population overall than you would expect from the unemployed. So I think that probably answers that.

Senator McKIERNAN—What would an average picker expect to earn in a week in the Goulburn Valley?

Mr Cornish—They pick into large bins which carry about half a ton of fruit and an average picker can pick four to five of those bins a day. The current piecework rate that is set in the Goulburn Valley for that sort of work is in the area of \$23 per bin. So the earnings are getting up over \$80 a day, probably up to \$100 a day now. We refer to an average worker or an average picker; for somebody that has never done that work before, they probably would not be average till they had been picking for two or three days or up to a week. We find with working holiday-maker people that have done some picking in other parts of the world or other parts of Australia, they fit into that sort of average category fairly quickly and it is not unusual to find some of them earning up to \$100 a day once they become quite skilled at the work.

CHAIR—How many hours in that day?

Mr Cornish—It is up to them. They can choose to work just eight hours a day, but often—

CHAIR—But to get that \$100—

Mr Cornish—For an eight-hour day or a 38-hour week—

CHAIR—So you are saying when they get \$100 a day, as an average, then they are working on an average eight hours to get that.

Mr Cornish—That is right.

Senator McKIERNAN—You have got to employ around about 8,000 people for a six-week period every year?

Mr Cornish—That is correct.

Senator McKIERNAN—Is that number, 8,000, increasing or declining? Is there an increased use of mechanisation in the industry?

Mr Cornish—No. Last year it was stable, mainly because we had a lower turnover rate. What we encouraged last year with training and support and speaking to people was to attract them to our area so that they stop for the six- to eight-week period. In previous years some people have turned up without knowledge of picking and consequently have lasted two or three days and moved on. We attracted people last year who tended to stay for the season so, therefore, even though we probably harvested more fruit we did not have the turnover of pickers. Therefore, we needed fewer pickers. We still needed the 8,000 to 10,000 people to harvest.

Senator McKIERNAN—Is the working holiday-maker proportion of the 8,000 to 10,000 people increasing or decreasing?

Mr Cornish—To be honest I could not answer that. I have only been involved in the season once.

Mr Mitchelmore—In the last two or three years there has been a decline in the number of working holiday-makers who have presented in the Goulburn Valley for work. We are not quite sure what the reason is. I do hear comments that the unfortunate backpacker murder incident in New South Wales may have had a negative effect on attracting those people to come to Australia initially and then to travel away from the major metropolitan areas. However, in this last season—the 1995-96 harvest season—there seemed to be a slight increase in the number of working holiday-makers as a proportion, which is still only about 20 per cent, at the most, of the total 8,000 to 10,000 people that we used for the harvest.

Senator McKIERNAN—It is a bit strange. I noticed the copy of the letter you forwarded to the former minister about the capping. I cannot understand where we are here. You have a declining demand from working holiday-makers. You have an increased working holiday-maker program that has gone up from 25,000 in the year 1992-93 to 29,000 in 1993-94 to 35,000 in 1994-95 to a cap of 38,000 and in your letter to the minister you are complaining about the increased cap. You have less reliance on the working holiday-maker. Where is it coming from? I cannot understand what is happening here.

Mr Mitchelmore—As I mentioned, there appeared to be a decline in the numbers coming into the area that were working holiday-makers, so that did create a dilemma for us. One way of approaching that problem was to employ Mr Cornish as harvest labour officer. His concentration has been to help train and attract local people initially, other Australian people from areas around Australia, and then a top-up of working holiday-maker people, keeping in mind that we do have these peaks in demand which are hard to forecast.

I suspect that the growth in the tourist industry in Australia, particularly the northern areas of Australia, are attracting working holiday-maker people to those areas rather than to the fruit and vegetable areas of southern Australia. We do not have any evidence of that but that is our feeling.

Senator McKIERNAN—Just come back to your problem that you had last year in the Goulburn Valley. You were not attracting enough people holding WHM visas to your area to take part in the fruit-picking season.

Mr Mitchelmore—That is correct.

Senator McKIERNAN—And your answer in addressing that was to oppose the limitation of the numbers of people coming into Australia despite the fact that that was an effective increase in the numbers coming into Australia.

Mr Mitchelmore—That is correct, yes.

Senator McKIERNAN—Why?

Mr Cornish—Could I add something at this stage?

Senator McKIERNAN—I have a dilemma, I cannot understand where you are coming from. I accept you have a problem, but if there is a bigger body of people available is it not resolving your problem?

Mr Mitchelmore—It is certainly creating a pool of people looking for short-term labour, but they are not attracted into the area when we need that pool of labour to address the peaks in the requirements of the season. As I said before, Australians are generally looking for more permanent labour, although they will take temporary, of course, but we felt that with more people travelling around Australia looking for short-term work always available, then those peaks of demand could be more easily met. That was why we tended to be opposed to the limitation or capping that was introduced 12 months ago.

Senator McKIERNAN—I am still not fully understanding where you are coming from, but I am not going to labour the point. What I can say is that you have a greater pool than you had when that cap came in. This year, however, you are in a brighter position because the pool has now gone to 50,000 people—

Mr Mitchelmore—Which is an increase, of course.

Senator McKIERNAN—It is a dramatic increase of 19 per cent. From time to time the crops fail.

Mr Mitchelmore—That is right.

Senator McKIERNAN—In the event of the crops failing and we have 50,000 people in this country many of whom were going to work in these industries, what is going to happen to them?

Mr Mitchelmore—It is a good question, but the number of those 50,000 or 30,000 or whatever the figure annually is that are attracted to picking fruit is, I think from Jill Murphy's report, somewhere in the area of about five per cent—it is not a very big percentage. So a crop failure would not have a tremendous impact on the availability of work for those people. And often crop failures occur in fruit and vegetable industries all round Australia at any given time of the year, and I guess they even out over a 12-month period, so our failure this year will be somebody else's bumper harvest in the same year. So there is the flexibility to divert people to those regions.

Senator McKIERNAN—You mention the Murphy study, which is very useful, and that five per cent, but a little earlier today Mr Cornish was talking about 2,000 people or 25 per cent of your staff in the season?

Mr Mitchelmore—Yes, I was referring to the total number of working holiday-makers and the split between what areas of work attract them. I am not absolutely certain of the figures, I would need to look at them, but I believe that it was only a relatively small proportion that actually targeted fruit harvesting as their main area of employment while they were in Australia. The figure that Mr Cornish referred to was the number of working holiday-makers as a proportion of the total harvest labour work force that is required, which we have mentioned is about 8,000 to 10,000 people.

Senator TROETH—You might have discussed accommodation while I was out of the room, but I am thinking of it in relation to the total wage that is earned by a worker. If the worker is accommodated on the property, does the owner charge for accommodation?

Mr Mitchelmore—In some cases not at all. It depends on the standard of accommodation. Under the agreement that we have under the award and with the AWU, a modest charge can be made to offset the cost of providing electricity, other forms of power, fresh water, facilities for washing and so on, so up to \$2 or \$3 a day can be charged in some cases. There are one or two large orchards that provide full board and naturally a meal charge is made but, even so, that is still pretty modest.

Senator TROETH—One of the submissions that we have had acknowledges that some employers underpay harvest workers. You have said, I think in your opening remarks, that that does not happen.

Mr Mitchelmore—It would be almost impossible in the Goulburn Valley because we do keep a very close watch. Some 95 per cent of all the growers in the area are members of our association and one of the strong points is to keep them acquainted with

the terms of the award and the pay rates that are applicable. The AWU, unlike some other regions of Australia, is fairly active in our region and does keep a watch on wage rates and terms of employment.

Senator TROETH—So if it was discovered that an employer was underpaying their workers, who would be taking the action, if any, against them? Would it be the union?

Mr Mitchelmore—If the union were alerted they would certainly take the action. But we often find that employees will make contact with our association. I will often take up the matter to avoid any problem for the employer who is a member of the association, point out any problem to them, and avoid the involvement of the AWU if necessary. But as I say, sometimes the AWU will alert me that a certain employer may be breaching the award and we take it as a responsibility to advise the employer where that breach has occurred. We generally have no other trouble as a result.

Senator TROETH—How many times in a season would you have that problem?

Mr Mitchelmore—No more than 10 or 12 occasions for a whole season, I have found.

Mr Cornish—May I add something to that, please?

Senator TROETH—Yes.

Mr Cornish—Last year we had a grower who was not paying quite the award and who was not a member of our association. However, the AWU and I both spoke to that grower and explained what the responsibilities were and as a whole what we required, and that grower immediately paid the award. So we follow up. Even though they were not members of our association, I thought it was part of my job to look after that and dealt with the union and we solved the matter in a day.

Senator TROETH—Good, thanks.

Mr KERR—I am glad people have been asking these questions because your answers seem to be quite straightforward and frank. But there is no doubt that in earlier submissions people were suggesting that professional growers who were seeking employment in this industry were not able to find work because wage rates were being depressed by the use of working holiday-makers. You would say that is just not the case in your area. Do you think it may be the case in other areas, because it was coming across fairly strongly as a point? I am not sure whether you have any knowledge of how the picking industry operates in other areas.

Mr Mitchelmore—I think one of the answers could be that the levels of pay

within the federal fruit growing award are, like in a lot of agricultural awards, probably some of the lower paid rather than the higher paid within the Australian work force. That is one comment I could make. We do communicate with other regions of fruit growers because we have links with them through our association networks and I very rarely hear of any areas that pay below the federal fruit growing award, or a relevant state award if there is one. But I guess in more remote regions it might be possible that people might take advantage of working holiday-makers. We certainly would not encourage it because it is so negative.

Mr KERR—Picking up the point Mrs Gallus made earlier, you were saying that re-establishing this network of—

Mr Mitchelmore—The harvest trails?

Mr KERR—Yes. We were both reminiscing that when we were younger it was a very common thing for people to do and that neither of us had heard much of these opportunities that might exist in recent times. I grew up in Tasmania, a big fruit-picking area, and it was very common for people to go down to the Huon for the apple season and up the Derwent Valley for hops—there was quite a trail. Kids would sometimes leave school with their mum and dad who would go and take opportunities to make a bit of money during a particular time.

I was quite interested in your development of this because, whilst there is this sense that working holiday-makers are being used to fill jobs that would otherwise properly go to Australians, quite naturally there would be a lot of resistance to expanding the scheme. I would also be interested in hearing a little bit about what you are proposing to do to try and give some greater publicity to this sort of fruit-picking trail.

Mr Mitchelmore—I have just a couple of comments about that historic matter of harvest trail workers. Could I refer back to the years when the cane harvest was basically a manual operation; it became mechanical within two or three years. I think you are all familiar with the concept of the *Summer of the Seventeenth Doll* and people working from Queensland for the cane harvesting right down through to southern states of Australia working as fruit-pickers, and that helped to complete a 12-month employment pattern, and it certainly included Tasmania. Of course, when canecutting became mechanised a whole skilled work force disappeared, retired or did other work, and so we lost a lot of those traditional fruit-pickers in Victoria and Tasmania and South Australia as a result of that.

Mr KERR—They could not support themselves year on year.

Mr Mitchelmore—Exactly. And naturally they had to find other work. The growing levels of unemployment during the late 1970s into the 1980s in fact worked against the harvest trail concept because, where once people would take mum, dad and the kids, the caravan and travel around Australia seeking temporary work knowing they could

always get it, they were reluctant to do that when their own permanent job was at risk, and we are still to some extent suffering from that problem. We are trying to target those traditional family groups with their caravans because they are ideally suited to the harvest work, but if we cannot get them then obviously working holiday-makers is one area that we can tap into.

Mr Cornish—Last year I managed a harvest office during the season and we continued on for one week after our season had completed. We did not differentiate between working holiday-makers and Australians and we encouraged them to come into our harvest office and we found them jobs. Tasmania was a typical place, Batlow, so that we placed them. This year we went up into Townsville, and that was where the canecutters used to come from years ago. Because they have gone and other people have taken over different jobs, that concept had been forgotten, and now we are trying to reintroduce it, that the people are now starting to think, 'Oh yes, there is somewhere,' and if all the harvest areas can work together and when my season is finished if I can encourage people to go somewhere else, I believe that this is the way that we should go—we can all work together.

Mr KERR—I know it is hard work, but it always was. If you can market an idea that basically you can make between \$100 and \$200 a day, so that you are able to save, perhaps if you work hard, \$300 a week after expenses, which I think would not be particularly difficult—if you can market the idea that over a year you can sort of put away \$15,000, \$20,000, that is a fairly attractive proposition to somebody. Saying to somebody, 'Look, do it for a few weeks,' it is different than saying, 'Look, you will get fit—

CHAIR—See Australia and earn good money.

Mr KERR—Yes, and you will be able to sock away \$15,000 or \$20,000 over a year. That is a pretty easy sort of sell, I would have thought.

Mr Mitchelmore—You would think so but we find difficulty in getting people attracted. I think it is the fear of not being able to get back into the permanent work force if they come from, say, Sydney and have a permanent job—

Mr KERR—But if you are out of the permanent work force anyway, and roughly 800,000 Australians are—

Mr Cornish—I guess if people are long-term unemployed they think differently to people who are employed and it takes that bit longer and bit more support and understanding to get them back into the work force. Whereas we think it is a great idea and it should be implemented immediately, it takes some time for those people to take it up.

CHAIR—Maybe what you are doing is taking over some of that role for them

because being unemployed is hugely debilitating as far as your own initiative is concerned. After frequently being turned down, to make that step to do something as unusual as leaving your home town is a huge step. If you are going to facilitate that by saying, 'We are going to do the thinking for you. We will start you off here, you will move to here and here and here', then there is a plan already there, that you're not actually having to say, 'I am jumping into the unknown' as you are doing the work for them.

That then raises one of my questions about travelling. We talked about this in the beginning and you said the CES would help an unemployed person to come to the fruit picking area. When they have finished that area, what about moving onto the next area? Are they then left to their own devices or is there—

Mr Cornish—No. My understanding of CES procedures is that they are entitled to be assisted to the next—

CHAIR—I could see a good lurk working here. Not only do you get to travel, you get the CES to pay for part of it!

Mr Cornish—I believe it is only for seasonal work. However, as we all know, the CES is changing dramatically and we do not know what is happening in the future. One of our biggest recruitment areas is via the CES job system network that is available now. We do not know what is happening next year. My idea is to keep as many options open as possible so if we lose access to one group of people we have another group we can call upon. If the information that we are hearing is right, that unemployment figures are going to decrease, then that pool of people will decrease and we have got to look at other people and the working holiday maker area is an area that we can access.

Mr KERR—With somebody coming temporarily, their sunk costs of accommodation usually have to be kept up and that is a problem. Maybe they have a flat somewhere. So a six-week period when you have to go up to the Goulburn Valley or somewhere like that when you have got to keep renting a room or something can be a problem. If you thought you were going to be doing it for a year you can clear that all off and take it up.

CHAIR—Maybe part of the service should be storing the belongings of people who want to move!

Mr KERR—Not necessarily, but what you are suggesting is quite interesting and you have obviously been very thoughtful about your submission to us. Is the three-month period a difficulty for you? None of the picking seasons operate for longer than three months with one employer, do they? That is not an issue for you?

Mr Mitchelmore—No. There has been some comment in earlier submissions about restricting work visas to six months rather than 12 months. That would be a very negative

move if it was accepted. It does create a dilemma for people from the northern hemisphere as to which period of time they would visit Australia. If Australia was divided into two seasons, the summer and the winter or the wet and the dry, and they had to choose, the natural choice would be to come to Australia during the northern hemisphere winter which would then favour southern Australia but would be a bad thing for northern Australia when they had their wet period during that time. That would be not a good move, actually.

CHAIR—At what age—I exclude the extraordinarily fit amongst us—are you too old to do this sort of work?

Mr Cornish—A person can work as long as they are mature and fit. We suggest the work is for people of about 17 or 18 and up. We have people of 60 picking fruit, but we would not suggest that a person who has never picked before—

CHAIR—A bit late for us to start at 60!

Mr Cornish—But we do have people who pick every year at that age, and they still earn good money. We encourage females as well as males. We find that females can pick just as well as males can.

CHAIR—Naturally. I would not have thought any differently. Females are quicker.

Ms GAMBARO—I have not had a fruit picking past like Mr Kerr here. How much mechanisation is in the industry? Is it still quite largely dependent on hand picking?

Mr Cornish—Yes; it is all hand picked. There is a small number of people who have a machine bucket that they can stand in and the machine goes along and goes up and down, but that is only about one per cent. The rest of the people use a steel ladder and a picking bag around their shoulders, and they climb up and down the trees. It is all manual work.

Mr Mitchelmore—There have been experiments with mechanical harvesters. They put a framework under the tree with a catching canvas and shake the tree. It is quite advanced technology, but it has not been successful in Australia, basically because it bruises the fruit. As the fruit is shaken from the tree and falls, it strikes other branches or fruit. The processors of fruit, the canneries—SPC and Ardmona are good examples—find it unacceptable. Naturally, for fresh fruit on the market, anything with a bruise or a mark just does not sell. Unfortunately, modern technology has not been able to catch up with the use of the hand to pick fruit. It is just one of those things that we need to continue to do.

Ms GAMBARO—So it is pretty repetitive work.

Mr Mitchelmore—It is, really.

Ms GAMBARO—There would not be much multiskilling: it is all the same. Is that what you are saying?

Mr Mitchelmore—Different fruit varieties have slightly different techniques, which we help teach. It can be quite a boring job, and the attraction is in being able to meet people from other countries as you are working in a fruit tree. One of the best aspects of it is being able to catch up with all sorts of people from around the world—or from Australia, obviously, if you are an overseas person.

Senator TIERNEY—It has been alleged in other parts of the hearing that backpackers without work rights are actually working. Is there any evidence of that in the Goulbourn Valley area?

Mr Mitchelmore—Inevitably some of them will find their way into the area. We often remind growers that there is a work visa requirement, and we say not to employ anybody without a work visa. Just how many non-work visa people actually find jobs, I really have not got any figures or evidence of, but I am sure there would be some.

Mr KERR—That would be mainly because they can defer giving a tax file number, presumably.

Mr Mitchelmore—Yes. It probably gives them at least up a month to avoid that requirement.

Senator TIERNEY—How can the employer check on this? and How difficult is it for them to find out whether a person actually has one of these visas?

Mr Mitchelmore—The employers are reluctant to take on a policing role, but certainly they do have to accept what information is given to them on the tax declaration form. If there is any false information on a tax declaration form, it does create a problem for an employer. But generally, during the rush of the harvest season, it is a bit hard to expect people to double-check on the information that is given to them.

Senator TIERNEY—Would it be useful, do you think, to create a special harvest labour visa?

Mr Mitchelmore—That would be attractive, particularly if that idea included a uniform approach to taxation. Unfortunately, we do not have a uniform approach to taxation. All Australian people working as pickers have a uniform tax deduction of 15 per cent; their ultimate tax could be higher than that, of course. But for people who identify themselves as being from overseas, the correct rate of tax is around 29 per cent, and that can be quite a difficulty for employing working holiday-makers. That is one of the matters that we raised in our submission.

Senator TIERNEY—Apart from the obvious economic benefits of earning and spending money in your region, what other benefits do working holiday-makers bring to your region in the Goulburn Valley?

Mr Mitchelmore—With regard to the tax matter, it is quite common for working holiday-makers to be working in the one gang, and even on the one fruit tree, with an Australian. Inevitably, the talk will get around to the levels of tax—and you can imagine the problem there. In my view, it is discrimination, which we are trying to avoid as much as possible in Australia. I realise that there are reasons for different tax rules for overseas people. But the eventual evening up does not always occur because of the paperwork involved in overseas visitors applying for rebates when they leave the country. There is also the difficulty of the employer contributed superannuation levy which creates a problem for our industry. This probably would not be the right place to raise that, but we have raised it at various parliamentary committees of inquiry. Those two issues—taxation and superannuation—are areas where there does seem to be some discrimination between overseas people and Australian citizens.

Senator TIERNEY—But, apart from the economic, are there benefits to your area from the working holiday scheme?

Mr Mitchelmore—That is a good point. We have certainly found that the more money they earn and have disposable, they tend to spend that in the region in which they are working. That seems to have come out of many of the other reports that have been submitted to this committee.

Mr Cornish—On the question of identifying whether the people are legitimately able to work or not, one of the suggestions I thought would be possible is that when people are issued with their working holiday visas they get issued with a tax file number at the same time, so when they come here and they produce evidence of a tax file number you know that they are entitled to work. At this stage, when they come into my office the first thing I ask them is if they have a tax file number. If they do not, I send them straight up to the post office to get one, but then they can work for 28 days without one. If they had a tax file number issued with their visa, that would eliminate a lot of problems. When they first get here they have to apply for a tax file number and people are not sure, but if they have their tax file number as soon as they arrive here they can go and work and provide proof that they are legitimate.

Senator TIERNEY—Thank you.

CHAIR—Why should the young working holiday-maker pay a higher tax than Australians?

Mr Mitchelmore—It is to do with the tax-free threshold, which is available to most Australian people. It can be claimed by overseas working holiday-makers, but

probably it is only paid when they return to their country to origin and I guess people would rather have the benefit of the disposable income while they are in Australia.

Mr KERR—They do not get the tax-free threshold?

Mr Mitchelmore—No, they are not eligible.

Mr KERR—They cannot even get it when they go back?

Mr Mitchelmore—That is why there is the difference between the two tax levels. Mind you, the 15 per cent standard rate of tax deduction, as I mentioned, might not be the ultimate tax liability for a person who is picking fruit all the year round who is an Australian, but at least it does overcome the problem of very short-term workers for some periods of the year. We have found it has improved the whole system of applying tax by employers in the fruit industry and it avoids the temptation to not deduct any tax at all, which used to be a practice in some regions around Australia.

Senator TIERNEY—A person who goes to the post office to get a tax file number is taxed differently again, is he not, while awaiting the tax file number?

Mr Cornish—No, they have 28 days to produce a tax file number. If they cannot produce that tax file number after 28 days, then if they are an Australian citizen they are taxed at 49 per cent and if they are a working holiday maker, they are taxed at 47 per cent. The tax office will provide a tax file number within 14 days.

Senator TIERNEY—And in the interim, what is the tax rate the person pays?

Mr Cornish—Whatever they declare. If they are Australians they pay 15 per cent seasonal tax or 29 per cent if they are working holiday makers.

CHAIR—Thank you very much and thank you for appearing before the committee today. I think we have all been very impressed by the energy and enthusiasm you are putting into this. I look forward to hearing more about the harvest trail as it is developed. I would certainly like to promote it out of my office, so thank you very much.

[3.38 p.m.]

BEELEN, Ms Peta, Executive Officer, Riverina Area Consultative Committee, PO Box 1551, Griffith, New South Wales 2680

HICKEY, Mr Darren Charles, Project Officer—Harvest Labour, MIA Council of Horticultural Associations, PO Box 1059, Griffith, New South Wales 2680

MARUSKANIC, Mr Antonin John, Regional Manager, Department of Employment, Education, Training and Youth Affairs, 69 Yambil Street, Griffith, New South Wales 2680

WILKINSON, Mrs Patricia Alison, Senior Project Officer, Riverina Regional Development Board and Riverina Regional Economic Development Organisation, 48 Fitzmaurice Street, Wagga Wagga, New South Wales 2650

ACTING CHAIR (Senator McKiernan)—Welcome. Thank you for coming to Melbourne to give evidence. We are appreciative of the fact that you have travelled some distance to be with us and assist the committee in the inquiry. I also thank you for the submission that you earlier supplied to the committee. We have, as you would be aware, published the submission. It is now part of the public discussion on the reference that is before the committee. I invite you now to speak briefly to the submission.

I will make a cautionary warning now that five o'clock is our deadline—there are planes to catch and we do not have the flexibility that we perhaps had earlier today where we allowed people to go over time, so brevity might help, but feel free to elaborate wherever you feel the need to elaborate on matters.

Ms Beelen—Thank you for the opportunity to appear before this inquiry into working holiday visas. The submission provided to you was prepared jointly by the Riverina Area Consultative Committee, the Riverina Regional Development Board, MIA Council of Horticultural Associations, Riverina Regional Tourism and officers for the Department of Employment, Education, Training and Youth Affairs—which in itself reflects the importance of the issues being considered by this inquiry. There were a number of points raised in our submission and I would like to emphasise a few of those today in this opening statement.

The Riverina region relies largely on an agricultural base for its economic wellbeing. The area produces grapes, citrus, apples, cherries, rice, asparagus and other fruit and vegetables. With that production comes a need for a significant number of seasonal workers during harvest periods. Substantial growth is expected to occur in a number of crop production areas and, as a result, the need for seasonal labour will increase in a relatively short space of time.

With low unemployment rates in a number of centres in the Riverina, the local labour market has been, and will continue to be, unable to meet the demand for pickers. Given the short-term nature of the work it has proven difficult to get people to relocate to and work in the region. Backpackers have played a vital role in supplementing the available pool of labour. The itinerant lifestyle, which includes short periods of work and travel, suits the requirements of growers for seasonal labour.

Through the MIA Council of Horticultural Associations, growers have acknowledged the important role backpackers play in their industry by establishing a hostel in Griffith. Riverina Regional Tourism has also been very proactive in encouraging backpackers to travel to the region through the production and distribution of promotional material.

In our submission we have asked that consideration be given to the inclusion of a statement in the working holiday visa program that acknowledges the important role backpackers play in the labour market, particularly in relation to seasonal work. Backpackers have added to the already rich cultural diversity enjoyed by residents of the Riverina, and their presence has been a positive one for our community—both culturally and in economic terms through tourism and the support of local businesses.

In our submission we ask that consideration be given to raising the age limit to 30 to allow for more mature people to have access to work-assisted travel within Australia. Mature workers are highly regarded by growers and they offer an additional cultural perspective to the broader community.

We believe that retaining a cap on working holiday visas may have a detrimental effect on the supply of labour for harvests and, in turn, this may negatively impact on the production capability of the region. However, we acknowledge that there may be a need to protect some labour markets where there are high levels of unemployment. It would not be responsible to create a situation where the number of job opportunities available for local job seekers were substantially decreased.

If backpackers were competing for jobs against local job seekers, then some protection mechanism may be required. As suggested in our submission, perhaps backpackers could work only within nominated industries or perhaps some industries could be excluded. It is unavoidable that a balance be found to meet the conflicting needs of communities with high unemployment against those experiencing acute labour shortages. We do not believe there would necessarily be a large increase in the number of people applying for working holiday visas if no cap were to exist. However, if there were to be a substantial increase in applications, then consideration would have to be given to the possible impact on the labour market. A mechanism would need to be in place to allow for a quick response to such a situation.

There will always be some difficulties in assessing and enforcing compliance with

visa conditions. For example, some visitors do work without the necessary approval and a level of non-compliance does exist in a number of visa categories. Steps may be taken to minimise such non-compliance but we offer no particular expertise in defining those possible steps. Others with more direct experience in such matters will no doubt have made recommendations through this inquiry. In our submission we support the proposition that the program be expanded through reciprocal arrangements with other countries. Given the positive experiences in our region we would welcome the prospect of a more diverse group of visitors and also the increased opportunity for Australians to travel and work in other countries. Again, we thank you for the opportunity to present our views today and we welcome any questions you may have.

ACTING CHAIR—Do any of the other members want to make any contributions at this time? Could I, at the very beginning of the questioning, establish some parameters? Your submission addresses backpackers; we are actually tasked with inquiring into the working holiday-maker visa, which is a component part of the backpacker tourist market. I would like to confine the dialogue to the working holiday-maker side of things rather than talking about the whole backpacker syndrome.

Ms Beelen—I might clarify that I suppose we use that as a colloquial term. We do understand that it applies to working holiday visa applicants.

ACTING CHAIR—Okay. Can you tell me the numbers of working holiday-maker people that your area would need each year to fulfil the requirement of the harvesting season?

Mr Maruskanic—It varies depending on the season and the size of the crop but we would estimate that it is probably between 4,000 and 8,000 vacancies per year. We obviously do not need 8,000 people every year because people go on from job to job, but we think we need a labour force of probably about 4,000 in a good year; probably in a bad year 2,000 to 2,500.

ACTING CHAIR—What proportion would need to be backpackers or working holiday-makers?

Mr Maruskanic—We have no idea how many working holiday-makers there are. We have had a rough estimate, I suppose. It is purely a 'guesstimate'. We think there are probably about 500 in the MIA through a season.

Mr Hickey—I would agree with that. We have a backpackers' working hostel in Griffith and all the people staying in the hostel are international travellers with working visas. There were 250 people in that hostel last season. So we estimate that there would be, in addition to those numbers in the hostel, more backpackers who go straight from the cities to on-farm accommodation.

ACTING CHAIR—You say all the people in that hostel would be working holiday-makers with working holiday-maker visas?

Mr Hickey—That is correct.

ACTING CHAIR—How do you know?

Mr Hickey—It is a requirement—a policy of the hostel—that international travellers who are staying at the hostel have to work and to work they need a working holiday-maker visa.

ACTING CHAIR—What is the name of this hostel?

Mr Hickey—It is the Griffith International Hostel.

ACTING CHAIR—It is an unusual requirement because the working holiday-maker visa part of the backpacker market is supposed to be only 15 per cent; I would imagine a hostel like that would be restricting the clientele it could attract.

Mr Hickey—The major attraction to WHMs is the working aspect in the region. There is really not a lot of other reasons to come to Griffith, except to work.

ACTING CHAIR—That is not what I heard!

Mr Hickey—The demand for accommodation places in the hostel is limited during the peak harvest months and therefore the policy of the hostel is to restrict access to beds to working holiday-makers.

ACTING CHAIR—Okay, that last part probably makes some sense. You mentioned that the age limit is a problem, that it should be 30, but it is 30. With the countries that we have reciprocal arrangements with it is 30.

Mr Hickey—My understanding is that anybody between the ages of 26 and 30 must demonstrate that they would be of benefit to Australia by accepting—

ACTING CHAIR—Same as for the 18-year-olds.

Mr Hickey—That is right. In our submission we suggested that that restriction between 26 and 30 be removed.

ACTING CHAIR—There is an age limit restriction obviously on the visa class. For those countries we have got reciprocal arrangements with, 30-year-olds and 29-year-olds can apply and be granted visas. For those countries we do not have reciprocal arrangements with, the restriction is back to 25. Is that where the problem is?

Mr Hickey—If that is the case, in our understanding of how the program works then that is not a problem. But in our understanding of the program there is restriction for some people applying for visas that they have to demonstrate some special circumstances if they are between the ages of 26 and 30.

ACTING CHAIR—The other area that I was interested in in your submission—your pages are not numbered, it is under B. It talked about an expanded philosophy for the scheme. What is your understanding of what the scheme is about now? Why do you think Australia has in place a system for working holiday maker visas?

Mrs Wilkinson—There seems in much of the guidelines for working holiday visas to be a cultural emphasis, that we share cultures and that diversity is useful for both people in our own country as well as people that might like to take advantage of reciprocal arrangements. I guess in our submission we are asking that consideration be given to the economic factors, in that working holiday visas and working holiday-makers are imperative in order for our region to be able to get our harvest in within a very time-critical time span, and we are saying that we would like more emphasis to be placed on the economic benefits that backpackers bring to a region like ours, where there is a skill shortage and low unemployment rates in comparison to the state and national figures, and the demand there is really based on the economic advantage that backpackers and working holiday makers bring to our region.

ACTING CHAIR—But the working holiday-maker visa scheme is essentially a tourism orientated scheme. Would regions such as yours not be better looking at a labour market scheme to resolve the labour market problems rather than being reliant on something that is tourism driven?

Mrs Wilkinson—We have looked at those sorts of things in the past. We had a program that we undertook that was in relation to skill shortages and tried to attract people to move to our region on a permanent basis and targeted some of the areas that had high levels of unemployment. That had limited success, basically due to some factors with people reluctant to move families, housing costs, people basically unwilling to resettle to regional areas if they have established contacts in larger centres. Those factors seems to be larger when you come to asking people to come to our region on a temporary basis for periods of normally less than three months, where those sorts of issues seem to recur. For backpackers or for working holiday-makers it is an ideal situation. They are flexible in the way that they can operate and they are usually only interested in staying for a short time anyway.

ACTING CHAIR—Do you actively recruit people overseas?

Mr Maruskanic—No. We have done some advertising in some backpacking magazines. That is about the extent of it.

Mrs Wilkinson—Riverina Regional Tourism has begun a campaign to attract people to come further west, not stay on the east coast, to look at working holidays. That campaign is just in its early stages now. It is targeting the backpacker magazines and the youth hostels that are based in the city.

Ms Beelen—I might add that we have explored, through the regional assistance migration scheme, some opportunity to attract skilled labour into our area from overseas, using a different method than working holiday visas. The difficulty with that is that they are basically permanent jobs and are sponsored, and it has a different framework. What we have said in supporting the point about expanding the underlying aim of the working holiday visa program is that, yes, the basis is for cultural exchange and tourism, but an impact has been the significance of those people in our labour market. So we either say that, within that program, there is that significance or, as you have suggested, there is another program that provides that statement of significance. But that is a government decision as to whether or not we have a program that exists to encourage labour for specific reasons.

ACTING CHAIR—Working is supposedly only incidental to the program. But you would be seeing the working holiday-maker visa scheme as being a labour market scheme?

Mr Maruskanic—In our region it is, because they only come to our region to work; they do not come down to look at mountains or smoke dope. There is only one reason to come.

ACTING CHAIR—You said that!

Mr Maruskanic—That is the only reason they come to the Riverina, basically; if they do not like sampling a few nice bottles of wine, it is to pick the grapes that go in them.

ACTING CHAIR—Or eat fresh fruit.

Mr Maruskanic—Or eat fresh fruit.

Ms Beelen—The tourism industry is actually linked to the work that they come to do. They are not separate. A lot of the tourism of the Riverina is the produce that we make, so that is linked with the work that they come and do. For us, it is all caught up together.

Mr KERR—If I could follow up that issue, in the earlier discussion with the northern Victorian fruit-growers they mentioned the development of a harvest trail idea. It seems to me that most of us would have absolutely no trouble at all about working holiday-makers topping up whatever was a natural industry demand. But we would not

want the other side of that to be that you did not develop things like a harvest trail because it is so easy to find backpackers or people like that to give you a reprieve from having to develop an industry base that can use the pool of unemployed we have ourselves.

We are certainly going to have to be a bit cautious about increasing the number of working holiday visas, against a background where the industry might be thought not to be putting enough effort into developing that kind of response so that it can be attractive to our own unemployed. I wonder what, if anything, you are doing to fit into the idea that the Northern Victorian Fruitgrowers Association had of developing a year-on-year harvesting trail so that it is attractive for people to spend a year and save some money, and see their own country as well?

Ms Beelen—What we have done to date is that we have had some discussions, given that the CES is going to change its role next year. To date we have depended quite a lot on the CES network to access unemployed people from other areas to come and do some of the harvest work. There are numbers of promotional pamphlets and material that CES offices have, as well as the system of touch screens, to actually give information to people about the opportunities to come and do seasonal work.

Patricia alluded earlier to a project that we undertook to attract skilled labour to our region, which was another concept, but what we found when we went to talk to people in Victoria about relocating was that we targeted young people as well as other age groups. But the young people's concerns were about the dislocation from family and the uncertainty of what the social aspects of that area were like. Would they fit in? Would they be accepted? Would they be able to work and to have some social life there that was supportive and not get themselves into more trouble than they probably thought they could handle, particularly the younger ones? Those sorts of things concerned them.

We found it difficult enough to convince, for example, careers advisers in schools to encourage young people to look at alternative types of occupations. It is very difficult to get them to look at trades let alone encourage an occupation that has a short span and also one that not necessarily has a career path. We had some resistance there. But one of the issues that the ACC has been looking at is an approach to the minister, Senator Vanstone, about how in the future, given the CES's role will change, we are going to be able to cope with our harvest. This may well be one of the issues that we will canvass with her. What sort of support can we get from the growers, from the government and from other organisations to look at a scheme to encourage other people to come from within Australia to take on harvest work would be an issue we would raise with her. Obviously, we would be very supportive of that.

Mr KERR—I am sure it is true that there would be very few people who would want to make a lifetime career out of this but I would have thought it would be very attractive for a lot of people to spend one or two years, if they cannot find a job anywhere

else, earning some money and saving it. If there is a harvest trail you can genuinely follow then it could be developed. That would decrease dependency on the need to use this as a labour market program and have it genuinely for part-time workers. If there are some spare jobs on top of that then people can pick them up because there is a bit of resistance amongst some of us to turn what was meant to be a holiday program into a labour market program because it was not what it was designed for.

Ms Beelen—I do not think we want it turned into that but we think that there be some acknowledgment that that is a factor rather than for that to take it over. We appreciate that in other areas what our experience is is very different to what they are experiencing. For us it is part of it whereas for others it is not a significant part. I suppose we do not want it to be reformed to be something else but we hope there is some acknowledgment that in some places this is an important factor in our labour market.

Senator TIERNEY—Can I turn to the capping of the working holiday scheme. You seem to be arguing that there would not be a great increase in numbers anyway if this was not capped. What do you base that on?

Mr Hickey—The harvest demands varying numbers of people each year as the crop varies. We believe that a cap, whether it be 45,000, 50,000 or 60,000, simply will not work. Caps are not relevant in terms of our demands for labour simply because we have a requirement for a total labour force which is made up of 10 per cent of people on the working holiday maker program. We simply do not think that a cap is really going to be of any use in terms of our demands for labour.

Senator TIERNEY—Do you think it will be a hindrance to what you are trying to do, given the difficulty of perhaps getting the Australian long-term unemployed to pick up this sort of work?

Mr Maruskanic—We are getting into the argument of making this sort of work attractive to the long-term unemployed, in this discussion. Certainly, the unemployed are targeted. They are targeted by every horticultural region that needs labour of this sort, in the fruit picking industry in Shepparton, Mildura, Griffith and Leeton. We do target the unemployed. In the Riverina, in particular, we have a very low unemployment rate: we have very low numbers of people who are actually unemployed. Once we have targeted that sector of the labour market and that is exhausted, then we must look to other sectors of the labour market to attract them into the area.

Senator TIERNEY—What sort of breakdown do you have of the work force that comes in to do the picking: people on the working holiday scheme, Australians who are local and Australians who are itinerants, coming in from other areas? What is the balance between those three groups?

Mr Maruskanic—It is a mad guess, but the MIA has probably 750 unemployed

people. That varies, depending on the time of the year: there are up to 1,000 people who are unemployed. We guess there are about 500 backpackers who come through there annually, and the rest of the labour is sourced from outside the area. Whether they are working or otherwise unemployed, we do not know. There are a lot of groups that come there en masse. The Turkish population comes there from November through to the end of January to pick onions. That is a contract type of thing. The community themselves organise it.

Senator TIERNEY—Where do they come from?

Mr Maruskanic—They come out of Auburn in Sydney, and from Melbourne. They specialise in picking onions. There would be 500 or 600 of those people. As for how many unemployed people come to Griffith, we have got no way of really knowing. My best guess is probably a couple of hundred. That is what our systems can tell us, but there are some huge inefficiencies there as well, so it could easily be a lot higher.

Senator TIERNEY—You have made the statement that working holiday-makers have a positive impact on the Riverina community. I assume you mean an impact apart from their obvious economic impact. Can anyone expand on that? What sort of an impact does it have on the local community, apart from generating jobs, income and expenditure?

Ms Beelen—I suppose we are at an advantage in the Riverina in that we have a fairly culturally diverse society to start with. As you can imagine, in Griffith we have got a large Italian, Indian, Asian, Tongan and Fijian community. When we have backpackers in town, they mix quite easily because there are numbers of different ethnic groups there. They seem to mix well and the hostel works well because they have contact with each other and they move easily into our community. I am not sure that I can define exactly why that happens, particularly in our area; but it seems to happen that those people are actually quite active in making friendships and contacts in our areas. That has worked well, because they have made friendships, and people from our community have gone to visit their country. So there has been a lot of cultural interaction. Maybe it is the size of the area that makes it easier for that to happen: I am not quite sure, but it just seems to happen in our area.

Mrs Wilkinson—Anecdotally, the community attitude towards backpackers is very positive. People welcome them and they see them as a way of being able to get their harvest off quickly and efficiently. There is no resentment about people coming into a town or a region to work on a harvest, because they are seen as a positive thing for our economy and for the community in general.

Senator TIERNEY—Do you ever have years when there are actual shortages of labour in relation to the crops and you cannot get enough people?

Mr Maruskanic—Most years—we have actually had a year when the fruit was not

picked. There is normally a shortage of labour.

Ms Beelen—For example, in the Griffith area there is an unemployment rate of about 3.9 per cent, which is very low. That means we are struggling in a number of areas to find workers, whether they be skilled, semi-skilled or just for the harvest.

Senator TIERNEY—Why don't the 3.9 per cent go out to work if there is work there to be done, and you folk cannot find enough workers anyway?

Mr Maruskanic—I expect that the government would be prepared to accept a figure of 5 per cent as being full employment. Some of those among the 3.9 per cent are very long term unemployed people; some have drug and alcohol problems.

Senator TIERNEY—It is getting down to the unemployable.

Mr Maruskanic—I would not say that; I could not say that but—

Senator TIERNEY—I mean particularly for that sort of very tough work for long periods of time.

Senator TROETH—Have you put your special visa issue to any government departments?

Mr Maruskanic—I do not think so.

Mr Hickey—I have written on behalf of industry to the Department of Immigration and Multicultural Affairs.

Senator TROETH—Right.

Mr Hickey—About a specific industry working visa.

Senator TROETH—Have you had any response?

Mr Hickey—Not particularly; no.

Senator TROETH—Not at all?

Mr Hickey—No.

Senator TIERNEY—When did you write?

Mr Hickey—It would have been May this year.

Senator McKIERNAN—That is seven months. As that has now been mentioned here, hopefully somebody will pass it on and we will see if we can get a response. I would be interested in seeing that response myself.

Senator TROETH—Yes, if you could let the committee have a copy of the letter, we would certainly chase that up. When a working holiday-maker arrives in the district, how does that person learn of what jobs are available? How do you circulate job vacancies?

Mr Hickey—A backpacker arrives in Griffith on the bus—say, at 2 o'clock in the morning—and is taken over to the hostel and lodged there. In the morning, the hostel manager will liaise with the newly arrived backpacker, book that person into the place and also tell that person about what work opportunities are available. If the hostel manager is not able to refer the person to any jobs, usually the person will be referred to the local CES office to look for other jobs. My role, which is a new one in the area, has come into that process so I will also liaise with backpackers. I will point them in the direction of a job wherever that may be. It might be towards the hostel, the CES or the direction of any contacts I might have in the industry.

Mr Maruskanic—We have strong links with the backpacking hostels in Sydney. We try to control the flow of people to Griffith because it is pointless for them to go to that area if there is no work for them.

Senator TROETH—And how helpful is the CES, or whatever agency it is to become?

Mr Hickey—Very helpful. The CES is the central employment agency for the whole area, indeed for the country. So the coordination of the harvest lot of vacancies is done through the CES, with the hostel. In a very small way, what I do is adding to those available services.

Senator TROETH—If backpackers use the services of the CES to some degree, is there any resentment locally that non-residents are using the time of the CES?

Mr Maruskanic—No, not that I am aware of.

Senator TROETH—I guess that, if unemployment is not such an issue in your area, that would not be a problem. It does seem to be so in other areas. Do employers in the region check if people seeking employment have the right to work? That is, do they check that they have working visas?

Mr Hickey—The growers do not see themselves as having a policing role. They do not really feel that they should be checking the information that each person presents to them. If a grower does ask, there are no guarantees that the response is going to be correct

anyway, simply because of the nature of the broad spectrum of people that growers are employing. They simply cannot rely 100 per cent on the information that they are receiving from people. But the hostel does play a part in looking at working visas.

Senator TROETH—So somewhere along the line there is a check by someone in most cases of whether the person concerned has a working visa?

Mr Hickey—I would say that, honestly, a lot of growers probably would not check. They are too interested in getting the labour into the area, onto their farms, and having their crops picked. They do not see themselves as having the role of checking working visas.

Senator TROETH—Going back to the stage where people get off the bus—and you said that they went to the hostel which only takes those who want to work—does the hostel owner check the visas?

Mr Hickey—The hostel sees itself as a working hostel and it does want to comply with the regulations and legislation, so it does carry out a check of working visas. Indeed, I have had some people come to me looking for work who have been refused access to the hostel because of a lack of a working visa.

Senator TROETH—What about if the hostel is full and a potential worker arrives in Griffith? How would that person go about finding accommodation, and finding work the next day?

Mr Hickey—Firstly, a backpacker arriving in Griffith and coming across a full hostel would not be a very common occurrence. They can be accommodated in some way at the hostel, usually through turnover in people staying. However, we would go to efforts to try and accommodate them on farms or, if they have got camping equipment, at local caravan parks.

Mr Maruskanic—The hostel tries to move people through, but once someone is established on a farm people have been encouraged to move out onto the farm.

Senator TROETH—What about the payment of wages? Have there been any instances that you would know of, of employers offering under-award wages, or are there reasonably regular award payments?

Mr Maruskanic—Unfortunately, the union is not very active at all in the Riverina.

Senator TROETH—They are not, or they are?

Mr Maruskanic—They are not. Pay rates seem to be set by negotiation between the worker and the employer. There is only one industry that publishes a set of picking

rates and it is the wine grape industry. The horticultural council, I think, is moving next year to have a fixed price for orange picking.

We have had a little trouble in the past with some of the vegetable industries but, normally, a short supply of labour forces the price up anyway. So that would be a problem only if there were a huge oversupply of labour. I have been there for about 12 years and I have not seen it happen yet. It could be there now. It gives the people bargaining power, basically.

Mr Hickey—Tony has highlighted the minimum picking rate for citrus. There have been a lot of complaints about citrus picking rates and, especially, orange picking in the MIA. The industry is very concerned about how that looks, and about growers underpaying—and I am not talking about underpaying just backpackers; I am talking about underpaying everybody.

Senator TROETH—Yes, I understand that.

Mr Hickey—Incidents of that kind are not common, but it still does not help the promotion and the image of the MIA as a fruit-picking destination. This year we have initiated a minimum picking rate for citrus. It is basically a promotional tool promoted as a safeguard, or a safety net for people who are not familiar with picking and working conditions in the area. As Tony also said, because of the demand and supply nature and the way the prices are driven—and picking rates are driven—if there is a minimum rate set for any commodity, the actual rate of picking is generally much higher than that.

Senator TROETH—Could you give us a figure for, say, an average day of picking vegetables and citrus? What would that be? What does it depend on—the amount that is picked?

Mr Maruskanic—It is all piece rates. Very few hourly rates are paid. With wine grapes, for the average picker I think they quoted a figure of about \$100 to \$120 a day. Obviously, someone who has never picked before will not pick anywhere near that within their first or possibly second week. Professional pickers can get up to \$300 a day picking wine grapes. I am not sure what the citrus prices are this year, but I think they are paying about \$40 to \$45 a tonne, sometimes higher, depending on the size of the trees. I do not know what the average picker would pick there—possibly \$90 or \$100 a day.

Mr Hickey—It is around \$80 a day for an average picker. People who are novices at the job obviously will not get that, as the previous organisation pointed out. It does take a novice picker a while to work up to the technique and the fitness level involved. But it is possible for an average person with fitness, enthusiasm and drive to earn that sort of money a day—and well in excess of that if they really dedicated themselves to it.

Senator TROETH—Have you had many instances in the region of backpackers

arriving in Griffith, say, without adequate funds, not being able to find work and having to rely on community organisations for support? Or do they move on to other areas if they can?

Mr Hickey—I have actually interviewed the welfare organisations in Griffith about that. There really is not a problem with overseas travellers; it is more Australians coming from the metropolitan areas and really not being fully aware of the work opportunities in the area. Those are the people that are a drain on the resources of the welfare organisations.

Mrs Wilkinson—Much of the material about where the picking is at particular times of the year is advertised in things like backpacker magazines, Greyhound bus terminals, train stations—those sorts of central places—so they can see where the picking is. There is also a proviso at the bottom of those advertisements that says, ‘Contact your local CES and have them ring ahead before you make the trip to where the picking is.’

Senator TROETH—Thanks.

Ms GAMBARO—In your submission you have advocated a flat tax rate of 15 per cent, that it should be in line with the rate of tax on seasonal workers. You have also said it would reduce disputes and problems for employers. Could you expand on that? Are there many cases where employers have had extreme problems with the taxman?

Ms Beelen—I don't think we said anything on tax—

Ms GAMBARO—My apologies.

ACTING CHAIR—Have you any comment on what Ms Gambaro has asked, though? I know it is not directly in your submission, but she has raised the issue of tax.

Ms GAMBARO—I would not mind raising it with you. Is it something that you feel we should consider?

Mr Hickey—I could comment on that.

Ms GAMBARO—And does it cause confusion?

Mr Hickey—There is confusion amongst growers as to what rate of tax they should pay. It is my job to try and inform growers of what the law requires. However, there still is some confusion in the industry as to what rate of tax growers should be taking out of the wages of working holiday-makers. I believe some of that confusion would be removed and the competitiveness of people with working holiday-maker visas would be improved if there was a flat rate of tax for all workers, and that would be much fairer for all concerned. The area does have a job on its hands in attracting people away

from the coast, away from the sunny beaches and more attractive coastal areas. We are trying to attract people out to the country areas. If they are told that they are going to be taxed another 15 per cent on top of Australians, that really is not a great incentive to try and get people out into the area and pick.

ACTING CHAIR—Regarding the MIA Council of Horticultural Associations, what does MIA stand for?

Mr Hickey—The Murrumbidgee Irrigation Area.

ACTING CHAIR—And the MIA Council of Horticultural Associations owns the Griffith International Backpackers Hostel?

Mr Hickey—The backpackers hostel was established in early 1995 by the horticultural council. However, it was sold to the local Griffith skillshare as an ongoing concern. Running a backpackers hostel was not in the line of business of what the organisation is there for. However, it saw a need to create an additional pool of labour for the area and then handed the administration and the ownership of that business organisation over to a local community group.

ACTING CHAIR—Is skillshare still operating in Griffith?

Mr Hickey—Yes, it is.

ACTING CHAIR—It has changed in some areas. When is your picking season? How many seasons are there?

Mr Maruskanic—You can pick fruit in Griffith for almost 10 months of the year. The biggest demands, I think, would be from November to December and late February to early April. In July and August there is a shorter season picking navel oranges. Valencia oranges are picked most of the year round, basically. Probably the November-December period is the heaviest.

ACTING CHAIR—So you have a consistent year-round demand for labour and for working holiday-makers?

Mr Maruskanic—Yes. May-June is probably the only time when there is not much happening and it does slacken off a bit during January. But for the rest of the year there is some form of work. Demand varies from a couple of hundred, maybe, through to thousands.

ACTING CHAIR—Over a 12-month period, you mentioned a figure of 500 working holiday-maker visa holders previously. Is that over the whole of the year?

Mr Maruskanic—Yes.

ACTING CHAIR—So at any given time you might have 100 working holiday-maker visa people?

Mr Maruskanic—If that, I think.

Mr Hickey—Working on the basis of the throughput from the hostel, it is a 74-bed hostel. During the peak harvest period, which is the February-March grape harvest, it is full and it is turning over more people out to farms as they come in from the cities—through the hostel and out to the farms. So it is quite possible there would be more at any one time—more than 100.

ACTING CHAIR—I think it is probably more than quite possible, it would be very likely.

Mr Hickey—Oh yes, most likely.

ACTING CHAIR—A figure of 500 over the year probably would be over the 1,000 mark, would it not, rather than 500?

Mr Maruskanic—I do not know. Peak demand is probably only for three or four months of the year. I think the rest of the year the hostel can be empty at some stages or almost empty.

Mr Hickey—Yes.

ACTING CHAIR—The other comment made was about policing the visas and whether people have the right to work or not and the employers not seeing that as being their responsibility. Is it their responsibility?

Mr Hickey—That is a matter of what the legislation says. I am not really familiar with the employer's role in ensuring that the person they are employing has a right to be employed by them. But the fact remains that growers do not see themselves in that role and they generally will not check that.

ACTING CHAIR—But they do not see themselves as being tax collectors either but the legislation says that they have to collect the tax and they do collect the tax. What we want and what we are obliged to do are sometimes different things, but we still have to do it, do we not?

Mrs Wilkinson—The reality is that at particular times of year, particularly those peak seasons that Darren has talked about, employers are just happy to get the labour on their properties and get their crops picked. It may be that they have some responsibility.

But, in reality, they are looking to get their crop in. That is their income, and it is critical in that period of time to have the labour on their property. Whether that be right or wrong, that is the reality.

ACTING CHAIR—I accept what you are saying but, as legislators, we also have a certain amount of responsibilities. One of the many problems confronting this country is the problem of illegal workers in this country. I am not just talking about people on visitors visas who are working: there are some people who are in this country long term and who remain in the country by virtue of the fact that they are working. The department of immigration, about two to three years ago, set up an employer awareness campaign to educate employers about their rights and whom they should be employing from time to time. It explained the various visa categories that are available. Are you aware of the employer awareness campaign?

Mr Hickey—Yes. I am holding a Department of Immigration and Multicultural Affairs brochure entitled *Who is entitled to work: a guide for employers*. It was issued in May 1996. I actually obtained this from the backpackers hostel. Yes: as an industry, we are aware of the employers awareness campaign. It is carried out at the moment mainly through the hostel.

Ms Beelen—But growers across the board, being people, are different in lots of ways. There are some growers, for example, who see it as their responsibility to provide transport for the pickers and some form of accommodation. And then there are others who say their role is simply to give someone a job and that it is not their role to police that person or to provide accommodation, because that is the government's job. So, whilst there are requirements on them, being people, some are less able to provide that sort of service; but others see it very much as their responsibility.

ACTING CHAIR—I accept that you are saying that you are putting that forward as evidence. We have in place now what is a very useful program, not only for the people coming into Australia but also for Australians going overseas on a reciprocal basis because of the program. If that program is brought into disrepute and is abused by individuals who have no entitlement to use it, the program is then in jeopardy. All parties that benefit from the program have got responsibilities to ensure that the program works properly.

If we do get people exploiting the program by virtue of the fact that they are giving jobs to people who do not have an entitlement to the jobs—and it may be that, by doing that, wage rates and picking rates, or whatever they are called in your area, are brought down—there could be a problem with the continuation of the program.

Mrs Wilkinson—I think our submission suggests, either directly or indirectly, that if there is a cap put on people that are granted working holiday visas or if the program is put into some jeopardy, there will still be a demand for labour. So why not let the market provide the demand for working holiday visas to be granted? If there is a demand in the

harvest industry, then perhaps we can look to establishing what the demand is, being a little more specific about what the number requirements are, and working to that.

Mr Maruskanic—I do not know how you regulate it. We have not been able to do it with the tax system. How we will ever do it with the working visa system, I do not know.

ACTING CHAIR—If you look at the figures that the market decided over the recent few years—for example, in the recession times of 1991-92, we only had 25,000 people coming into Australia on working holiday-maker visas. If your industry in your region of Australia becomes dependent upon working holiday-maker visa holders to come in and pick the crop for you, and the market over the other side of the world decides not to come, you have got a huge problem. I would suggest that government has got a bigger responsibility in this than folding its arms and saying, 'Let the market decide.'

Mrs Wilkinson—And we expect that that market and that demand will increase. It was stated in the submission that there are definitely increases in the production from year to year, and the demand for labour correlates with that. Our region is looking at exporting to Asia and that market—as it is everywhere else—is rapidly increasing. So, when you say that there could be an increase in the demand, we would say that there definitely will be an increase over subsequent years.

ACTING CHAIR—But while you are saying that, with our immigration program—a labour market program, essentially—we are reducing the numbers coming into Australia on that program based on factual information, not anecdotal information. You are operating on what is, essentially, a tourism orientated program. It seems to me that, perhaps, it is a little bit over-reliant on that program, or putting too much emphasis on it. It is not one that is really in your control.

Mrs Wilkinson—We acknowledge that point of view and say that because we are unique in our low unemployment level that that is a situation that has grown up over time. So, yes, we are probably in a situation unlike others. But, conversely, if people come on a working holiday visa and there is not a demand for work, then the situation is that there are people here who probably cannot stay as long because the work is not available. I suppose that we would say that that is the risk to some degree that they take in coming. There is no guarantee of a job when they get that visa. They come hoping that they will be able to supplement their travel with some work and, I guess, that is their responsibility. Likewise, the issue that you have just raised is, in effect, our responsibility.

ACTING CHAIR—Have you got any final thoughts you want to give to the committee?

Mrs Wilkinson—Can I just add on that last point, before summing up, that our population is not on the rise, as it may be in some of the metropolitan areas. In fact,

across the region, other than Wagga, most of the populations are on the decline. So while productivity continues to boom, particularly in places like the MIA, the population is not on the increase at the same time.

ACTING CHAIR—Thank you very much for your attendance here this afternoon and for the evidence and the cooperation you have given to the committee. We really do appreciate you coming the distance you have to appear before us.

Resolved (on motion by Ms Gambaro):

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

Committee adjourned at 4.53 p.m.