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Proof Committee Hansard

JOINT STANDING COMMITTEE ON MIGRATION

Working Holiday Maker program

(Public)

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JOINT STANDING COMMITTEE ON MIGRATION

Tuesday, 29 September 2020

Members in attendance: Mr Alexander, Mr Drum, Mr Leaser, Ms Vamvakinou.

Terms of Reference for the Inquiry:

To inquire into and report on:

The Joint Standing Committee on Migration shall inquire into and report on the Working Holiday Maker program, with reference to:

- The purpose of the program including history, size, composition, eligibility, and reciprocal access for Australians and recent changes;
- The value of the program to Australia's economy, including tourism, health care and agriculture sectors;
- The ongoing impact of COVID-19 nationally and internationally on the program;
- The potential economic impacts on regional economies due to the disruptions of access to Working Holiday Makers relied upon especially for the agricultural and tourism sectors; and the capacity, if any, for Australians made unemployed by COVID-19 to fill the labour shortage;
- The extent to which existing visa criteria and conditions related to Working Holiday Makers are still adequate and appropriate to address the purpose of this program, including cultural exchange and creating job opportunities for Australians;
- The extent to which the program can support economic recovery in regional Australia; and
- Any other related matters.

WITNESSES

**FITZSIMONS, Mrs Samantha, Co-chair and Committee Member, Migration Law Committee,
Law Institute of Victoria 6**

**FORD, Ms Carina, Member, Migration Law Committee and Co-chair Refugee Law Reform Committee,
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SINCLAIR, Ms Sally Margot, Chief Executive Officer, National Employment Services Association

Evidence was taken via teleconference—

Committee met at 08:58

CHAIR (Mr Leeser): Good morning. I declare open this public hearing of the Joint Standing Committee on Migration. In accordance with the committee's resolution of 24 of July 2019, this hearing will be broadcast on the parliament's website and the proof and official transcripts of proceedings will be published on the parliament's website. I also remind members of the media who may be watching on the web of the need to fairly and accurately report the proceedings of the committee.

Although the committee doesn't require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion.

Ms Sinclair: The National Employment Services Association welcomes the opportunity to contribute to the important work of this inquiry. By way of background, NESA was established over 22 years ago and is the voice of the employment services sector in Australia. Our members deliver employment services nationally across the major employment programs, including jobactive, Disability Employment Services, the Community Development Program and a suite of complementary employment programs.

As we know, 2020 has been a year of a succession of unprecedented events. We began the year with the bushfires, followed by localised droughts and floods and then COVID-19 brought the world to a standstill within a matter of days. The impact of the economic shock and the global illness and general uncertainty resulting from the pandemic have left no city or country unscathed. The closure of the international and internal borders within Australia and state-based restrictions have consequently significantly limited the movement of individuals. Although these closures are understood within the context of COVID-19, they have essentially limited access to employment for Australians and eligible visa holders to work in Australia.

As we continue to navigate through COVID-19 and the challenges it presents, we have an opportunity to take stock and, we believe, utilise the available resources within the employment services sector to create the opportunities to support employers and individuals into work in regional and rural locations. Throughout the pandemic we've consistently heard from employment service providers and employers and we believe it's timely to seek and maximise employment opportunities to support Australian employers and jobseekers. I thank you for the opportunity to provide an opening statement and I'm happy to take any questions.

CHAIR: Thank you, Ms Sinclair. I don't know if you have seen that the committee recently put out an interim report. Are you aware of the interim report and what it had to say?

Ms Sinclair: Yes, I certainly am aware of the interim report. We support the recommendations in the interim report and we think that there are mechanisms within the report relating to some of the recommendations that could support better movement of Australian jobseekers into regional and rural locations to support the necessary work.

CHAIR: One of the things we wanted to test is the issue of in the past we've heard repeatedly that there's been discussion about trying to get unemployed people to do rural harvesting work and we've failed to get this to happen despite the quite generous scheme that was set up where people were going to be given \$5,000 to relocate and to do some of this harvesting work. The take-up rate was miniscule. Can you tell us about any successful employment services programs where you have in the past been able to attract people to fill labour shortages in agriculture; and is there anything we can learn from that?

Ms Sinclair: I think this is very interesting point. It would be fair to say that the various initiatives designed to attract people to regional and rural locations through relocation assistance have not been universally successful. What one needs to do is to look into the detail behind those programs, because often there is red tape and microregulation that actually get in the way of the intent of the program.

CHAIR: Could you give us an example of that?

Ms Sinclair: At a threshold level it may be that, yes, there are several thousand dollars available for relocation assistance to take up the job, but then what we find is that when you get into the details of the program there are all sorts of requirements—for example, there must be six months continuous full-time employment. That may be fine, but you may have situations where in relation to harvest labour it may be difficult for employers to make those sorts of commitments. I think it would be important for the work of the committee to look at the various

levers within the program to make sure that there are no impediments or disincentives as an unintended consequence of the design, particularly the relocation assistance to take up a job program, that's actually getting in the way of facilitating that movement of jobseekers.

CHAIR: This committee isn't really an inquiry into employment services and we haven't received any submissions from anyone in your sector in relation to this—and I note that you haven't made a submission; that's not a criticism. However, to have a look at some of these issues more deeply, I think the committee would need some further assistance from people like you to help point us in the direction of some of those things that are impediments. I wondered if you might consider taking that on notice and whether you might provide us with some guidance because obviously we don't want to repeat the mistakes of the past. We do want to see unemployed people being given the opportunity to do this work and we want it to be successful, so I wondered if you might take that on notice.

Ms Sinclair: Yes, we would certainly be happy to do that and to provide some more detail for the committee to consider where some of those disincentives may be.

CHAIR: Are there any positive experiences that you can tell us about from the past where people have used employment services to get people into agriculture?

Ms Sinclair: It's very localised. Hopefully, you're going to be hearing from some of our members later on today where they can talk about their experiences of moving people into agricultural employment but often it's actually the provider who is located in those general areas. At a local level, yes, there's been plenty of success when you've got local employment service providers who may have a fairly good regional footprint who can move people around and get them into relevant agricultural employment. Where the challenge has obviously been is moving people from the metropolitan and urban areas to relocate temporarily to take up suitable employment. And that's where, as you have correctly identified, the relocation assistance initiatives—and there have been quite a number, and there have been quite a number of different inquiries that have also looked at the effectiveness or otherwise of those programs—haven't been as successful. We need to look at how to provide the appropriate incentives and the leverage to get people from those urban areas into agricultural sectors.

CHAIR: I've got a number of colleagues who are keen to ask questions, so I'll just limit myself to two more. You mentioned the interim report. What's missing in the interim report, in terms of getting unemployed people to do this work, that we need to make recommendations on in a final report, in your view?

Ms Sinclair: Recommendations 9 and 10 go to the greater awareness of the Harvest Trail and Harvest Trail Services. It's not that it's missing from the report—it's in there—but that area is important to focus on because there's a program, and an information service designed to support that program, which would be an optimal program arrangement to address some of the many issues that have been raised by employers in the agricultural sector. I would recommend more work and more detailed analysis of how to ensure that the incentives structured into that program achieve the objective of moving people into suitable employment through the Harvest Trail. Recommendation 10, which looks at the Seasonal Worker Program and the Pacific Labour Scheme—and there have been some early measures around that—is also a very important area for the committee to focus on to ensure that the appropriate incentives are in place to enable the free flow of labour as it relates to filling those urgent agricultural shortfalls.

CHAIR: This is my final question. You mentioned the Harvest Trail—how well understood is the Harvest Trail in the employment services sector? Are unemployed people being referred to those opportunities, and, if not, what can we do to make a recommendation to encourage more of that?

Ms Sinclair: One of the things that's occurred—and only since 1 July this year, so it's a very recent initiative—is that the government has put in more incentives for those providers to be able to claim outcome payments for Australian jobseekers, which weren't necessarily there in previous iterations. With more incentives, those incentives can be shared between the referring provider—let's say a jobactive provider in a metropolitan area and the Harvest Trail provider—and, once that's clearly understood by all parties, I think we will get better outcomes. As I say, that's only been a very recent initiative implemented in the program. Just prior to that were announcements of all of the new providers of Harvest Trail Services. It's going to be incumbent on both us, as the peak body, and the Department of Education, Skills and Employment to make sure that, across their contracted provider base, it is clearly understood that Harvest Trail Services have been reconfigured and effectively relaunched, and that there are real opportunities there now for people who are unemployed—particularly, given the pandemic. We've seen the case load grow by roughly a million people. A lot of folk are going to be looking for work and looking for ways to stay involved and engaged.

Ms VAMVAKINOU: Following up on that, from the perspective of the employment services sector, could you tell us what, in your experience, the sector identifies as barriers to promoting the idea of Australians working in the agricultural industry? In relation to the Harvest Trail, what could the sector do to raise awareness of the trail and, in urban areas of Australia, reposition the trail's profile to promote it as an opportunity for employment? I think that's going to be a very big challenge. Could you reflect on the need for the Harvest Trail to become more of an employment opportunity?

I speak to a lot of people in Melbourne who've taken note of this report, especially the gap year aspect of it and tying it in to working holidays around Australia. Most are unaware of the Harvest Trail and, even if they become aware of it, they can't relate to it as something that's useful for them to pursue. Clearly there's quite a bit of work that needs to be done to make Harvest Trail and working in regional Australia something that people looking for work may consider outside of the normal paradigms of employment services operating in urban areas.

Ms Sinclair: This is another good example of the mechanisms within the program settings themselves, because the Harvest Trail Services are limited to the specified regions that the department has determined, in its advice to government, would be most applicable. If the footprint could be extended then you would see further opportunities that could enable better connection. Often what happens in the context of employment services is not necessarily a lack of willingness by the providers to find solutions but they're constrained by whatever the program settings are, so expanding the footprint would certainly go some way to enabling a resolution of those issues.

Ms VAMVAKINOU: I'm going to ask you about the changes to the current unemployment payments and whether they have had any additional impact in mitigating against unemployed Australians taking up work in regional and agricultural settings.

Ms Sinclair: I think it's been a very complex issue in that, when the pandemic hit and we had limited movement everywhere and there was a huge amount of fear about coronavirus, the measures of the government in putting the supplement into place were thoroughly appropriate and necessary. At the same time the government relaxed the application of mutual obligation, which was completely understandable. Now we have a kind of multispeed economy: we've got economic recovery in some locations; a commenced a journey to recovery in others; and we still have a situation in Melbourne, where I am, where nothing is happening because businesses have shut down. When you look at the overlay of all of that and the gradual reintroduction of mutual obligation, the adjustments to the JobSeeker rate and the supplement rate, all of those can be contributing factors. It's not necessarily just one thing, payment rates or the relaxation of mutual obligation, but it's many things. It also includes being able to move around between one location and another. That's different for different jurisdictions and in different parts of Australia. It's a complex issue, and I think what's happened in all of that is that people are understandably cautious about making decisions about going from A to B, particularly if they're having to fund their participation to get there—their travel and accommodation—and also, if there's not necessarily a level of certainty, or surety for, let's say, a minimum period of six months, that they can have a guarantee of employment. So there are many elements, I think, to take into account for why there has been an issue with supply constraints up to this point in time and it's going to be different in different jurisdictions, going forward.

Mr DRUM: Ms Sinclair, we're in a very difficult situation with the upcoming harvest. We are looking positively at trying to put in place a whole range of incentives and initiatives that might help Australians find their way to the fruit harvest and help get the crops off. Our problem is that we are more or less being forced to become clairvoyants: we have to try and work out how many are likely to turn up. If we wait until the eleventh hour to see whether or not these incentive programs have been successful and they are, say, less successful than we would have thought, then we're going to be way short on the amount of labour that we need. With the uncertain nature, how would you suggest the committee recommend we go forward both with a series of incentives and also with that backstop of seasonal workers at the same time?

Ms Sinclair: That's a very good question, Mr Drum. I think there are two ways forward, and these are going to require rapid policy and program responses by government. One is to look at the architecture of the program arrangements as we've just discussed and to rapidly expand change and pull the levers on those programs that are in place that could be fast-tracked. The other may be that there is a discrete and rapid rollout of a new initiative that goes specifically to addressing all of the elements that the inquiry has identified and can respond and provide the sorts of appropriate incentives for all of the participants—obviously, that's the employers, the providers and the jobseekers themselves. I appreciate the urgency of it and the need for a rapid response, but, either way, there have to be pretty fast changes to program arrangements and to the related levers to make sure that that response can actually address the urgent requirement.

One of the other things, just to add to that, is the rollout of the online employment services in the middle of this pandemic. The government made a decision to bring forward an online employment service that it was trialling to be implemented in 2022, and it's now gone live and there are some 400,000 of the additional 800,000 unemployed people who are in that online employment service net. There are people in there who need to be made aware of these opportunities. That's not something that the providers do; that is now a service provided directly by government. I think the committee will need to be assured that the online employment service is essentially putting that information front and centre for people who would be eligible to participate in any of the government programs or initiatives.

Mr DRUM: Which government is responsible?

Ms Sinclair: It's the federal government, the Department of Education, Skills and Employment, that has rolled out this online employment service. That's a critical component because there are an estimated 400,000 people sitting in that service. They're not attached to a provider.

Mr DRUM: They're not attached to a provider but they have registered with the service?

Ms Sinclair: Yes, they're registered for income support. They're in the online employment service and the idea is that it's a self-directed service where they find their own job.

Mr DRUM: Okay, I'm with you now.

Ms Sinclair: Roughly half of the new group of jobseekers are in the online employment service; they're not actually in the provider network.

Mr DRUM: That means we literally have access to half of the unemployed.

Ms Sinclair: You have access anyway, but that group is not having a personal discussion regarding options such as relocation assistance to take up a job. They'll be doing that all online, so it will be important that there's relevant information and there are incentives built into the automated service that put that information in front of people to make sure that they're part of the pool.

Mr DRUM: I appreciate your evidence.

Mr ALEXANDER: When we've been at war we've had conscription, and physicals had to be passed to deem you fit for service. I know we're looking at a carrot and a stick here but we've mainly been looking at carrots to encourage young people into this service. The COVID situation has been likened to being in a war. Could we explore, through the JobSeeker and JobKeeper programs, whether we could mine for the qualifications of those younger people benefiting from these services to see who amongst them are geographically well located to be drafted or enticed into service in this area? When wars happen, we do these things very, very quickly and, as Mr Drum has said, the clock is ticking. When people are receiving benefits, can they be presented with these opportunities as a form of national service and be recognised and compensated for it?

Ms Sinclair: I think that's a very big question, Mr Alexander. My reflection would be that we've had various programs. It's not a compulsion as such but we do have the principle of mutual obligation—that is, in return for support as a jobseeker, you have obligations to undertake certain activities. We started with reciprocal obligations in the 1990s when the then government said, 'In order to be guaranteed a job, this is what we expect you to do for your income support', so the principle of mutual obligation is there.

We've also had programs such as the National Green Jobs Corps, which doesn't exist anymore, where there was a lot of take-up by young people because of what they saw as being a good opportunity and a good pathway for them to build their employment skills and they would move all over the country for that program. So, without addressing the question of conscription, I think that there have been programs throughout the time that we have been contracting support through a non-government organisation where we've actually been able to get people from A to B. We've been applying the principles of mutual obligation but making sure that the work itself is such that they see it as a good opportunity for not only income in the short to medium term but building their capability in areas where they can then go on and develop greater work readiness and also potentially some vocational skills that they can take forward as well.

Mr ALEXANDER: As you would expect, somebody who was formerly in Defence would be an ideal employee because of that experience. I just think we need a bit more carrot and stick. I think we need something with more teeth and, while we probably can't go to conscription, can we apply a little more heat and pressure and do it urgently because the crops won't wait?

Ms Sinclair: One of the challenges we have is, to go to your question of the suitability of people, we don't really have an assessment framework in the system. There's what we call a self-assessed jobseeker snapshot but it doesn't necessarily give the employer the information that they need to quickly determine that individual's

suitability for the demands of the physical work. That's through the online employment service. There would be some considerations that we would have to look at and have in place even to get to that point where you get that rapid identification of skills and capability to do the work.

Mr ALEXANDER: Is it possible to have someone receiving benefits fill out a questionnaire as to their willingness and their capability to do such work?

Ms Sinclair: That would be possible because everyone goes into the online employment service first and then, if they're more highly disadvantaged, they're now referred to providers. It is a platform where there's a lot of opportunity for automation of input and I would think that that would be something that could certainly be looked at.

Mr ALEXANDER: I think we really have found something where you can then target the people who have a real chance, or some willingness to and capability, of doing this work rather than trying to go to everyone to actually narrow it down. Also the question should be asked: if not, why not go, if somebody is saying, 'No, I don't want to do that' because they're just happy sitting on the couch and taking the dole? What more pressure could be applied to somebody who's a bit marginal? We could actually mark these people as 'marginal' and concentrate our efforts, but it needs to be done as if we are in a war situation and mobilise people very quickly. I think the first step might well be to do as you've suggested: fill out a questionnaire before they can receive their next dole payment. And, even if you've got two per cent accepting and willing to do this, you probably have enough to fill the ticket.

Ms Sinclair: There is in the online employment service what's called a jobseeker snapshot that people are not required to answer in order to receive their benefits. That's a decision by government as to whether they make that a requirement or an obligation. It is a series of questions as to individuals' characteristics and what their barriers to employment might be, so it's also possible that there could be questions in there which would go to their level of interest.

Mr ALEXANDER: Could it be in the national interest to say that this is vitally important to the nation and therefore to receive your next payment you will have to fill out this form—this very specific, targeted questionnaire—and go towards filling the urgent labour needs of this industry?

Ms Sinclair: It's certainly something you could take up with DESE, the Department of Education, Skills and Employment, as to whether that could be applied in relation to people being connected with Online Employment Services.

Mr ALEXANDER: That's all for me. Thank you.

CHAIR: Thank you for your attendance, Ms Sinclair. This has been a very useful session. I know we've asked you to produce a supplementary submission. I wonder if it's possible to do that within the fortnight—we're really keen to get cracking with our final report. You'll be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors.

FITZSIMONS, Mrs Samantha, Co-chair and Committee Member, Migration Law Committee, Law Institute of Victoria

FORD, Ms Carina, Member, Migration Law Committee and Co-chair Refugee Law Reform Committee, Law Institute of Victoria

TAYLOR, Mr Jackson, Member, Migration Law Committee, Law Institute of Victoria

Evidence was taken via teleconference—

[09:36]

CHAIR: Thank you for appearing today. Although the committee doesn't require you to give evidence under oath, I should advise this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. Do you have anything to add in relation to the capacity in which you appear today?

Mrs Fitzsimons: Mr Taylor is a regional lawyer in Shepparton.

CHAIR: I now invite you make an opening statement.

Mrs Fitzsimons: Thank you, Chair. We thank the committee for the opportunity today to contribute to this inquiry and to discuss the Working Holiday Maker program. The Law Institute of Victoria is Victoria's peak body for lawyers and represents approximately 19,000 people working and studying in the legal sector. The migration law committee and refugee law reform committee are longstanding committees which represent a cross-section of immigration lawyers. We have a keen interest in ensuring that the Working Holiday Maker program not only attracts people to regional Australia and boosts the local economy but also ensures that these individuals are employed in a safe environment.

COVID-19 has forced many working holiday-makers to leave Australia, or they have been unable to enter the country. This has contributed to a substantial labour shortage in the agriculture and horticulture sectors. We are aware that approximately 1,000 working holiday-makers are leaving Australia each week, which guarantees a shortage of fresh produce. Our members believe that, in order to ensure the needs of regional Australia are satisfied, the federal government should take a flexible approach by extending the visas of people who hold working holiday-maker visas for two years, with a further renewal of two years. In addition, it is important that the federal government supports offshore working holiday-makers who already hold a visa by granting them a 12-month extension so that they can enter the country when it is safe to do so.

We submit that the advantage of extending the validity of onshore visas would expand the economy in regional Australia and reduce crop wastage in the short to medium term. We also recommend that a pathway be created for onshore working holiday-maker applicants to enable onshore students and other temporary visa holders to transition to a longer-term visa with the potential to contribute to the economy.

Consideration could be given to extending existing arrangements for critical works indefinitely and list critical work as specified work for the purposes of the program to promote participation. We also recommend the review of the subclass 491 and 494 visas to create pathways to permanent residency for long-term regional residents on working holiday-maker visas.

Another key issue for our members is the prevalence of exploitation within the Working Holiday Maker program. It is important that the inquiry balances the needs of regional Australia and also ensures the proper scrutiny and that regulations are implemented to guarantee working holiday-makers access to safe, healthy and favourable conditions at work, which include fair wages, equal remuneration and a workplace free from discrimination in accordance with the International Covenant on Civil and Political Rights. A meaningful way of addressing this is by educating employers in fair work law and implementing monitoring mechanisms within regulatory bodies to ensure that employers are not engaging in unlawful activity. This will further ensure that the Working Holiday Maker program is attractive for people overseas into the future. We welcome any questions on these issues and, again, we thank the committee for inviting the Law Institute of Victoria to bring these matters to your attention.

CHAIR: Thanks very much for appearing here today. Firstly, have you had any experience acting for working holiday-makers in any forums, or is it more as public-spirited people who have a deep interest in migration law that you're making these submissions today?

Ms Ford: I'm happy to answer that. All three of us have experience acting for working holiday-makers. It'd be very unusual for migration lawyers not to have done so and quite a number of us, and in particular Jackson who works in a regional area, deal with them on a daily basis.

CHAIR: What's the nature of the work that you do for them? Is it providing them with advice about their rights and about extending their visas; or is it more representing people in proceedings where they've made allegations in relation to worker exploitation-type questions?

Ms Ford: I'd say a mixture of both and I'd also include that our team act for employers who have had issues with regard to working holiday-makers. So, it's a combination of all. You obviously do a lot of extensions in this area but you also deal with exploitation issues. At the minute, I'd also say we've been dealing—during the COVID period—with people wanting to leave, which is obviously one of the purposes of this inquiry, given the large numbers of people wanting to leave Australia and go home, and then what their options are in returning.

CHAIR: That's very helpful to have that background. Are you aware that we have recently released an interim report in this committee?

Mr Taylor: Yes. We're all aware of it and we've all reviewed it.

CHAIR: Do you have any feedback in relation to the recommendations that we've made—recommendations that you think are useful and recommendations that you think could be improved?

Mr Taylor: We haven't prepared an answer specifically on that point, Chair. However, I think we all broadly agree with the points that are being made with regard to options to increase the availability for working holiday-makers to remain in Australia and for them to have greater access to work in regional areas and support that regional work as well as some of the broader issues that extend beyond the Working Holiday Maker program.

Our own recommendations go a little bit further in some regards—in the sense that we recommend, for example, an initial period of two years. The reason we recommend that specific increase is because we see this as a travel suppressed environment where fewer people will have the opportunity to come into Australia. So the best option is to make the most of each individual who comes into Australia, make the most of the time they have available to contribute to the economy and give them the broadest possible access to regional work and the greatest possible incentives to contribute there.

CHAIR: Mrs Fitzsimons, you mentioned people coming to see you who were looking to go home. For those people who've done their agricultural work, who are looking to go home, what can you conclude might help get them to stay in Australia longer because we obviously need people to stay here longer?

Mrs Fitzsimons: As Jackson mentioned, we are in a travel-suppressed environment at the moment and there are still quite a few people onshore, notwithstanding the fact that people are departing in fairly great numbers. There are still quite a lot of people who are frustrated that they can't cross state borders. They've got the incentive and the will to stay and work in the regions but they're very conscious that the primary reason they can't is that their visa is expiring quickly.

CHAIR: What worries us as a committee is that—let's say we have a blanket extension which is not necessarily a bad idea—the minute people are able to travel back home we are concerned that people who have already done their agricultural work, which we need them to do in order to stay here longer, will go home. My question is: assuming those things are going to happen and that we are on a pathway now to reopening international borders at least to allow people to go home, are there some further things that you think we can put in place to encourage people to stay and do agricultural work for those that remain here?

Mrs Fitzsimons: I can answer that on two points. One is the Harvest Trail, which I note is mentioned in your report—and I think your report is quite accurate on this—which needs more promotion. If you go to the Department of Home Affairs website, it's at the bottom of a very long explanation of what is work in a regional area. I think one thing would be getting out the benefits of the Harvest Trail and promoting it to working holiday-makers which also falls into that other option of targeting Australians school leavers who are having a year off. I think we need to sell our program better to encourage people to want to stay.

What is also restricting working holiday-makers is the state border closures because, traditionally, working holiday-makers might work three months somewhere and then move to where the next harvest may be or spend some time on the beach. When state borders open it's going to be really important to sell the other benefits of the Working Holiday Maker program not only just the work but also the lifestyle. When you read the website from the Department of Home Affairs it says, 'Be aware of COVID.' It's like a red alert and I understand why it is there because our borders are closed, but it doesn't make it very attractive for people who are starting to look for what to do next year. A combination of things may need to be looked at, not just regulatory change

Ms VAMVAKINOU: In your submission you note that, prior to the COVID-19 pandemic, the 462 visa operates as an informal entry point to other visa programs. Are you able to provide any data on the number of working holiday-makers who actually transition to other skilled visas?

Mr Taylor: If I may, Deputy Chair. I don't know whether that data is publicly available. Whilst the data is made available to the public about how many applications there may be for a specific visa—for example, the 482 temporary skill shortage visa—the department doesn't publicise how many people. I suspect the Department of Home Affairs would be able to extract that for the committee.

Ms VAMVAKINOU: Mr Taylor, I understand you operate in the Shepparton area, so you would probably have a lot of contact with the working holiday-makers cohort. Do you also have contact with people who are here and working in regional Australia—in Shepparton, in this instance—who are on temporary visas? There's been some suggestion from the Refugee Council of Australia that people who have been on the safe haven visas for long periods of time may have the opportunity for a pathway to permanency, should they work in regional Australia for a certain period. What are your thoughts on that, and do you come across people who may be eligible for such a pathway?

Mr Taylor: If I may, Deputy Chair, I might refer the question to Ms Ford, who is a member of the refugee committee of the LIV.

Ms Ford: The Law Institute of Victoria is supportive of a permanent pathway for SHEV holders. At the minute, there really isn't one. It's very difficult to meet the requirements set, and there are a lot of SHEV holders that have settled very well in regional areas, including in harvesting—particularly in the Riverina area of Victoria, as an example—but also in other parts of Australia. I have read the paper that you talked about. The only thing that we would want to balance as part of any program is avoiding a situation of exploitation, given that the SHEV cohort can be vulnerable. A permanent pathway could address what is a long-term problem: continually rolling over SHEV holders. At some point, if we could offer a pathway that would both contribute to the economy and allow SHEV holders to bring their families and settle in regional areas, I think it would be of great benefit to the Australian community.

Ms VAMVAKINOU: I agree, and I think there is merit in exploring this. This issue of avoiding exploitation—what sort of exploitation would you be concerned about? You raise it as a bit of a problem. So what is the nature of that problem, and how could it be addressed if such a pathway were to be explored?

Ms Ford: We need to ensure there's a lot of information provided about their work rights. Making sure it's available in different languages is a key aspect, I think, so that people are aware of what their rights are. I think what we see sometimes are things like not being able to take any leave or having documents held over. In particular, I think that has happened with the Malaysian cohort that comes in on ETA visas and whether they're unlawful, and it has happened among undocumented workers. It involves educating people about their rights and making sure that places are monitored so that there are visits to farms, or where we know there are large cohorts of temporary workers, to make sure that their conditions are appropriate. That may include visiting living quarters as well, because often they are living on farms or wherever they may be doing the work. Education is probably a key factor in people knowing what their rights are.

Ms VAMVAKINOU: Can I ask you about that, Carina? I'm familiar with the Malaysia program and some of the others. I see it as not so much a problem with the structure of the visa but more a problem of the bad practices of labour hire itself and maybe the migration agents. It's not necessarily the visa settings, but it's the visa settings that are being abused by bad practices in Australia. I'm just wondering in relation to the safe haven as a pathway to permanent residency that you'd want a visa setting that wouldn't be dependent on bad practice from labour hire and others in the field. Do you agree with that?

Ms Ford: I totally agree with that. The only hesitation that we have, as a committee in supporting it, is making sure that exploitation does not occur.

Ms VAMVAKINOU: The visa was pretty straightforward and rigorous enough to withstand that sort of opportunity for exploitation, because people would be on paths to permanency and they wouldn't be vulnerable to being kicked out of the country and all sorts of other things, which actually make people more vulnerable, I think, to bad practice.

Ms Ford: Yes; correct.

Ms VAMVAKINOU: Very quickly, I was interested in the submission that suggests the working holiday visa extensions be allowed in the cases where visa holders engage in cultural and community activities. I thought it was a very interesting perspective. How should this engagement be defined and measured? What types of community and cultural activities should be included in this kind of assessment? How could this idea be

incorporated in the working-holiday visa to emphasise the cultural exchange aspects of the program, because they seem to have gotten a little bit lost along the way in some cases? I'm just interested that you've placed some importance on that aspect of it.

Mr Taylor: When we look back at the actual origin of the program, way back in 1975, and then subsequently, bilateral ties and improving relations between nations through the education of young people were fundamentally at the core. We agreed that has become somewhat lost in the interim. The way that this could potentially work is by allowing larger organisations in the not-for-profit sector, who have an established national profile, for example, initially to develop programs which may consist of volunteering in various sectors. I think of organisations like the Salvation Army, for example, who have a large-scale national operation where they might be able to seek accreditation along the same lines that existing employers are accredited with in other programs to offer volunteering opportunities. They can be targeted at regional areas, for example. They could be with Indigenous organisations. I think there are a whole range of possibilities there if the government wants to entertain those ideas.

Mr DRUM: Jackson, which firm do you work for in Shepparton?

Mr Taylor: Hammond Taylor. It's my own firm.

Mr DRUM: Very good; I'd love to catch up with you at some stage.

Mr Taylor: Most certainly.

Mr DRUM: This is an incredibly important issue. It's interesting listening to all the different takes that we have out here. It is somewhat difficult to try and work out what all the 471s and what the 417s, and all the other different classifications of holder, have. Talking about the working holiday-maker, it's also interesting that you're one of the first to talk about them having an access through to permanent residency. Would this be seen as a shortcut for economic migrants? Does that make sense?

Mr Taylor: Yes, it does. Fundamentally, there are certain people out there in the migration policy community who are of the position that regional areas in Australia are not just in need of specific skills so much as an overall movement of people into the region. This has historically been very challenging with the migration program, because we don't have the ability to tie people to specific areas. I think that one of the ideas behind this is that, rather than tying individuals to a specific employer, for example, we can reduce exploitation and encourage people to remain in regional communities by giving people access to pathways if they remain in a particular area. That's something that the government has tried to achieve through the 491 and the 494 visas. But those are both very new programs and I think that, to really be effective, they probably need some tweaking. But overall, yes, it would be a pathway for people who want to live in and commit and contribute to regional communities. There are so many towns in regional Australia where there's the brain drain of young kids going to Sydney. This idea is about just increasing the number of people who want to live and stay in regional communities.

Mr DRUM: I really appreciate that. It is it also touches on another issue—that we consistently battle for jobs in areas that aren't that difficult to fill in the cities. Common jobs that come to mind are diesel mechanics and even motor mechanics. If you put up a position for a diesel mechanic in Melbourne or Sydney the job will be filled very quickly. However, these jobs are nearly constantly available in the regions. Welders, turners and fitters, steel fabricators and these types of roles are constantly available in the regions. It would be fantastic if we had easier access to fill those positions because quite simply at the moment it's very difficult for our people in those businesses to find the staff or labour that they need to fill those roles. That's even talking outside of agriculture.

Mr Taylor: Yes, certainly. The former 187 regional skilled migration scheme aimed to deliver some of those outcomes; however, the program was abolished a few years ago now. I think one of the key factors that needs to be emphasised that a lot of people in migration policy and settlement policy look at these days is increasing the stickiness of regional communities. What that means is ensuring that people who enter as new migrants have a pathway into the community so they form bonds, they connect with others in the community and they have a reason to stay in the longer term. Major cities in Australia are far larger than regional centres and there are often far more opportunities and far more infrastructure. It's about helping people to become part of the community in a regional area and to understand why it's worth staying rather than running off to the cities as soon as they've finished a particular visa duration or whatever it may be.

Mr DRUM: Yes, and many of the really stunningly successful examples that we've seen around regional Victoria have in fact been driven by the community themselves, where they realise they have a genuine need for overseas workers and they make themselves incredibly welcoming and open for those migrants. It's somewhat difficult to replicate that just on the flick of a switch. How do we make that certain community over there have the same welcoming and open attitude that other communities have had?

The other thing I like to talk about is that, throughout this whole inquiry, we've had various witnesses that have spoken about levels of exploitation with both backpackers and now seasonal workers. Can you give me—especially you, Jackson, seeing as you are in the actual area—any understanding of the level and degree of exploitation. Is it predominantly dodgy farmers? Is it dodgy labour agencies? Is it large in scale? Is it really obscure but serious nevertheless? We keep hearing about it, but we keep hearing about dramatically different scales and scopes associated with exploitation. Can you help us out with a bit of clarity.

Mr Taylor: In my experience it occurs across primarily the cohorts where people have limited visa options and are often, if I may use the expression, mortgaged to being in Australia. Examples might be particularly among the Malaysian cohort that come to Australia on an ETA visa. They come from a regional area and have probably borrowed money to get into Australia. They lodge a vexatious asylum seeker claim and then they wait for two years for an outcome. During that time they may or may not have work rights, but they are basically enlisted by people from their own ethnic or language community into labour hire work which is very much underpaid and often in conditions where, as Carina referred to before, their passports may be held by an agent or something like that.

We also see it amongst people, for example, who are in the working holiday program and who desperately want to get their 88 days but end up in the wrong place. They have limited resources. They may not have a vehicle, for example, which is challenging. They have limited English skills. They may fall under the sway of someone who basically hires them out to a variety of contractors. There may be multiple parties involved—not just farmers but different layers of labour hire—and they're charged for everything from the ride out to the orchard, to their bed and to the food that they're forced to eat.

It's very difficult to assess the levels of this across the community because it is so anecdotal, but it does appear to be very high in certain cohorts. Take, for example, the working holiday-makers. There are differences between a working holiday-maker from, say, Sweden and someone who's come from a community with a very low level of income like, say, Indonesia. What someone from a developed country is willing to put up with in order to get their 90 days is very different to what someone who back home might be earning a couple of thousand dollars a year will put up with in Australia to be able to stay for a further 12 months. So there's a range of different factors and there's a range of different cohorts who are subject to exploitation, based on my experience.

Ms Ford: I think Jackson's on point there. I would add that there has been an element of fraud with the working holiday-makers visa where the three months have been paid for to obtain it without doing the work. The Department of Home Affairs are aware of that. They do occasionally cancel visas as a result. But that's something that probably continually needs to be monitored by the Department of Home Affairs.

Another point would very much be labour hire companies potentially taking a percentage of the earnings, which therefore makes it unviable, whether it be for a working holiday-maker or for some other temporary visa holder. That goes back to the earlier point of looking at the role of the labour hire company. There are good labour hire companies, but there are some that have taken advantage of the vulnerability of temporary visa holders.

The only other thing I wanted to add was on your earlier point relating to the pathway for permanent residency. The 494, which was set up last year, has had a very small intake of applicants. I think it's because—and we raised this at the time with the department—the criteria are very, very high, including the salary level being pretty similar to what it is in the cities. I think that should be reviewed to allow for others such as motor mechanics et cetera to come through. Currently it requires three full-time experience. If you had, say, someone from Britain come over who's done their trade certificate but only worked for a year in Australia they couldn't progress onto that pathway. So that is something to be considered in looking at making those criteria easier to meet to encourage people to remain in a regional area.

Mr DRUM: I really appreciate that. I want to go to a very specific question. If I come out from Indonesia, a poorer country, and I register with a labour hire company and they put me out at Farmer Brown's place and Farmer Brown pays me the minimum wage—for instance, maybe \$23 an hour—and I pick the fruit, how much does the labour hire company take out of my wage?

Mr Taylor: They could take anything, to be quite frank. The farmer doesn't pay the worker; the farmer pays the labour hire provider. From reports that we've seen, there can be anywhere from two to three other intermediaries involved and deductions can be anything from a couple of dollars an hour to 70 per cent. Some of these people don't even get payslips. The workers don't know that they should be getting payslips. They have minimal understanding of the Australian work environment, so it can range from a relatively light touch to a high level of exploitation and abuse.

Mr DRUM: So workers can come here and legally receive considerably less than the minimum wage?

Mr Taylor: Not legally. It is against the law, but the sector is characterised by phoenixing businesses, multiple registrations and often people won't know who the entity on the payslips is. There are a variety of methods that bad faith labour hire firms can use and the fundamental issue is that oversight from Fair Work or from the ABF is in limited supply and so a lot of this occurs without any intervention from any authority.

Mr DRUM: With such a dire painting of the system, it becomes relatively important to understand the degree of the problem. We need to somehow work out, as a committee, whether this is genuinely common or incredibly rare. I would ask, Acting Chair, the lawyers to try and give us some sense of the quantum of these problems. I know it's very difficult—and so much has already been asked and it's anecdotal—but this is a pretty horrible situation. It will further damage our ability to get international staff here if these labour hire companies continue this behaviour, irrespective of how many there are. We can't have this creep into our structure.

ACTING CHAIR (Ms Vamvakinou): We've opened up a very interesting area. My question always has been around this issue. We've tried hard to deal with dodgy practice. If you remove labour hire totally out of the picture so those who came here to avail themselves of the working holiday could just go directly to farmers, can that work or is that impossible?

Mr DRUM: They have to be shared, because each farmer only has a need for maybe a month and then he needs to move them on, whereas a labour hire company can share the workers amongst various farmers.

ACTING CHAIR: I think that opens up another interesting area we could probably have a look at in the committee.

Mrs Fitzsimons: I think that the burden on the farmer would be too great to be able to do that. I think there is a need for labour hire—there always has been in various industries—but it's probably just more monitoring. Again, it's education and promoting it so people know when they arrive: 'These are what your rights are and this is what you should expect.'

ACTING CHAIR: For most of the vulnerable cohort, it wouldn't make any difference. I don't mean to sound cynical or defeatist. We say this all the time, but when I think of a lot of the people who are vulnerable it's this kind of information.

Thank you for your attendance here today. You will be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. I want to thank you again for your evidence. I apologise for what appears to be an abrupt end to the session, but I'm aware there's another witness waiting on the line.

WESTAWAY, Mr Simon, Executive Director, Australian Tourism Industry Council

Evidence was taken via teleconference—

[10:15]

ACTING CHAIR: Welcome. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I invite you to make a brief opening statement before we proceed to discussion.

Mr Westaway: I will make a very brief opening statement, and thanks to the committee for the opportunity to speak to you today. The Australian Tourism Industry Council represents over 10,000 predominately SME tourism and microtourism enterprises across the country. The makeup of our membership very much reflects the overall nature of our tourism industry, the bulk of which is small business. The release of the inquiry's interim report and developments around it continue to impact the Working Holiday Maker program, including its relationship with our hard international border close. These are issues that continue and, as such, I will make a few additional remarks.

We see a very fluid situation at the moment with the Working Holiday Maker program. We understand there are no more than 67,000 working holiday-makers remaining in country. In fact, we believe that number, which we think is only about a week old, is continuing to drop quite steadily. Under this scenario and the closed international border, we obviously need to see some action and activity around the existing remaining visa holders in country as well as for the program itself.

I will make some quick comments about the interim report. ATIC welcomes the committee's interim report and its bipartisan backing amongst its members. It's a very good report and makes clear sense. The recommendations have doable things, and we get a feeling that all political sides are in agreement for a need for action.

I want to point out just three of those 10 recommendations. On recommendation 1, which is the gap year at home, it's a very sensible idea. It could really set a trend actually for Australia's generation Z as the COVID recession changes people's outlook post-school about those post-leaving tertiary studies and looking for career work. It's obviously a very difficult time for young Australians who are trying to try to nail down a longer term job.

I'm a former senior executive of Tourism Australia. We do, and I do, see that a role exists for TA, Tourism Australia, to help drive gap-year promotion as part of their overarching domestic visitor market activity, which federal tourism Minister Birmingham has asked them to do. We think any of that marketing needs to be contemporary and digitally orientated, both above and below the line. We also do believe actually it's not simply for young Australians. We think adults, parents with empty nests and older Australians could also be attracted to the concept of the gap year to see our wonderful country. It could certainly be incorporated into the Holiday Here This Year activity, which Tourism Australia are now building and it builds upon the working holiday maker marketing activities and programs which TA has put in place for some years.

Our recommendation forward is obviously a detailed recommendation. I do want to focus just quickly on point 3, which relates to extending the northern Australia provision, which allows work in hospitality, tourism and other industries to apply in all regional, rural and remote areas. We strongly endorse this point. The northern Australia provision should not just apply to northern Australia, such as above the Tropic of Capricorn. We need to think beyond the latitude line.

The submission by the federal member for Grey outlines that in his rural SA electorate tourism and hospitality businesses in remote areas have always found it extremely difficult to attract staff, none more so in the current circumstances. The same applies to many other parts of Australia—and I could go through region by region. If these regions don't qualify for the visa extension, working holiday-makers are unable to work in areas such as tourism and hospitality. We do think this needs to change and we have an opportunity, in essence, to trial that as of part of the current situation. I use the example of Arkaroola wilderness sanctuary and retreat, which is in the South Australian Flinders Ranges. At any time of the year, Arkaroola will employ up to 20 backpackers. In essence, 20 backpackers continually roll through that organisation. If there is hospitality or tourism work in remote areas such as in regional and outback Australia then similar other regions will recognise second- and third-year visa extensions under the WHM program, in the same manner as is the case in northern Australia, would make a huge difference. I want to quickly quote the owner of Arkaroola, Doug Sprigg—and I don't think he'd mind me using this. He indicated this to me: 'Motivated Australians don't seem to look for seasonal employment in remote areas of South Australia. Generally, they are looking for full-time, long-term employment.'

Having multilingual, enthusiastic staff greet and cater for international and Australian visitors is bliss and helps underpin my business.'

We think recommendation 8, the hotline for working holiday-makers, is a very strong recommendation. At the end of the day, this is about reputation and the vast bulk of working holiday-makers who come to our great country have a fantastic experience and one that they never forget and perhaps even take to their graves. We need better mitigations and we need better real-time oversight of the program. It is hoped that a hotline could actually help assist any real-time problems that emerge.

I want to quickly make a couple of final observations. Working holiday-makers do deliver significant economic benefit to Australia, and it's great to see this being continually recognised. Backpackers within the program have long demonstrated a propensity to travel extensively throughout Australia. They integrate well and take up hard to fill roles across key regional industries, and this includes tourism and hospitality. With a closed international border and as working holiday-makers' visas expire, this steady decline is putting further downward pressure on the tourism industry. This is particularly the case for tourism businesses like hostels and specialist backpacker accommodation, bus and transport offerings that cater for backpackers through to tourism centres and regions that receive strong volumes—traditionally, these high-value tourists.

The community would be well aware—and I think it's worth repeating—the program's annual economic impact in the pre-COVID environment. At the end of 2019, Tourism Research Australia estimated the value of working holiday-makers in terms of the visitor economy at \$3.2 billion in annual injection into our economy, and that accumulated out at 46 million visitor nights during 2019. They're an incredibly important piece of the market by any measure.

As a second point, we do think there needs to be flexibility for the Working Holiday Maker program moving forward. We believe the interim report provides a genuine pathway. ATIC welcomed the recent extensions for the program against the current arrangements due to the COVID pandemic. Moving forward, we are seeking for first-year WHM visa holders to be considered for a second-year extension on the same terms and conditions. For second-year visa holders, an extension could be the same as the year one on the same terms and conditions. In the area extension, this should also importantly allow working holiday-maker visa holders to work within tourism and hospitality, including those who are currently receiving the extension and including in their third year, if that indeed captures them.

I have two final points. The Working Holiday Maker program does need better oversight and we believe needs a nurturing home. Importantly, in the next decade a new long-term strategic tourism industry plan, Tourism 2030, will be released. It's been deferred and we understand it will be released in 2021. We do think this needs to economically capture the value and reach of the working holiday-makers and the program. Building the strategy around the direction this program is going into the long-term tourism strategy we think makes a lot of sense, and helps speak to government in that way.

Finally, and perhaps somewhat outside the responsibility of the committee, amongst the reforms that you're looking at, we think there is a need to continue to seriously explore a long-term travel bubble for international markets to try to bring future working holiday-makers back to Australia as quickly and safely as we can. We tend to forget we are in a global village. It's important to know that whilst Australia has a wonderful program and on global standing is very highly regarded and sought after, many other countries offer a combination of international work, study and travel access for travelling youth. We need to be conscious of that, particularly as we come out of COVID, and the competition will only get fiercer.

Developing a travel bubble proposal—perhaps out of a selected market in Europe or some selected markets in Asia—we believe needs to be prioritised and should be incorporated as part of any future rise in the international arrivals seat cap, which recently moved from 4,000 to 6,000 but obviously needs to be extended much more quickly and as soon as practicable.

Finally, the ability to package the Working Holiday Maker program internationally—through the good work of Tourism Australia; through working with key airlines and industry; through working towards a select Australian entry and quarantine access point, with the offset arrangements around quarantine as part of that; and through literally just getting started on how we can get visitors back into our country and holidaying and working—will be a real fillip to the program. It's important that we continue to explore that bubble opportunity ahead of what is hopefully a raise in the national border sometime in 2021.

ACTING CHAIR: We're aware that there was a reduction in the Working Holiday Maker program visa numbers before the onset of the COVID pandemic. I'd like to discuss the reasons for that, but in particular, do you think the backpacker tax has had any impact on the program?

Mr Westaway: I wasn't associated with ATIC at the time of the backpacker tax and the debate around it, but I was working in the agribusiness sector when the policy issue emerged. Coming out of that was a lot of interesting commentary, and we've seen a really concerted effort through the use of Tourism Australia, for example, to try to market and promote our program more effectively overseas. This is a very competitive global market, and we can't forget that Australia's tourism and travel industry is internationally oriented and focused. We know how competitive the market is, but this program is equally competitive. Other countries are seeking travelling youth—be it out of Europe, the United States or Asia. We need to continue to be very conscious of that. So I think there may well have been, in the early days, some negative impact on the numbers. I'm aware that the numbers have been tighter in more recent times, leading into COVID, but I think that's the nature as much as the competition. We've got a great offering and we're going to continue to push that forward.

ACTING CHAIR: It's competitive, I agree. Do you know what other competing countries are offering and where we might be struggling—not failing but having difficulty? Does it have anything to do with a history of bad experiences in Australia? Ultimately, that would be important if that was the case. Are you familiar with the reputation and experience of the Australian program? I think that makes a big difference.

Mr Westaway: That's great question and there'll be some other learned experts with more understanding of this than me. That said, I do have a good feel for this, and we have a good feel for this as an organisation. Canada is always held up as a very competitive market and model against our country. We need to think about that. There are a lot of likenesses, we know, between Canada and Australia on a range of fundamentals, including friendliness, openness, open space, nature, nurture, safety and so forth.

There are stories from time to time around people's negative experiences, but generally the overwhelming number of people who come to Australia through this program—I was only recently reading a really great article by an English backpacker reflecting on 20 years of coming to this country and what it brought for her, so much so that she ultimately moved out here. I think we can sometimes blow up the minority in the negatives and forget about the positives. What we need to do with this program, in my humble opinion, and our opinion, is to continue to proactively promote it. I think you've got a great marketing arm in Tourism Australia. They're a pre-eminent, globally oriented marketing agency. We should be really proud of the work that they do. They're obviously well armed and well resourced. We've got to continue to make that so and continue to make it a priority if we believe this program is of high value to our country, which I understand it is. And, in particular, because of the some of the workforce arrangements we have high percentages of working holiday-makers going into some of the key sectors, from agri, horticulture and obviously tourism and hospitality, which we think is one of the appealing parts of coming to this country.

ACTING CHAIR: Is it fair to say that the component that involves working might be dragging the program down a little bit in terms of the overall tourist and cultural experience, and has there been a loss of balance there? Do you have any concerns in that space?

Mr Westaway: No, not particularly. The visitor economy numbers are a proof point, to be honest. We've got to look at all this pre-COVID, because 2020 has basically being a write-off. But in the pre-COVID environment the program was punching along pretty well. They're pretty impressive numbers in terms of dispersal nights—they spend well over a third of their visitor nights in a regional area. I think it's important to look at having some flexibility in this program over time. I think we've got a great opportunity in front of us, which is why we welcome the interim report. Let's trial a few things and see what works over the next 12 to 18 months. We've still got tens of thousands of these wonderful visitors here, but the pipe is, in essence, being closed off, so we need to make some decisions around where we want to take this. And, if some of these don't work as well, well, that's a trial point—isn't it? I think we've got to be nimble and flexible here. We compete in a global marketplace, and I think we've got to keep coming. I'll keep saying that, because we do need to keep coming back to this. The work component is important. The vast bulk of those visa holders that come into the country do do work. As I understand it, I think the figure's around about 85 per cent.

Mr DRUM: Simon, you've looked at three of our recommendations. You've gone to number 4 as your second one, extending the northern Australian provision to allow hospitality workers to gain their extension. What sort of proofing provision would you put in place there to actually make sure that we have some sort of market testing? I would suggest that if we put that into, say, the Golden Valley we would have way too many people, with backpackers wanting to pull beers and wait tables, and therefore we will be back in the toilet again when it comes to needing people to pick our fruit.

Mr Westaway: Yes; it's a fair question. I think you're right; it's a balancing act to try to get this right. With the visitor economy, there are increasing demands for that in terms of the workforce. I grew up on a farm. I'm not completely immersed in manure, but I obviously have a sympathy towards the ag sector, and obviously we need

to pick the crop—there's no question about that—and this program's obviously been key to helping the industry do that across the various sectors. I think we've got to try to strike a balance though. Definitely there are some regions in this country—I tilt towards the Kimberley—where we do need more working holiday-makers to be able to do the work. In south-west WA there's a similar situation.

Mr DRUM: As you quoted, Rowan Ramsey seemed to be able to make a good case for his area, and maybe it is a matter of simply going through a system of market testing before you can add hospitality to that agricultural list.

Mr Westaway: I think so. The words 'unprecedented' and 'pivot' have been well overused this year, but I think we do generally have an opportunity here with this great program, which has heritage and is well understood. It's still, as I understand it, in the top five global offerings around the world in terms of our working holiday-maker arrangements, so it has high appeal. It has high appeal and Tourism Australia beat the drum really hard on this. So there is plenty of awareness. I think we have to work through ways that we can make this program work even better for our country. It provides seasonal employment, support for the key sectors—tourism and hospitality; agriculture, horticulture and others; child care and the like—and, importantly, it is dispersing visitors. The visitor economy pre-COVID was \$152 billion. According to Tourism Australia, it has more than halved in the last eight to nine months for a host of reasons, but blame COVID and the firestorms obviously for that reduction. These people disperse like any other people. We need to ensure that we don't throw the baby out with the bathwater here in terms of keeping this program going in the right way. We just have to make sure we get the balance right and we think there are some good balancing options in this interim report.

Mr DRUM: As you look around the world at the moment, there are only a few 'clean' countries that are more or less free of the virus. One of those countries is Taiwan. I think Taiwan has about five active cases and has had a total of 500 cases for the last eight months. It has effectively done very, very well. What would be required for Australia to run some form of advertising campaign in Taiwan promoting Australia as a destination for working holiday-makers? It could say that we are open for business, that we are looking forward to paying people \$23 an hour to pick fruit and if they do that for three months we will give them another two years to holiday, where they can do whatever you want. Is that a possible course of action for Australia as a way of helping, say, the fruit industry?

Mr Westaway: Yes, it's one of the obvious bubbles. You can think of Taiwan, possibly Singapore, Japan and we have to think seriously about Europe; Germany appears to be the best and seems to be progressing well, and is obviously a key source of working holiday-makers. It's a great idea. We have a few restricted points here. We have a formally closed international border and we have a very restrictive arrivals cap. The government rightfully pushed that higher from 4,000 to 6,000 and ATIC strongly endorse that. We do think that needs to go up again because we want to start to get some normalcy back here. Absolutely, I think it should be prioritised. Taiwan would be a very good prioritised market. I think we need to proof test that we can start to get people back and this is a good way to do it.

The good thing about this program is that if these people go and pick fruit, as you allude, they can get an extra two years here. They will self-quarantine because they are here for more than a few weeks. This is the opportunity. There is a lot of talk about a lot of different bubbles, but we do think the Working Holiday Maker program is a bubble opportunity because I think they are happy to front end, particularly if the right arrangements were put in place around that. It would have to come through the one gateway. That would be the smart and logical thing to do, and Sydney would appear to be the obvious initial choice but, in due course, you would have that other states would put their hands up.

ACTING CHAIR: Are there any other questions before I conclude with this witness? There being none, thank you for your attendance, Simon. You will be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. Hopefully we will catch up with you some other time. Thank you.

Mr Westaway: Thank you.

Proceedings suspended from 10:38 to 11:01

HOLDEN, Professor Richard, Private capacity

Evidence was taken via teleconference—

ACTING CHAIR: Welcome. Do you have any comment to make on the capacity in which you appear?

Prof. Holden: I am professor of economics at UNSW Business School, and I appear in a personal capacity today.

ACTING CHAIR: Thank you. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion.

Prof. Holden: In addition to my written submissions, I will make a brief opening statement. Providing visas for overseas workers that do work such as fruit picking, such as under visa subclasses 417 and 462, provides labour at a lower wage rate than Australians are often willing to do certain work for. That's good for Australia. In this particular instance that the committee is concerned about, it directly leads to lower prices for fresh food and fresh produce for Australian consumers. This is, from an economic perspective, similar to importing T-shirts or other goods from countries that have a lower labour cost than Australia does.

COVID-19 is a large but temporary disruption to the Working Holiday Maker program, and it raises the question about whether some form of government intervention would be appropriate. The case for government intervention in this instance is that there could be large one-off costs associated with this disruption. Those could be large one-off costs to the sector—particularly to horticulture—and that could lead to a sharp increase in food prices. That sharp increase in food prices as a result of not having access to working holiday-maker labour could lead to a change in consumer behaviour, moving away from fresh produce to other forms of food, and it could disrupt supply chains.

In light of that, as I proposed in my written submission, the government could make a temporary change to alleviate this problem by, for instance, creating a supplement to the JobSeeker payment in the relevant geographic areas for the kind of work typically done under the Working Holiday Maker program. This would be not unlike wage subsidy schemes that have been used in other jurisdictions at particular times of crisis. One that is well known is what the German government did in various localities during the 2008 financial crisis—or the global financial crisis, as we know it in Australia. This would come as a cost to the Commonwealth government, but there are also important benefits from it in bridging this loss of labour until the Working Holiday Maker program can presumably recommence after a widely deployed vaccine is available for COVID-19. I think it would be appropriate for the government to do this, and it is something which Treasury could no doubt provide an estimate on of both the costs and benefits in a timely manner. Thank you for the opportunity to appear.

ACTING CHAIR: In your submission, you recommended—and I think you touched on it—a JobSeeker supplement as an effective way to provide additional labour in the agricultural sector. Can you elaborate, for the benefit of the committee, how this supplement would work?

Prof. Holden: Certainly; no problem at all. As I understand it, it is difficult to find Australian citizens or permanent residents willing to do this work at the prevailing market wage for us. So a supplement to, say, the JobSeeker payment would be a way to boost the attractiveness of this work for Australian workers. I don't have an estimate of exactly what the size of that supplement would need to be. That would depend on local labour market conditions, and that's something that Treasury or another government body would be in a better position to make a determination on. It would simply be paid as a supplement to JobSeeker, paid through Centrelink, conditional on performing this work.

ACTING CHAIR: To follow that up, you did make reference to the German experience in the global financial crisis. Can you describe the industry specific wage subsidy program or programs, which the Germans clearly adopted, in a bit more detail and, if possible, give us an indication of their success rate?

Prof. Holden: Sure. It was a program that wasn't peculiar to Germany, although that's one instance. They're known as place based policies. It was a wage-subsidy program in certain geographic locations that were hit very hard by the disruption of 2008 among other industries, as I understand it. The auto industry was hit very hard, and those firms would have been in great difficulty without some assistance from the government. It was paid directly as wage subsidies. In that sense, it doesn't look dissimilar from the JobKeeper scheme in Australia, but it was targeted on a geographic basis. It's in that sense that I think the geographic targeting and the industry-specific nature of it seem to be analogous to what might be a way of dealing with a lack of labour supply under the Working Holiday Maker program.

ACTING CHAIR: Is there any part of that—of either tourism, horticulture, agriculture or hospitality—more likely to be more suitable to such a work-placement subsidy?

Prof. Holden: I think the industries or sectors that would be most suitable for it are where they attract the most labour from visa subclasses 417 and 462. Those particular figures are something that I'm sure the committee is more of an expert on than I am. My understanding of it is that, specifically in areas like fruit picking, there are a large number of overseas workers employed under those categories and that that labour supply has essentially evaporated due to the very appropriate border restrictions that the government has put in place.

ACTING CHAIR: John, do you have any questions you want to ask while we're waiting for Julian? I think he's got a few that he'd like to ask.

Mr ALEXANDER: No, I'm fine at this stage.

ACTING CHAIR: I'll keep the conversation going. Professor Holden, the possibility that addressing labour costs in Australia could tip the balance and lead to food wastage is a very stark assessment. In your view, is that a serious proposition that we need to take into consideration—the relationship between the cost of labour and food wastage, potentially?

Prof. Holden: My understanding based on what I read—no doubt you've heard other submissions from people much closer to the facts and more expert than I am in the matter—is that once crops are planted and time elapses if the labour is not there to be able to—

ACTING CHAIR: That's true. I guess what I'm trying to say is that, on the big-picture scale, in this inquiry we're obviously trying to address the issue of labour shortage for all the reasons that you've outlined that could [inaudible] in the absence of an appropriate labour workforce, but we're also trying to promote work in regional Australia and in remote areas of the country. We're trying to promote it to Australians as something that they might consider taking up. Obviously the wage is going to be an issue for them in terms of whether it's something that they find worth their while. We're also trying to promote it as a gap year in terms of Australians backpacking around Australia.

Do you think that regional Australia and our farmers and agriculture particularly is very dependent on the success of these sorts of working holiday-maker programs? Are the Seasonal Worker Program and the Pacific Labour Scheme robust additions, picking up any slack that may come as a result of a diminishing Working Holiday Maker program or domestic workers?

Prof. Holden: My understanding is that it is very important, that labour costs are a very important component of total costs of production in the sector. Some of the estimates I've seen have suggested that food prices could rise by as much as 40 per cent without some ability to plug this gap between, as you point out, essentially the wage at which Australians would be willing to do this work and what we're able to get people to do this work for under the program that's being discussed today. There seems to be a fairly clear need to plug that gap somehow.

As you alluded to, there may be the possibility to create some sort of travel bubble with perhaps some of the Pacific nations in order to do that. I'm not the most expert person to comment on whether they could fill all of that demand or how feasible that might be. It sounds to me like that would be somewhat challenging. But without that there would be a real effect on food prices and also on producers in the sector. I think the idea of promoting something that fills that gap while at the same time promoting work in regional Australia, which will be hit very hard and has already been hit very hard by the coronavirus pandemic, and finding something productive for young Australians to do during this very difficult time and framing it as a kind of gap year and making it attractive for young Australians to do that all seem like very worthy goals and are aligned with also dealing with what is a short-term problem in a very important sector in our economy.

Ms VAMVAKINO: Thank you. I note that the chair has returned and will be assuming the chair.

Mr DRUM: Professor Holden, I apologise that I missed part of your presentation. I got held up on another call. I'm looking through some of your submission where you're potentially pushing sort of a jobseeker supplement to assist with making it more attractive to get the fruit off. How would you reconcile that where you may have somebody who is on a Newstart allowance being able to keep their Newstart allowance and get the full payment for picking fruit next to somebody who is simply just picking fruit?

Prof. Holden: It's a good question. The way I would see it and would reconcile that is there is some market-clearing wage for picking fruit. For the sake of argument, let's put a number on that, although this may not at all be the number, and imagine that that number is \$25 an hour. All I'm saying is that if somebody is willing to do it for \$25 an hour, great. If there is insufficient supply of labour at that price, and whatever the price has been in previous years, and there are people on JobSeeker who would make less than that amount or require

compensation in order to be able to do it, we should have the government top it up to get to that level. All I'm talking about—

Mr DRUM: Hang on. You're not suggesting that someone could come in who is currently earning \$300 a week on Newstart and be allowed to pick fruit for \$25 an hour, as well as being on Newstart; you are simply saying that they would have their Newstart topped up so that they would be getting \$25 an hour in total.

Prof. Holden: That's correct. Bear in mind that that number is not something that I picked just to ground up fear; it's whatever the market-clearing wage is.

Mr DRUM: Yes, whatever the wage is, you would have your Newstart topped up. I think the important thing here—and I hope you would agree with this—is that the Newstart recipient not be penalised if they happen to be in the field for two or three months earning \$5,000, \$6,000 or \$7,000 or even \$10,000, and when the picking is finished and they can't find a job that they are then able to return to Newstart. I think this on-again off-again with people who are taking casual work tends to be a disincentive for them—the fact that they have to go back and reapply for Newstart each time.

Prof. Holden: I fully agree that they should not be disadvantaged and this should be treated as a temporary measure, and it shouldn't prejudice in any way what their rights or their obligations would otherwise have been under Newstart.

Mr DRUM: Okay, that makes better sense. Again, thank you for giving evidence.

CHAIR: Professor Holden, thank you for your appearance today. I want to contrast your example with Germany with what we put in the interim report. I don't know if you've had a chance to look at the interim report at all?

Prof. Holden: I must confess I have not.

CHAIR: In the interim report we recommended that if you are on JobSeeker you would be able to keep JobSeeker while undertaking harvesting work in the agricultural sector. Many of the issues Mr Drum has raised with you you have agreed are issues. Can you contrast allowing people to maintain their Jobseeker and make money from picking fruit with the JobSeeker plus subsidy? Can you give us a cost-benefit or compare/contrast in relation to those two ideas?

Prof. Holden: Sure. I'm not wedded to either one. The one that you have just alluded to and, as I understand it now, is contained in the interim report might work perfectly well and alleviate the need for a government top-up. It's really a question of what is labour demand and what is labour supply in the sector and how that shakes out. Certainly, if people on JobSeeker can be paid by the sector, by the businesses, some top-up amount that is consistent with what the sector ordinarily pays so that their labour costs haven't increased and allows them to get enough workers to do that and to, say, pick the fruit, that would be perfectly fine. I would have no problem with that. As you point out, it's really just the government wage subsidy for the sector for this year coming from what's already being paid under Jobseeker, if there is sufficient supply at that price. So I would find that to be an appealing alternative.

CHAIR: Why do you think it's become so hard to attract unemployed people to do this work that we have to provide these incentives, particularly at a time when we've got such high unemployment?

Prof. Holden: I think it's entirely appropriate that we have a good safety net, and I'm one of the many people who suggested that Newstart, as it was, at the so-called \$40-a-day number was too low and should be increased. But it's also true that, when people look at taking on work and going off a government benefit, they look at the incremental amount of income after tax that they'll earn from that and they look at the incremental cost to them of doing the work, and it's certainly sometimes the case that the work is quite hard—as it is, I understand, with fruit picking—and that the incremental amount of money they would get from it is relatively small. In those instances, there will be a shortage of labour supply. Certainly when one looks at a particular labour market and finds that there is insufficient supply of labour, that's one of the things that is a kind of smoking gun for what might be one of the causes.

CHAIR: One of the things that motivated our recommendations was some evidence that we got from people in the fresh produce industry in Victoria—or it may have been labour hire to do with fresh produce—who told us that, when the coronavirus pandemic first started, they had a record number of Australians looking for this work, but then, when the JobSeeker with the coronavirus supplement came in, those inquiries disappeared overnight. One of my concerns is that, while we absolutely must get the fruit off the tree, we don't do things that create a perverse incentive where effectively we have people on benefits for longer and it becomes harder for them to get an unsubsidised job in the real economy. Do you have any view about that?

Prof. Holden: I agree with you about the intentions, and one wouldn't want to put something in place that makes that harder in the medium term. The goal, obviously, speaking from a broad economic policy perspective, is to get as many Australians back into gainful employment in the private sector as possible as quickly as possible. I've no doubt that that's what the government is working strongly towards, so nothing should be done to jeopardise that. I think it's worth remembering that, at least as I understand it, the JobSeeker supplement—it was large and it is obviously being tapered—was just an efficient delivery mechanism for getting money to Australians who were suddenly out of work as a result of the coronavirus pandemic. As such, I think we need to be mindful of thinking about what labels attach in this very difficult year or 18-month or so period where we transition away from that. So I wouldn't see something that was called a supplement to JobSeeker for doing this work, or something that involved being paid a wage while being allowed to keep JobSeeker, as any kind of permanent thing or want to think of it as even a medium-term structural solution. I would see it as a very short-term program that would have a capped time period and it would be made very clear to people that the government wasn't, in the ordinary course of business, going to be in the business of subsidising fruit picking or other work in the sector.

CHAIR: Going back to the German example, can you tell us something about the industries that the wage subsidy program was most taken up in? Where were the shortages there? And what was the result of the wage subsidy program in Germany in terms of being able to fill places?

Prof. Holden: My understanding was that it was place based, geographically based, but there's a strong correlation or association between geography and industries within that country. Certain advanced manufacturing sectors, like the auto industry, which is obviously a very significant and important industry in Germany, and some of the related suppliers in that sector were where it was most taken up. It would serve as no surprise that during the 2008-2009 financial crisis sales of automobiles fell precipitously around the world. That sector was hit very hard and so were certain towns and geographies. My understanding is that it was extremely successful in keeping people employed and allowing people to transition back, having maintained their attachment with their employer and their household balance sheets during that period of time.

CHAIR: My last question is this—it's the big question, as it were. Agriculture and horticulture are such important issues for Australia. Take us out of the COVID-19 pandemic and assume a return to normal times, why is it—and we're not the only country—that we have such difficulty attracting people to do this sort of vital work? Are there some lessons from overseas that we can benefit from so that when we return to the ordinary course of business we are able to deal properly with the labour supply, or should we be comfortable that the sector is so heavily dependent on Pacific island labour, Seasonal Worker Program and the Working Holiday Maker program?

Prof. Holden: It's an excellent and important question. The work is hard and it's based in areas where people might find it somewhat less appealing to live for the long term, notwithstanding the many positive attributes that those regional communities have.

As I suggested in my opening statement, coming here on a working holiday, being legally allowed to work and then spend time travelling around the country is really appealing for a lot of people from other countries. We're essentially selling that right; we're essentially selling visas and the agriculture and horticulture sectors are the beneficiaries of that. It's not dissimilar from when we import T-shirts, or other consumer goods: we have embodied in those goods cheaper labour than if that were performed by Australian workers and we're able to take advantage of that. The lifestyle dividend of Australia is that we can monetise our lifestyle by giving people access to it for a particular period of time and these various short-term visa programs allow that lifestyle dividend to be channelled into specific sectors. I don't think we should be embarrassed or chagrined about that. I think that it's one of the great pluses of Australia and we're finding a way to monetise that for the benefit of the Australian community. The ultimate beneficiaries of this are Australian consumers who can buy great produce at comparatively low prices. That's a benefit that's spread around the Australian community. It's not captured by one specific area or specific locality. The side benefit of that is: it happens to help rural and regional Australia and producers who are battling many other things, including drought and climate change. It's entirely appropriate that we rely on that.

What I think is also embedded in your question is the degree of fragility in that. What we've seen in many parts of the economy, and in many parts of our day-to-day life, during this pandemic is just how fragile some of what we typically take for granted as being available to us is. Thinking forward to: what would we do—let's hope it doesn't happen—10 years from now if a related pandemic were to occur; or there were weather events that caused a serious disruption in the supply of this kind of produce in Australia; how will we deal with that? Long-term planning for that is very important, but I don't think we should see the existing arrangements as something other than things that benefit Australia and that we should take advantage of.

CHAIR: As a final supplementary, one of the issues—and Mr Drum has identified this particularly—is that we have a cohort of working holiday-makers who've effectively done their rural placement already. They've been here for a long time, and we're concerned when the borders reopen many of them will go home. They've done their time; they've seen what they can see in Australia, given the border restrictions and the like. Do you have any suggestions in terms of incentives that we might further consider to encourage them to stay longer?

Prof. Holden: It's a very good question. I think if there was a view that they would be willing, with the right kinds of incentives, to essentially do another stint, as it were, then extending their visa or resetting their visa, or some such arrangement to allow them to do it again, would be entirely appropriate. They would be in the somewhat unique position, just by the fact that they're physically present in Australia, as being like another cohort of workers who were able to come in to do that and who by happenstance we're able to take advantage of, so I think reissuing them with a visa or resetting their visa—I'm not a lawyer; I'm not familiar with the exact way that that would be done, but—essentially giving them a do over to do it again, were they willing to do that, I think would make sense.

CHAIR: Professor Holden, we're really grateful for your attendance here today. You'll be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. Thank you again so much for being here. We're all indebted to you.

Prof. Holden: Thanks to the committee. I appreciate the opportunity.

CHAIR: I'd like to also note my thanks to the deputy chair for taking the reins while I've had to attend to some things, so many thanks to her. There are no further witnesses this afternoon, so I declare the public hearing closed and the next meeting will be at a time and place to be determined.

Mr DRUM: Some of the best leadership we've had in many a month!

CHAIR: That sounds like you, Damien. All the best.

Mr ALEXANDER: Here, here! I agree.

Committee adjourned at 11:31