

Long Term Tourists or Short Term Migrants?

***The Impact of International Working Holiday
Makers (WHMs) on the Tourism Economy of
Mildura in Regional Victoria***

Research Summary: July 2009



Photo: Working Holiday Makers from Europe picking apples in the 'Murray' tourism region of Victoria

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Research Summary

Widely regarded as a key niche component of the total inbound backpacker market, the Working Holiday Maker (WHM) is one of the fastest growing sub segments of international visitation to Australia. Long - term independent travel has now become a widely accepted rite of passage for young people and the WHM visa is a great facilitator of this in Australia.¹ The WHM visa permits young international travellers aged between 18 and 30, from nineteen countries the right to work and travel in Australia for up to 12 months. A second 12 month visa available for WHMs who have worked in specified professions (such as fruit picking) in regional Australia for 90 days.

Between 2004/05 and 2007/08 the number of WHM visas issued increased by 47.7%, from 104,000 to 154,000. Over the same time, international visitation to Australia increased by just 4.5% and significantly, 'non-backpacker' visitation increased by just 3.3%.² This growth in the popularity of the WHM visa runs counter-cyclical to the sluggish international arrival trends evident in the Australian tourism industry in recent years. In response to this, Tourism Victoria has identified WHMs in their '*Backpacker Tourism Action Plan 2009 – 2013*' as the priority backpacker sub - segment for the state.³

Why are Working Holiday Makers important?

WHMs are high yield visitors to Australia and beneficial to total employment. A 2009 Department of Immigration and Citizenship study conducted by Tan *et al* estimated that each WHM spent \$13,218 in Australia over an average 8 month stay, with the total value of the segment estimated at \$1.8 billion. In

¹ O'Reilly, C 'From Drifter to Gap Year tourist: Mainstreaming Backpacker Travel' *Annals of Tourism Research*, Vol 33 (4) 2006, pp998-1017

² Tourism Research Australia (TRA), International Visitor Survey. Superweb data, 2004/05 – 2007/08

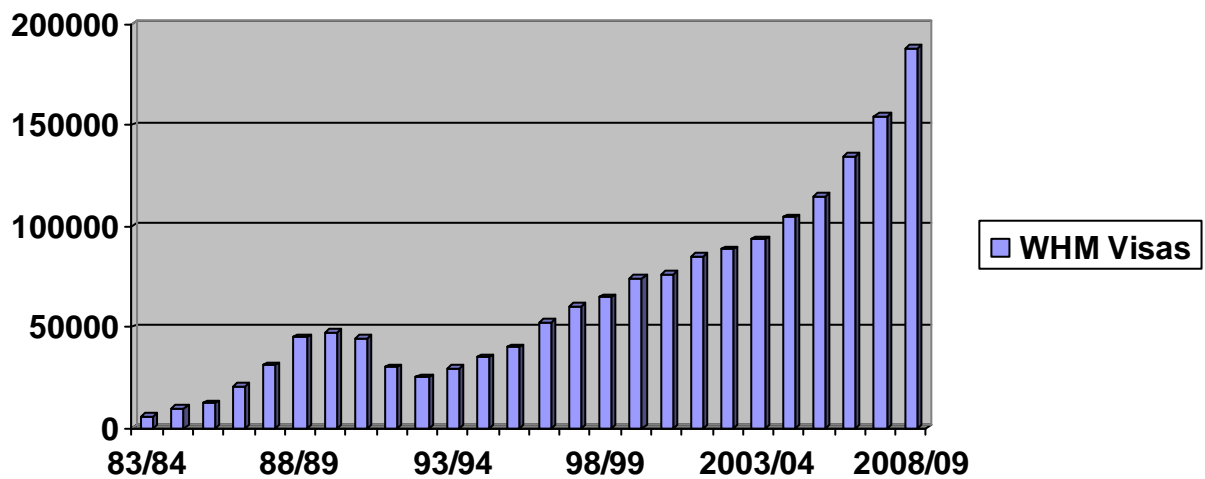
³ Tourism Victoria, '*Backpacker Tourism Action Plan 2009 – 2013*' Tourism Victoria, Melbourne, 2009. p22

addition, the study identified that every 100 WHMs arriving in Australia creates 6.3 full time jobs in the wider economy.⁴

There is a strong perceived correlation between the WHM and the inbound backpacker. The national ‘backpacking industry’ assumes that the majority of WHM visa holders will spend at least one night of their stay in hostel accommodation, thus classifying themselves as a ‘backpacker’ (under the definition used by Tourism Research Australia (TRA)). This assumption is further supported by Tan *et al* who also noted that hostels were the most popular form of accommodation used by WHMs.⁵

The WHM segment however offers significant yield opportunities above that of the wider backpacker travel market. As shown in figures 1.1 and 1.2, recent growth in WHMs to Australia is over three times that of the whole backpacker market.⁶

Figure 1: WHM Visas issued 1983/84 – 2008/09



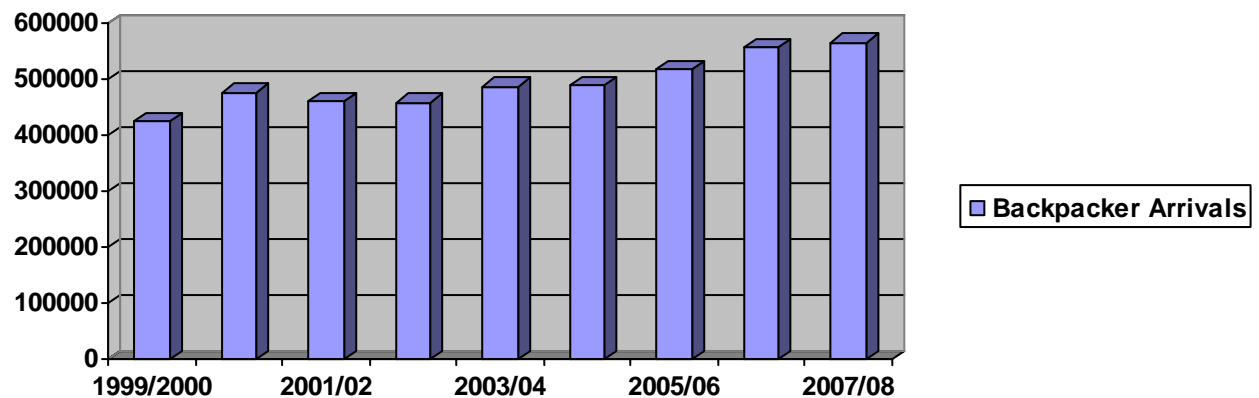
(Source: Department of Immigration and Citizenship)

⁴ Tan, Y, Richardson, S, Lester, L, Bai, T, Sun, L. ‘Evaluation of Australia’s Working Holiday Maker (WHM) Program’ Department of Immigration and Citizenship, Canberra, 2009.

⁵ Tan op cit pp IX

⁶ Between 2004/05 and 2007/08, the segment increased by 15.6%.

Figure 2: Backpacker Arrivals 1999/2000 – 2007/08



(Source: Tourism Research Australia: Superweb)

Tourism Research Australia (TRA) expenditure data estimated the economic value of the backpacker market in 2007/08 at \$A3.095 billion. Therefore it is estimated that around 58% of total backpacker expenditure was generated by WHMs in 2007/08.

WHMs can therefore be described as a fast growing subset of the high yield backpacker segment. Based on the assumption that all WHMs are backpackers, the market share of WHMs in the backpacker market has increased from 21.4% of total visitation in 2004/05 to 27.3% in 2007/08. It is likely that this growth will continue as preliminary data obtained from the Australian Department of Immigration indicates that in 2008/09 there was an increase of over 21% in the number of WHM visas issued, to 187,696.⁷ (see Table 1.1)

Working Holiday Makers and the Tourism Economy

On January 1st 1975, Australia's Working Holiday Maker (WHM) program commenced as part of the general introduction of visas for all international visitors. In that first year approved countries comprised the UK, Canada and

⁷ Department of Immigration. Preliminary data on WHM visas issued 2008/09. Unpublished data.

Ireland. The principle objective of the scheme was to promote international understanding by enabling young people from other countries to experience Australian culture.⁸ Visa holders were therefore entitled to remain in Australia for an extended period of time while they experienced closer contact with the community through incidental work.⁹ By January 2009, the three initial partner countries had grown to nineteen¹⁰ and a further four countries had signed a '*work and holiday*' agreement.¹¹

During 2005 and 2006, the WHM visa changed significantly. Firstly, the holder was permitted to increase the period of work with one employer from 3 months to 6 months.¹² Secondly, WHMs could apply for a second 12 month visa if they spent 90 days working in specified jobs in rural Australia.¹³ In addition, in February 2007 regional construction jobs were able to qualify the applicant for a second WHM visa. These changes had a significant bearing on the travel behaviour of this segment and demand for the visa.

The WHM visa has been a recent success story for the Australian tourism industry with numbers increasing from 64,973 in 1998/99 to 187,696 in 2008/09. (See table 1.1) Tourism Australia has responded to this growth by developing specific campaigns promoting Australia as a 'working holiday' destination in key markets including the UK, Korea, France and Germany.¹⁴

⁸ Report on the joint standing committee on Migration "Working Holiday Makers: More than tourists" Australian Government Publishing Service, Canberra, 1997, pp 8

⁹ Ibid

¹⁰ The WHM Visa countries are: UK, Germany, Sweden, Finland, Norway, Denmark, Estonia, Belgium, Netherlands, Canada, Cyprus, France, Hong Kong, Ireland, Italy, Japan, Korea, Malta, Taiwan. (as at January 2009)

¹¹ The "Work and Holiday Visa" is similar to the WHM visa except it is only available to tertiary educated students and those that have sufficient English language skills. It is also only available for 12 months and cannot be extended by 90 days rural work. As of January 2009 this was available to 18-30 year olds from Chile, Thailand, Turkey and the USA. (<http://www.immi.gov.au/visitors/working-holiday/462/>)

¹² Implemented in July 2006

¹³ Implemented November 2005

¹⁴ Tourism Australia Website, Howell, D. Presentation to BTAP Conference 15 June 2009.

<http://www.tourism.australia.com/content/Marketing%20Resources/Youth%20BTAP%2015%20June%2009.pdf> (accessed 20/7/09)



Photo: Tourism Australia's on-line (MySpace) campaign for the WHM visa in the UK 2009
(Source: Tourism Australia website)

Table 1.1: Australian WHM visas issued 2007/2008 & 2008/2009
(Source: Department of Immigration and Citizenship, 2008 & 2009)

Rank	WHM Visa Country	Visas issued 2007/08	Visas issued 2008/09*
1	United Kingdom	34,147	40,182
2	Korea	32,629	39,506
3	Germany	17,450	20,319
4	Ireland	17,119	22,786
5	France	11,013	16,250
6	Japan	10,605	9,324
7	Canada	8,089	8,737
8	Taiwan	6,132	9,240
9	Sweden	3,912	4,398
10	Netherlands	3,591	3,988
11	Italy	3,567	4,632
12	Hong Kong (SAR China)	1,533	2,715
13	Denmark	1,142	1,220
14	Belgium	977	1,223
15	Finland	928	1,060
16	Norway	694	727
17	Estonia	520	1,248
18	Malta	93	97
19	Cyprus	5	25
	Other	35	19
TOTAL		154,181	187,696

* Indicates preliminary data from the Department of Immigration and Citizenship 2009

The strategic implications of the 2005/06 visa amendments are twofold. Firstly, it made WHMs more attractive to hire as they could be employed for 6 months by one employer, thus expanding the pool of available jobs. Secondly, the lure of the second visa encouraged WHMs to disperse more throughout Australia. As well as providing the opportunity to spend more time in regional Australia, WHMs could now stay in the country for two years, thus spreading their economic benefits further.



Photo: A sign placed outside a hostel in the Mildura region offering backpackers for hire.

In the context of these changes, this study explores the tourism behaviour and contribution of WHM visa holders to regional Australia, via a study on their impact on the tourism economy of the regional Victorian city of Mildura.

WHMs are clearly an important component of the overall international visitor mix to Australia yet they have received little scrutiny either from industry or in academic tourism literature. With regard to academic research, Hansen and Bell have noted in their study of seasonal migration within Australia, that the WHM is principally observed in relation to 'working conditions, worker recruitment difficulties and labour shortages'.¹⁵ Studies

¹⁵ Hanson, J. and Bell, M. 'Harvest trails in Australia: Patterns of seasonal migration in the fruit and vegetable industry', *Journal of Rural Studies*, 23 (2007), pp.101-117. p.103

which focus the WHM within a tourism context are few. Allon et.al, Bushell and Anderson, and Clarke observed the WHM experience in the urban environment of Sydney, the main international gateway for the nation.¹⁶ Bushell and Anderson note that high spending working holiday makers are having an impact beyond the traditional backpacker hostel;

'It is clear that Sydney is attracting a growing number of cashed up working holiday makers who are a lot more affluent and don't mind paying a bit extra to get individual rooms with an en-suite'.¹⁷

Clarke, Hansen and Bell and Allon et.al each situate their analysis of WHMs within the diversity of contemporary patterns of mobility. Clarke describes British WHMs as both 'travelling-in-dwelling' and 'dwelling-in-travelling'.

Allon et.al also found that:

'the working holiday in particular blurs traditional understandings of both the touristic holiday and the everyday world of work and routine to become an unusual kind of residential experience that combines periods of travelling through place with periods of dwelling in place'.

Working Holiday Makers in Mildura

In March 2009, a research team from Monash University led by Dr Jeff Jarvis and Dr Vicki Peel conducted a quantitative research study with 171 working holiday maker visa holders in the regional Victorian city of Mildura. The pilot research study was a jointly funded *Tourism Victoria* and *National Centre for Australian Studies (Monash University)* initiative that is part of an upcoming national Australian Research Council (ARC) – Linkage research grant application on the impact of WHMs on regional Australia for 2010 – 2013. This was the first ever study of WHMs undertaken in a regional Australian context.

¹⁶ Allon, F, Anderson, K, and Bushell, R. 'Mutant Mobilities: Backpacker Tourism in Global Sydney', *Mobilities*, Vol 3, (1) 2008. Clarke, N., 'Detailing Transnational Lives of the Middle: British Working Holiday Makers in Australia', *Journal fo Ethnic and Migration Studies*, 31 (2), march 2005, pp.307-322.

¹⁷ Bushell, R and Anderson, K 'A clash of cultures or definitions? Complexity and backpacker tourism in residential communities' in Hannam, K and Diekmann, A *Beyond Backpacker Tourism: Mobilities and Experiences*, Channel View Publications, Cleverdon, 2009. p291

Located on the Victorian side of the Murray River border, Mildura was selected as the pilot research study destination as a number of previous studies have documented the attraction of the city to WHMs for work purposes.¹⁸ Virtual year-round employment is available for WHMs in a range of agricultural pursuits (mostly associated with fruit harvesting) and a number of 'backpacker' providers have emerged to meet the accommodation needs of the market. The city is also now serviced by budget airlines from Sydney and Melbourne which improves the connectivity of the destination to the main East Coast backpacker trail.

Using a qualitative judgemental sampling methodology, the survey population was interviewed face-to-face. The research was conducted during March 2009 within accommodation establishments within the region. The key findings from the research study are as follows;

Key Research findings

(A) The Impact of WHMs on Mildura

- Mildura is clearly identified as a 'work' destination by the market with 97% of the sample visiting the town only to secure employment.
- On average the WHM visa holders in the sample were long stay visitors, planning to stay in Mildura for 8 weeks (56 nights), with an average planned stay in Victoria of 93 nights.
- WHMs are estimated to make a significant contribution to the domestic economy of Mildura, spending on average \$57.31 per night, \$401.17 per week and \$1604.68 per month. With the average stay

¹⁸ Tourism Research Australia (TRA) data highlights that the tourism region of the "Mallee" (which includes Swan Hill and Mildura) accounted for over 278,000 'backpacker nights' spent within Victoria (and outside of Melbourne) in 2007. Tourism Research Australia (TRA), International Visitor Survey. Superweb data, 2007. See also the 2009 study of WHMs in Australia by Tan, Richardson, Lester, Bai and Sun, which identified the Mildura region as a major 'working region' for WHMs and Hanson and Bell, op.cit.

being just under 8 weeks, each WHM in Mildura is estimated to be worth just over \$3192 to the region.

- The majority of this expenditure was spent within the local economy on accommodation (35.2%) and food and drinks from supermarkets (23.2%) or food and drinks from local cafes/restaurants (10.4%).
- Expenditure on tours or activities is notably slight. Anecdotal observational evidence suggested that few if any 'backpacker style' leisure products were promoted to the segment within the hostel environment.
- The paucity of WHM travel to outlying regions is exhibited in the high percentage that stay only in Mildura (91.7%) with just 8.3% taking either a day or overnight trip beyond the city.
- In total the 'tourism information provision sector' both within and outside of Mildura was only used by 22.5% of the sample with the hostel taking on a more important role (23.7%). Clearly this highlights an information provision breakdown between the existing tourism information providers and the WHM market. This then potentially creates an information 'void' if hostels only provide limited tourism related information on the region.

(B) Who are the WHMs in Mildura?

- The sample of workers interviewed was primarily young, with an average age of 22.7 years, with 76% being under 25 years of age. (The average for all WHM visas issued being 69.5% under 25 years of age)¹⁹ The sample was also dominated by Europeans, with the UK, Germany, Ireland and France accounting for 76% of the total.

¹⁹ Department of Immigration. WHMs Issuance by Age, 2005/2006. Unpublished data.

- Respondents' education level reflected a tendency to travel at the end of a completed course of education (secondary or tertiary). However, over one third of the population were 'career breakers' with a significant number having quit their job and a smaller proportion having taken leave without pay in order to travel.
- The desire to travel before taking on a career and other adult responsibilities was a strong motivation for the sample population of WHMs (73.4%).
- Only 60% of the sample self defined themselves as '*backpackers*' with 17% preferring the title '*independent traveller*' and a further 14% preferring a combination of '*Independent traveller – backpacker*'. The implication here is that the 'badge' of being a backpacker is losing its currency in the market.
- Just over half the respondents agreed that extended travel was regarded as beneficial for young people in their home countries (53.2%).

(C) Attitudes to work and the WHM visa

- Over one third (36.1%) felt strongly that Australia's WHM visa offer was a significant inducement to take an extended trip from home.
- The opportunity to extend their WHM visa by an additional year by working in regional Australia appears to be a strong motivation amongst the sample, with 66% intending to do so. In addition to this a further 15% of those surveyed had already applied for a second WHM visa, so a total of 81% of the WHMs in the sample had already or wanted to extend their visa. This finding indicates that the lure of a second visa is encouraging backpackers to seek work in Mildura and regional destinations and thus stimulates greater dispersion.

- Almost three quarters of the survey felt strongly that the WHM provided a good way to *'experience more of the country'* than if they had arrived as a tourist (73.4%) and the WHM visa *'enabled a closer experience of the Australian lifestyle'* (69.2%).
- There was strong support for the statement that this form of travel was beneficial to personal development (71.6%) and that it permitted maximum traveling freedom (71%).
- The *'social contacts'* afforded by WHM travel was identified as important as over three quarters of the survey believed it was *'a good way to meet other travellers'* (75.7%). Almost two thirds (62.8%) were also strongly motivated by the *'good party atmosphere'* provided by travelling in this form.
- Overall a mix of information sources were used to find work, with *'the hostel'* proving to be the most popular with 57% of the sample using it to identify employment opportunities. In addition, 46% identified opportunities via friends and 44% used the Australian Government's *'Harvest jobs'* site.
- A number of WHMs complained that there was not enough work available for them in the Mildura region, and often they had to wait around for jobs to come up. Concerns were also raised about incorrect information being given to them regarding the availability of jobs.
- During their time in Australia WHMs are clearly adaptable with many undertaking not just manual labour/fruit picking jobs, but also *'bar/retail/café'* work and general *'sales'* work. In considering their interest in future jobs, 64% were interested in further fruit picking, while 48% were interested in bar or retail work.

- Career based professional work was undertaken by just 4.8% of the WHMs surveyed. However it is significant that more than a quarter of WHMs expressed interest in undertaking this kind of work in future (26%).
- Almost one third of the sample of WHMs would consider applying for permanent residency in Australia as a result of their experience.

(D) Travel Patterns in Australia

- The researchers were able to identify that WHMs segment destinations in Australia into three sub categories according to their primary motivation to visit; (a) work, (b) work/leisure or (c) pure leisure. Their behaviour in and therefore their associated impact upon each destination is an area worthy of future research.
- WHMs follow traditional backpacker routes around Australia with the East Coast states of Victoria, NSW and Queensland dominating their intended visitation patterns.
- The average expected length of stay of the WHMs sample is significantly higher than the average stay for all backpackers at 365 days (or 1 year) compared to 73 nights in Australia. (It should be noted here that the strong interest in applying for the additional 'WHM extension' year in Australia, increases the average).
- There is an indication of WHMs stimulating additional visitation to Australia through VFR. Almost half (47%) claimed that they had been visited by friends or relatives whilst on their WHM visa during their stay.

Study Conclusions

From a national perspective, the study has identified that the availability of the WHM visa is an attractive stimulant for many young people to visit Australia. In addition, the lure of the second 12 month WHM visa motivates many travellers to seek work in regional Australia thus increasing their dispersion throughout the country where they make a significant contribution to regional tourism economies.

An opportunity for the Australian tourism industry therefore exists to build on this success of the WHM visa and attract increasing numbers of young travellers.

The research also identified that over 36% of travellers in the sample were taking a 'career break' to use the visa. If Australia is interested in expanding this market, extending the upper age limit from 30 to 35 could provide increased numbers of cashed up 'career breakers' with the opportunity to travel on a WHM visa. This would also provide access to the visa for the growing 'flashpacker' market as noted by Hannam and Diekmann.

'The so called flashpacker has emerged as a new and key constituent of contemporary travel and exemplifies the changing demographics in western societies where older age at marriage, older age of having children, increased affluence, and new technological developments, alongside increased holiday and leisure time have all come together'.²⁰

The study also identified high satisfaction with the WHM visa (despite the difficult job market) with 73% willing to recommend their friends to travel in Australia as a WHM and only 11% of the sample having no intention to return to Australia and 49% intending to return within 5 years. By providing WHM visa holders with the opportunity of obtaining a second visa after spending a minimum of 12 or 24 months back in their home country, such a policy would permit young WHMs who might have used the visa straight

²⁰ Hannam, K. and Diekmann, A. 'From Backpacking to Flashpacking: Developments in backpacker tourism research' in Hannam, K and Diekmann, A (eds) *Beyond Backpacker Tourism: Mobilities and Experiences*, Channel View Publications, Cleverdon, UK, 2009. p12

after completing school to return later in their 20s. Such modifications to the overall program could expand the number of visas issued and therefore the associated economic benefits.

As for finding work while on the WHM visa, the research identified that only 26% found it easy to find work and only 35% found it easy to search for work in Australia. Given the timing of the study during the global financial crisis, such a result was not unexpected. Interviews conducted by the researchers with growers and hostel owners in Mildura indicated that many WHMs were currently willing to take jobs for 2- 3 months at a time. This Irish backpacker sums up the situation well.

“It (the WHM visa) is pretty good as it is. It is a pity there are not more jobs around. But there is not much we can do about the economy, I suppose.”
18 year old Irish male

The study identified that WHM travellers use a variety of means to seek employment, including hostel, internet sites and face to face meetings. Clearly there is a degree of confusion amongst WHMs on how to find work as the following quotes from British WHMs highlight.

“I found it difficult to find employment in a field that I wanted (office work). I also felt that there was a lot of false advertising (false promises of a base wage, when in fact it was only commission based) and jobs listed under wrong titles, especially the ‘marketing’ jobs.”
25 year old UK Male

“A reliable website on jobs for WHMs needed. One that you do not have to pay to join! Sometimes employers attempt to hire you on false promises, e.g. that you would be paid when you wouldn’t. Some guidelines and more information or advice on the availability of jobs is urgently needed.”
22 year old UK female

From a regional perspective, the study identified that the WHM visa and the availability of the second WHM visa (after working 90 days in regional Australia) drives international visitor dispersion away from the gateway cities and to Mildura with 97% of the WHMs interviewed only coming to the city to work. Therefore Mildura currently plays a significant role in assisting the

dispersion of backpacker nights and expenditure within Victoria and outside of Melbourne as it attracts a significant number of long staying, high yielding visitors. Data from Tourism Research Australia (TRA) identifies that approximately 54% of all international visitor nights in the city are attributable to 'backpackers' the majority of whom would be WHMs.²¹

The study identified that the mobility of WHMs around Australia is motivated by their desire to find work or leisure opportunities. Therefore destinations in Australia can be segmented into either (a) primary work destinations (b) both work and leisure destinations and (c) primary leisure destinations. Further research is required on this aspect of WHM mobility to evaluate their impact on each category of destination.

The arrival of the WHMs in a regional destination such as Mildura also stimulates industry development. Although this research study did not look specifically at supply side issues, it was observed that a viable backpacker hostel industry has established in the region in response to the seasonal work opportunities available.

However, despite the proximity of key tourism attractions such as the Murray river, the outback town of Broken Hill and the world heritage site of Mungo National Park being, there is a lack of suitable tour product development such as the small 'WHM/backpacker tours' that are typically found in backpacker leisure destinations. A number of travellers bemoaned the lack of 'something to do' outside of their working hours in Mildura:

"Travellers need to have better pay, and there needs to be more to do in Mildura, especially for backpackers"

19 year old Italian male

An opportunity therefore exists for the city of Mildura. If it wishes to further harness the benefits from hosting 'working' WHMs, the city should aim to

²¹ 'Tourism Profiles for Local Government Areas in Regional Australia: Mildura Rural City', Canberra, March 2008, Tourism Research Australia.

become a regional hub and 'gateway to the outback'. This can be achieved by building on the existing 'work focused' infrastructure and by increasing the 'leisure' product options available within the wider region in both NSW and Victoria. This would then increase the length of stay and regional economic impact of the existing WHMs as well as potentially attracting additional backpackers for leisure activities.

Further Information on the researchers at the National Centre for Australian Studies at Monash University.

***Dr Jeff Jarvis** has an industry background in international marketing and advertising and has developed an international research reputation in the high yielding segment of independent travellers and backpacker tourism following the publication of 'The Billion Dollar Backpackers' in the mid 1990s. Recently he was invited by the United Nations World Tourism Organization (UN-WTO) to present on the strategic role independent travellers can play in the development of nations.*

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***Dr Victoria Peel** has a research reputation in the combined fields of Australian Studies and Tourism, with particular emphasis on Cultural Tourism, Regional Tourism Development, the Backpacker and Student Tourism markets. Dr Peel's research themes have consistently addressed the issues of historical and contemporary educational and youth travel experiences*

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NB: This pilot study was co-funded by Tourism Victoria and the National Centre for Australian Studies at Monash University. (www.arts.monash.edu.au/ncas) It forms part of an application for further research funding for an expanded national study from the Australian Research Council (ARC) under the 'industry linkage' scheme.

