

**WORKING HOLIDAY MAKERS: MORE THAN TOURISTS —  
IMPLICATIONS OF THE REPORT OF THE JOINT STANDING  
COMMITTEE ON MIGRATION**

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*The Joint Standing Committee on Migration's concerns about the impact of Working Holiday Makers on the Australian labourmarket have yet to be acted on by the Government. However, the rapid growth in the number of temporary workers at a time of labour market deregulation and increased casual and part-time work means that it is urgent that these concerns be addressed.*

This focus of this article is the labour market impact of Working Holiday Makers (WHMs) and 'backpackers' in Australia, and future policy on these groups.

The WHM program including backpacker issues was comprehensively reviewed by the Australian Parliament's Joint Standing Committee on Migration (JSCM) in a major report titled *Working Holiday Makers: More Than Tourists*, tabled in September 1997.<sup>1</sup> The Australian government's formal response to this report is expected in early 1999.

The JSCM report is an important report for several reasons. It is the first Parliamentary examination of the now substantial WHM program since the program started over 20 years ago. It was prompted by concerns about possible adverse employment impacts of the program at a time of continuing high unemployment in Australia, especially youth unemployment. It is also significant for its stance on the issue of regulation versus liberalisation in employment-related temporary migration to Australia. The JSCM report recommends not just retaining existing levels of regulation, but the introduction of new and strengthened regulation to protect the employment rights of Australian citizens and residents. Most notably, the report recommends the introduction of 'significant financial penalties' for employers who consistently

breach visa conditions regarding work for both WHMs and backpackers on visitor visas.

The issue of regulation has been given added prominence recently by media coverage of the Department of Immigration's 'crackdown' on persons working unlawfully as fruit pickers and farm workers in the horticulture sector in the eastern States in February-March 1999; and indications that the Federal government is currently reviewing ways to stop employers from hiring workers illegally, including the option of a bond for visitors regarded as likely to work in breach their visa condition. This option was said to have been floated by the Minister for Immigration.<sup>2</sup>

**WORKING HOLIDAY MAKERS AND  
BACKPACKERS**

WHMs are foreign nationals aged 18-30 years on a specific subclass of visa called a 'Working Holiday' visa (Class 417) which includes work rights in Australia subject to certain conditions summarised below. In 1997-98, up to 55,000 WHM visas were to be issued with a similar number expected in 1998-99.<sup>3</sup>

'Backpackers' are not the same as WHMs although the terms are often used as though they were. 'Backpackers' is not a visa class but a term used by the tourism industry in tourism research and marketing. *Backpackers* are defined as

'international visitors who spent at least one night in hostel type accommodation'.<sup>4</sup> Backpackers can include WHMs but also others on different visas including visitor visas which expressly prohibit work in Australia.

In 1995-96, there were some 223,000 backpackers so defined who arrived in Australia including an estimated 40,200 (18 per cent) who were WHMs. Nearly three quarters (73 per cent) of all backpackers are aged 20-30 years.<sup>5</sup> More recently, there has been strong growth in the backpacker market against the trend of a slight decline in the overall international tourist market into Australia. In 1997-98, backpacker numbers reached 315,000, an increase of over 40 per cent in just two years.<sup>6</sup>

#### **THE WHM PROGRAM: SUMMARY**

Australia's WHM program commenced in January 1975 and its principal objective 'is to promote international understanding by enabling young people to experience the culture of another country'.<sup>7</sup> Since it began, the Australian WHM program has been essentially a holiday scheme with work intended to be 'incidental' to the holiday purpose.

WHM programs are relatively rare around the world. The Joint Committee found that most countries 'have no equivalent of a WHM visa and do not allow a mixture of work and tourism for visitors'.<sup>8</sup> Out of 59 other countries surveyed, only 10 had working holiday maker or similar programs. Australia had reciprocal arrangements with some seven of these, known as 'agreement countries': the UK, Japan, Canada, the Republic of Ireland, the Republic of Korea, Malta and the Netherlands. The other three countries were New Zealand, Hong Kong and Malaysia where the programs were very much smaller than Australia's.

The Committee considered the reciprocal nature of the WHM program to be its centrepiece. These WHM programs are reciprocal in the sense of allowing young Australians and nationals of these 'agreement countries' to travel and work in each other's countries. But the terms and conditions of the WHM visas applying to Australians differ greatly, with some more and some less restrictive. Interestingly, Australia was the only country which issued some WHM visas to nationals of so-called 'non-agreement' countries where there were no reciprocal arrangements allowing young Australians to visit and work.

#### **WHM visa conditions**

The Migration Regulations set down various conditions relevant to the issue of an Australian working holiday visa (visa class 417). These conditions emphasise that the principal objective of the program is an extended holiday, with work being 'incidental' to that holiday.<sup>9</sup>

Key features of the WHM visa regulations are that the initial visas are only issued offshore and:

- are generally restricted to young persons aged 18-30 and particularly 18-24 year olds who comprise around 90 per cent of all WHMs;
- allow for a maximum period of stay in Australia of up to 12 months;
- permit the WHM to legally work in Australia for the full 12 months, notwithstanding the principle of work being 'incidental' to the holiday;
- allow WHMs in Australia to remain in full-time work with any one employer for a maximum period of three months, unless written permission is obtained from the Department of Immigration and Multicultural Affairs (DIMA) to extend beyond three months (the 'Work Condition');

- allow any study in Australia in a course of up to 12 weeks duration full-time (or an equivalent period of part-time study), provided that study is not the primary purpose of their stay in Australia;
- allow WHMs to change their visa status onshore from WHM to other visa categories including to employment-related Temporary Resident categories such as Business (long stay); and from December 1998, to student visas (for longer study courses) where the WHMs are from low risk gazetted countries.

WHMs pay tax on income earned in Australia at the same rate as other non-residents (29 per cent), and pay the Superannuation Guarantee Charge (as a percentage of wages paid) on the same basis as Australian residents.

#### Program numbers and trends

The number of WHM visas issued for entry to Australia has grown very substantially — from less than 2,000 in 1975-76 when the WHM program was established to the 1997-98 visa target of 55,000, mentioned above. The numbers have fluctuated over the years (see Table 1), peaking at 45,100 in 1988-89 before falling to some 26,000 in the early 1990s recession. Since 1992-93, the number of WHM visas has been steadily increasing. The JSCM report notes increasing interest in the visa, including from backpackers who learn of the WHM visa only after arriving in Australia on a visitor visa.

Table 1 also shows that in the 1990s Australia consistently issued more WHM visas for travel and work in Australia than were issued to Australians wishing to travel and work in other agreement countries; and second, that this WHM visa ‘imbalance’ is growing. In its sub-

**Table 1: Working Holiday Makers: visas issued by Australia (to foreign nationals) and visas issued to Australian residents (by ‘agreement’ countries), 1985-86 to 1997-98**

	WHM visas issued BY Australia (offshore) '000	WHM visas issued TO Australian residents <sup>a</sup> '000
1985-86 <sup>b</sup>	12.3	n.a.
1986-87 <sup>b</sup>	20.3	n.a.
1987-88 <sup>b</sup>	20.3	-
1988-89	45.1	-
1989-90	41.5	-
1990-91	39.9	-
1991-92	25.9	19.2
1992-93	25.6	22.5
1993-94	29.6	19.9
1994-95	35.4	24.1
1995-96	40.3	22.5
1996-97 <sup>c</sup>	50.0	-
1997-98 <sup>c</sup>	55.0	-

<sup>a</sup> Data relates to calendar year, e.g. 24.1 refers to calendar year 1994

<sup>b</sup> Arrivals of WHMs in Australia (first entry), not visas issued.

<sup>c</sup> Target number of visas to be issued – actual arrivals not available.

Source: JSCM report, 1997; National Population Council, 1991

mission to the JSCM inquiry, DIMA pointed out that care should be taken in comparing incoming and outgoing WHM numbers.<sup>10</sup> This is largely because UK arrangements allow a two year maximum stay for Australian WHMs (but permit work for only 12 months maximum).

Table 2 presents incoming and outgoing WHM numbers by major countries for 1995-96. This shows that: both ways, the WHM program is dominated by UK movements; that Australia has an ‘imbalance’ of WHM visas issued with all agreement countries except Canada; and that 3,200 Australian WHM visas (eight per cent of the total) were issued to nationals of ‘non-agreement’ countries.

**Table 2: Working Holiday Makers: visas issued by Australia and visas issued to Australian residents, by country: 1995-96**

Country	WHM visas issued BY Australia	WHM visas issued TO Australians	Difference
UK	20,500	17,500	-3,000
Republic of Ireland	4,300	100	-4,200
Japan	5,600	1,300	-4,300
Canada	3,400	3,500	100
The Netherlands	2,600	100	-2,500
South Korea	600	30	-570
'Non-agreement' countries <sup>a</sup>	3,200	-	-3,200
Total	40,200	22,500	-17,700

<sup>a</sup> Countries with which Australia does not have reciprocal working holiday maker agreements or arrangements.

Source: JSCM report, 1997. See also notes to Table 1.

### THE 1997 JSCM REPORT: KEY FINDINGS

Overall, the JSCM report found that the WHM program, though needing some important modifications, is of 'considerable value' to Australia and should be maintained. This was because the program enhances the cultural and social development of young people; promotes mutual understanding between Australia and other nations; generates important economic benefits; and is an important component of the tourism industry.<sup>11</sup>

### THE EMPLOYMENT IMPACTS OF WHMS

The report's main finding on the employment impacts of WHMs is that: 'although statistical evidence indicates that the overall impact is minimal, they have significant impacts on specific industries in particular regions'.<sup>12</sup>

But the Committee said it was 'hampered' in its review of the program by the lack of information and research on the labour market impacts of WHMs in Australia, a point also emphasised by the Department of Employment, Education, Training and Youth Affairs in its

evidence to the Inquiry. The Committee said that as a result, it was forced to rely heavily on evidence and submissions, and in some cases, on its own experience.<sup>13</sup>

### Overall impact

In principle, the overall or aggregate employment impact of WHMs can be measured by estimating their addition to labour demand (jobs generated by WHM spending in Australia)

compared with their addition to labour supply (jobs taken by WHMs). However the JSCM report does not make a finding on whether the *net* employment impact of WHMs at the aggregate level is positive or negative, apparently due to concerns about the quality of the available data on WHM spending and employment activity.

But the report found that the WHM program provides direct benefits for the Australian economy, through estimated expenditure by WHMs of between \$400 million to \$450 million in Australia in 1996-97 (an average spending of \$8,230 per WHM — which particularly benefits regional Australia because WHMs travel widely and to remote parts of Australia). The report also notes that an estimated 40 per cent to 60 per cent of this spending<sup>14</sup> comes from earnings from paid employment in Australia.

### Sectoral impacts

#### *Positive labour market impacts*

The report concludes that WHMs are an important source of supplementary labour for industries requiring short term casual workers, such as the horticultural industry; and further, that 'in many

instances, their presence is critical at peak times'.<sup>15</sup> In a variety of submissions, the Committee heard that WHMs do not displace Australians from jobs but undertake jobs that Australians are not interested in filling.

Positive attributes of WHMs that made them attractive to employers were said to include that they:

- sometimes had specialist skills and experience lacking in Australian staff.
- were flexible and reliable, mobile, unburdened by family responsibilities, often keen to travel to remote areas of Australia where labour is scarce, and 'less averse to work in difficult conditions (such as fruit picking) than many Australian workers'.<sup>16</sup>

#### *Adverse labour market impacts*

In terms of *adverse* labour market impacts on Australians, the Committee cites evidence of the following practices but was unable to make findings on their extent due to the data and research shortcomings. These adverse impacts include:

- employers refusing to employ, or commit to train, Australians for jobs where they can access a ready supply of WHM labour;
- payment of under-award wages to WHMs, and providing substandard employment conditions, thus putting pressure on Australians to accept these lower rates and conditions just to secure a job;
- employers giving preference to WHMs in recruitment, and using recruitment practices that effectively 'shut out' Australians from jobs, for example by notifying job vacancies direct to backpacker hostels and even arranging transport from the hostel to the worksite;<sup>17</sup>
- WHMs holding jobs longer than the three months maximum with the same

employer, and thereby holding down a long term position and disadvantaging Australians in terms of both employment and training opportunities;

- backpackers (on visitor visas) working with no entitlement to work in Australia, either because they misrepresent themselves as WHMs or because employers are unaware of, or indifferent, to their work visa status.

Some of these practices involve technical compliance with the WHM visa conditions but others involve non-compliance which the Committee considered compounded the adverse employment effects. DIMA suggested that the general level of compliance was high and that the WHM scheme was generally not abused. But DIMA acknowledged that allegations of non-compliance were 'generally brought to its attention through individual complaints'. These included allegations of general non-compliance, tax avoidance, exploitation of WHMs and employers 'circumventing' the work condition.

The Committee found that employers and WHMs were circumventing the work conditions of the WHM visa in two main ways:

- by the use of subsidiary companies, or associated and affiliated companies and subcontractors, and employment agencies; and
- through 'prior arrangements' where employment was pre-arranged with WHMs before they came to Australia, a practice bordering on 'contract labour migration'.<sup>18</sup>

Under the first of these arrangements, an employer would transfer the WHM 'on paper' between different companies (or employment agencies) at the end of three months, while in practice the WHM would continue to work for the same

employer. The JSCM report notes evidence that the use of subsidiary companies was a particular problem in the tourism industry. Under the second, there was evidence that some WHMs have 'pre-arranged itineraries focussing on work rather than holiday', with some tourism companies, for example, advertising Australian-based work opportunities in newspapers and magazines in Japan.

*The 'problem' industries: horticulture and tourism*

The Committee found that claims of adverse employment impacts were particularly prevalent in these sectors, and that both industries had developed a dependence on WHMs as a source of labour, in some cases as 'their primary source of labour instead of a supplement to the local labour force'.<sup>19</sup> Some horticultural industries said WHMs were 'an increasingly important component' of national harvest labour strategies.

But it reserved its strongest criticism for the tourism industry for its practices regarding employment of Japanese nationals on temporary residents visas, including WHMs. The Committee found that continuing problems with Japanese tour guides had the potential to bring the WHM program and the tourism industry into disrepute. The problems included 'breaches of visa conditions and allegations of Australians missing out on jobs' particularly in parts of Queensland.

**The 1997 JSCM Report: key recommendations**

The report makes 41 detailed recommendations covering the focus and rationale for the program, research needs, visa conditions and compliance measures, health, taxation and superannuation charge issues, and action to address the role of WHMs in the two 'problem'

industries of horticulture and tourism.

The key employment-related recommendations of the JSCM report are:

- to reinforce the original intention of the WHM program as essentially an extended holiday or tourist program in which work in Australia remains 'incidental' to the holiday, and to reject calls for the WHM scheme to be 'used either to resolve labour market problems in Australia', or as a 'means to circumvent normal migration processes to remain in Australia, particularly in employment related categories' (this is the report's most fundamental recommendation);
- to reject calls to expand or liberalise the program, based on the Committee's concern about actual or potential adverse labour market impacts;
- to recommend a range of strengthened compliance measures, including increased monitoring activity by DIMA, enhanced investigatory powers for DIMA and a major shift from voluntary compliance to 'significant financial penalties' for employers consistently employing WHMs longer than three months (or backpackers on visitor visas) (the Committee said a 'stronger stand' was needed when job prospects of Australians could be affected, to give 'an appropriate signal about the seriousness with which these matters are viewed';<sup>20</sup>
- for a range of measures specific to horticulture and tourism (detailed below), including that 'consideration be given to restricting temporary residents including WHMs, from employment as tour guides' if a labour agreement is not established within three years (2000).

In the light of these concerns and to help maintain public support for the WHM program, the Committee recom-

mended retaining:

- the cap on the number of WHM visas granted annually, with a review in three years time 'by this Committee's successor' after more detailed research was completed on the labour market impacts of the program;
- the visa condition imposing a maximum of 12 months stay; and most importantly,
- the work condition restricting WHMs to a maximum of three months full-time work with any one employer.

The report also recommends a major WHM research and data collection effort to establish a more comprehensive assessment of the labour market impacts of WHMs, including more detailed information on their educational qualifications and occupational background; and exit research on WHMs, to provide data on WHM experiences in Australia 'focusing on the nature and duration of employment undertaken and the breadth of their travel in Australia'.<sup>21</sup>

#### **The basic focus of the WHM program: holiday vs employment**

Several submissions to the Committee (mainly from business and industry groups such as the Australian Chamber of Commerce and Industry, tourism and horticulture bodies) proposed that the WHM scheme be used openly to solve labour market problems in Australia, or that various terms and conditions of the program be relaxed to facilitate this. In firmly rejecting this approach, the Committee said:

While supporting the working holiday maker program, the Committee is adamant that it should not be used as a basis for solving labour market problems in Australia. The use of working holiday makers as a base pool of casual labour or as a primary source of specialist skills,

such as language skills, may provide a short term solution but is not in the longer term interests of either the relevant industry or the Australian community. In the Committee's view, labour market issues should be addressed through appropriate labour market programs.<sup>22</sup>

Calls to liberalise aspects of the program included submissions urging: no limit at all on the number of WHM visas and that the program should become totally demand-driven (one of the most contentious issues, according to the Committee); that the maximum period of stay permitted be increased from 12 months to 18 months or up to two years; and that the maximum stay permitted for WHMs with the same employer be increased from three months to six months or more.

In each case, the Committee decided against change and in favour of the status quo,<sup>23</sup> particularly on the issue of the 'work condition' prohibiting WHMs from working for the one employer for more than three months full time. Their report said this condition was 'critical' to ensuring that the focus of the WHM program was directed to the holiday rather than the work component; and that, moving beyond the 3 month limit would change the intent of the program away from incidental work supplementing a holiday and would establish a more permanent work relationship to the detriment of Australians seeking jobs.<sup>24</sup>

#### **Enhanced compliance measures**

As noted above, the Committee said 'a stronger stand' was needed, and recommended significant new measures in this area, particularly financial penalties for employers who consistently breach the relevant work conditions — but it also recommended increased monitoring of compliance, and that DIMA acquire enhanced investigatory powers and

‘where appropriate, launch prosecutions’.<sup>25</sup>

In the same vein, the report also recommended DIMA carefully examine any WHM applications where there is a suspicion that the applicant’s main intention in coming to Australia is for employment purposes, or that the applicant is party to an arrangement of pre-arranged or reserved employment. As well, when WHMs apply to change their visa status, DIMA officers should ‘have particular regard to the history of the sponsoring employer’s compliance with the work condition of the working holiday visa’.

In regard to the horticultural and tourism industries, the Committee recommended a series of actions designed to reduce the level of industry dependence on WHMs, and a cooperative approach between industry and government to resolve the issues.

The Committee concluded that ‘the horticultural industry itself needed to adopt a more strategic approach to the labour market issues confronting it’. It recommended chiefly that in horticultural regions which continue to rely extensively on WHMs for seasonal labour, harvest labour strategies be implemented along the lines of the successful strategies developed (jointly with government) in other harvest regions (such as Mildura, the Goulburn Valley and the Riverina). It also recommended that a coordinated national strategy be developed for harvest labour recruitment, to help provide unemployed Australians with year long work.

In the case of the tourism industry, the report recommended several measures ‘to resolve existing difficulties associated with the employment of temporary residents, including working holiday makers, in the tourism industry, particularly as tour guides’, and observed that similar

issues applied to other tourism-related areas such as sales staff in duty free stores. The main problem was with the use of Japanese temporary entrants by the industry, and the Committee’s recommended action was:

- that a working party be set up to develop TAFE courses and labour market strategies to ensure the staffing needs of the tourism industry are met principally by Australians (the working Party would involve tourism industry, government and union representatives);
- that in relation to tour guides, a labour agreement be established within three years which would allow for temporary entry of specific numbers of foreign nationals and employer commitments to employ and train Australians as bilingual/multilingual guides. If a labour agreement was not established within three years, then ‘consideration be given to restricting temporary residents including working holiday makers from employment as tour guides’.

The tourism industry is the only sector where the Joint Committee raised the option of restricting employment of temporary residents, unless satisfactory progress was made towards employing Australians (as tour guides).

#### **GOVERNMENT RESPONSE TO THE JSCM REPORT**

At the time of preparing this article, a detailed response by the government to the JSCM report had not been made, but such a response is expected in early 1999. It is understood that further attention is being given to the report’s recommendations for strengthening the compliance measures (including proposed financial penalties for employers), and the issue of WHMs from

non-agreement countries. It is not clear whether any action has been taken in relation to any recommendations including the tour guides issue.

#### **MORE RECENT RESEARCH ON WHMS AND BACKPACKERS**

In 1997 the Bureau of Tourism Research (BTR) released a survey on backpackers. This provides important data on WHMs additional to those available for the JSCM report. It appeared two years after a similar survey conducted by Jill Murphy for the former Bureau of Immigration Research and in many respects provides better quality information.<sup>26</sup> The BTR survey findings tend to confirm that the Joint Committee was justified in its concerns about the labour market impacts of WHMs.

The BTR survey suggests that the overall economic benefits of WHMs are less than previously estimated. Unpublished data from the BTR backpacker survey analysed for this article shows that in 1995-96:

- average spending in Australia by WHMs was considerably lower than previously estimated (\$6,410, or only around 80 per cent of the \$8,230 estimated by the 1994 Murphy study);<sup>27</sup>
- total WHM spending was just under \$260 million.

As noted earlier, the JSCM report found that (based on the Murphy study and DIMA estimates) total WHM expenditure in 1996-97 was an estimated \$400-450 million. But based on the BTR survey findings, WHM spending in 1996-97 would have been only 80 per cent of this figure, or around \$320 million.

As a result the benefits of WHM expenditure for the generation of Australian jobs is also less than previously estimated. Claims on the part of advocates of the WHM program that it is a net

generator of jobs in Australia must be reassessed in the light of these recent findings.

#### **Sectoral impacts**

The BTR survey did not collect information on the industry sectors where WHMs and backpackers worked, or the kind of work they did. But there are other indications that WHMs are now working in a much wider range of industry sectors, and in a much wider range of occupations, and that WHMs have become more attractive to employers.

Australian publications aimed at the backpacker market now emphasise to their readers the increased range of jobs available, and the employment agency interest in 'travellers'. For example, the Sydney magazine *Backpackers Guide*:

The perception that travellers can only get certain kinds of jobs (fruit picking, waitressing....) is fading fast. As more and more qualified, experienced young people flood into the country, recruitment agencies are taking notice and 'temping' in your specialist field is increasingly common.<sup>28</sup>

Similarly, the December 1998 issue of the backpacker magazine *TNT* has 24 pages of job advertisements and told its readers:

The last two years have seen working holiday makers in this country go from last-resort employees (no pun intended) to sought-after commodities as the Sydney Olympics approach fast. Enjoy our new look and the paid opportunities that go with it!<sup>29</sup>

As shown in Table 3, the *TNT* magazine lists 14 different industry sectors or areas where recruitment agencies are advertising for WHMs, and the going rates of pay.

A recent *Sydney Morning Herald* article on call centres, one of the major

job growth sectors in Australia, noted a similar trend:

Clean work, nightshifts, part-time, casual, full-time — something for everyone it seems. Women, actors, backpackers with Scottish or Irish accents preferred ... in most centres about \$28,000 per year, less in others and perhaps \$34,000 for the skilled workers who solve your computer problem over the phone.<sup>30</sup>

These are just some of the indicators suggesting that WHMs are now moving into a much broader range of employment sectors. Identifying the impact of temporary entrants in these sectors will be a task for the research program on the labour market impacts of WHM recommended in the JSCM report.

The main purpose of this article is to present the key findings and recommendations of the JSCM report on WHMs and backpackers. But the report raises many important issues.

At the broadest level, the report highlights the long term issue of how best to manage and regulate the involvement in the Australian labour market of temporary entrants, that is persons who are lawfully in Australia but are not Australian citizens or permanent residents. These include temporary entrants with work rights such as WHMs and also overseas students, plus others without work rights such as backpackers on visitor visas.

### TEMPORARY ENTRANTS: THE LABOUR MARKET OUTLOOK

**Table 3: Recruitment agencies and temporary rates of pay for WHM/temporary work in Sydney listed in *TNT backpacker magazine*, December 1998**

Employment field	No of recruitment agencies listed	Rates of pay/hour
Office support/secretarial	20	\$14-20
Accountancy, banking & finance	13	Accountancy: \$15-40 Banking/finance: \$15-30
Nursing/medical	11	\$18-26
IT/computing	7	\$20-200
Sales/marketing & telemarketing	7	\$12-45 + bonuses
<i>Au pair</i> /child care	7	<i>Au pair</i> : \$120-200 per week live in Child care: \$15-19 + penalties
Legal	5	Legal secretarial \$14-21
Customer service	5	\$13-16 + penalties
Industrial	4	Engineering: \$20-25
General	4	
Other	4	Construction: \$18-60 + penalties Harvest work: piece rate by negotiation
Hospitality	4	\$11-18
Technical/scientific	2	\$14-25
Insurance	1	
Total	94 <sup>a</sup>	

<sup>a</sup> Includes multiple listing of some agencies which cover several employment fields.  
Source: *TNT Backpacker Magazine*, Sydney-NSW-ACT, No 79 December 1998, p 97-98

This is a major strategic issue for migration and employment policy for several reasons:

- the stock of temporary entrants with potential access to the Australian labour market is already substantial, and is likely to increase even further in coming years;
- changes in the labour market on the demand side mean that access to employment and training by temporary entrants is now easier than in the past, and is likely to become even more easy;
- temporary entrants with work rights (and backpackers) are concentrated in younger age groups where employment is shrinking and job competition is becoming more intense.

As described earlier in this article, the JSCM report has recommended that, at least in the case of WHMs and backpackers on visitors visas who work illegally, the appropriate policy response is tighter regulation — in particular, to introduce and impose ‘significant financial penalties’ for employers who consistently breach visa conditions.

The structural changes identified above (and expanded on below) support and reinforce the concerns of both the Minister for Immigration and the JSCM on regulation of labour market involvement by temporary entrants generally. They also raise issues which are beyond the scope of this article to deal with in detail.

But one key issue is whether the regulatory system in Australia (as in most other countries) will ultimately need to include some form of ‘work rights ID card’. This would assist and protect employers in a labour market environment with increasing numbers of TRs, and offer some protection for Australian residents. To be workable, such a card would inevitably need to be held by all

Australian citizens and residents active in the labour market; and would raise many of the issues last raised in the Australia Card debate in the 1980s.

**Growth in stock of temporary entrants**

The numbers are already very high and are likely to increase substantially over the next five to ten years. This is a direct aim of public policy which aims to achieve continued growth in industries like international education and tourism, and internationalisation of the economy and less regulated international movement of business people generally.

While we are more familiar with *flow* figures on the number of international visitors (or temporary entrants) arriving over the course of a year, the more important figure for labour market analysis is the *stock* of temporary entrants in Australia at any one time. In June 1998, there were just over 420,000 temporary entrants in Australia on any given day. These comprised an estimated 200,000 people with work rights and the balance — some 220,000 — with no work rights, the latter comprising mainly very short stay visitors or tourists but also some longer stay visitors like backpackers. Table 4 shows the composition of these

**Table 4: Stock of temporary entrants in Australia by main visa category, June 1998**

Visa category/class	No. ('000)	%
<i>With work rights</i>		
Student 560	100.6	23.9
WHM 417	35.2	8.4
Business (long stay) 457	31.6	7.5
Business (short stay) 456	7.6	1.8
All others	28.4	6.7
<i>Subtotal-work rights</i>	<i>203.4</i>	<i>48.3</i>
<i>No work rights</i>		
	217.6	51.7
<b>Total</b>	<b>421.0</b>	<b>100.0</b>

Source: Centre for Population and Urban Research, Monash University, drawn from DIMA (unpublished data), 1998

**Table 5: Projected international visitor arrivals and stock of temporary entrants in Australia 1998-2007**

	International visitor arrivals (millions)	Stock <sup>a</sup> of temporary entrants in Australia, June ('000)
1998 (actual)	4.1	420 <sup>b</sup>
Projected <sup>c</sup>		
2000	4.7	490
2002	5.3	555
2004	6.0	630
2006	7.0	735
2007	7.7	810

<sup>a</sup> Includes all temporary entrants, i.e. those with work rights in Australia and those on visitor visas etc with no right to work in Australia. Numbers have been rounded.

<sup>b</sup> DIMA (unpublished data). See Table 4.

<sup>c</sup> Assumes relationship of stock to arrivals in 1998 applies in years 2000-07.

Source: *Forecast: the eighth report of the Tourism Forecasting Council*, Tourism Forecasting Council, November 1998; author's estimates – see notes.

420,000 temporary entrants and indicates that the stock of WHMs in Australia in June 1998 was some 35,200.

Based on the latest Tourism Forecasting Council projections, between 1998 and 2007 the number of international visitor arrivals in Australia will nearly double from four million to 7.7 million, or an annual average growth rate of 5.9 per cent. Assuming the *stock* of international visitors in Australia increases at broadly the same rate, this means that by 2007 there could be over 800,000 international visitors in Australia at any one time, as shown in Table 5.

#### **Demand side changes**

This projected growth in the stock of temporary entrants in Australia will be occurring at the same time as access to employment (and training) in Australia is effectively becoming easier, including for temporary entrants in Australia for relatively short stays. This is due to changes on the *demand* side, particularly the growth of temporary, casual and part-

time work and the relative decline of permanent full-time secure employment, and to changes in the recruitment and training behaviour of businesses and organisations in the private and public sector across virtually all industries.

The growth of temporary and casual work creates more opportunities for people interested in working on that basis. ABS survey data shows just how significant growth has been in this type of work. In NSW between 1991-97, while permanent full-time employment actually *declined* slightly, there was a 50 per cent increase in the number of persons working in jobs that were part-time, temporary or casual

including 'non-permanent full-time work. As a result, in NSW:

- between 1991-97, the proportion of all employed persons working on a part-time, temporary or casual basis increased from 18 per cent to 25 per cent of the total NSW employed workforce (that is, to 685,000 persons);
- most of the growth occurred in 'casual full-time work', up tenfold from just 14,000 in 1991 to 148,000 in 1997;
- over half (52 per cent or 360,000 people) of all people working on a part-time, temporary or casual basis were in the 15-35 year age bracket (where WHMs, overseas students and backpackers are concentrated).<sup>31</sup>

This growth in temporary work reflects moves over the last decade or so to outsourcing and the contracting out of work previously done in-house. This in turn has been associated with a trend for organisations increasingly to recruit their temporary labour through intermediaries like labour hire companies and employment agencies. These agencies generally

become the legal ‘employers’ of the temporary labour, with the legal responsibilities that go along with that employer status — including checking visas and work rights of applicants for work before they are sent to the host organisation requesting the temporary labour.

There has been relatively little study of the impacts of these trends.<sup>32</sup> But as shown in the preceding section, these trends most likely mean that the range of work potentially available to WHMs and other temporary entrants has expanded greatly, and that employment agencies actively recruit temporary entrants such as WHMs to their companies’ books, because WHMs are considered highly marketable and a valuable source of agency revenue in the temporary work market.

At the very least, these trends are likely to increase the level of temporary entrant activity in the job market, and the risk of temporary entrants working in Australia in breach of their visa conditions. As found in the JSCM report, some employment agencies were involved in practices to circumvent the work condition for WHMs. They did this by transferring WHMs ‘on paper’ between different agencies while in practice the WHMs effectively stayed working for the same organisation for more than the three months maximum allowed.

Labour hire companies in the construction industry have also been found by DIMA to be employing Korean workers on visitor visas, people who have no right to work in Australia. The hire companies were sending the workers interstate to work on major construction projects for mainstream national companies.

One sector which raises particular policy issues is temporary entrants’ (including WHMs) access to temporary,

casual and contract employment in the public sector in Australia — at the Commonwealth, State/ Territory and local level. The public sector in Australia has led the private sector in downsizing, outsourcing and contracting out, and is now a major user of temporary, casual and contract labour. Although there are no comprehensive data available, public sector agencies (including agencies within Federal Parliament) are known to have employed WHMs for temporary work, including long-term work. These are often recruited through employment agencies which are legally the employers, but the temporary staff are fully funded by the public sector and work under the direct supervision of public service personnel.

While this may be efficient from the perspective of the individual public sector department, there are questions over whether it is an equitable and sustainable practice. In a climate of high unemployment and where overall job opportunities in the public sector are declining, should scarce public sector opportunities — even temporary ones — be reserved for Australian permanent residents, as are permanent positions in the public sector in most jurisdictions in Australia?

The NSW Government has publicly recognised the issue. Announcing the second stage of the government’s youth policy in 1998 regarding public sector employment, the NSW Premier Mr Bob Carr said that this stage included ‘requesting recruitment agencies to give job preferences to young people resident in NSW’.<sup>33</sup>

The issue does not appear to have been raised in the JSCM inquiry or report, nor did the Committee consider the related issue of whether Australian WHMs have reciprocal rights and are entitled to work in public sector jobs in

overseas countries. The Committee was justifiably concerned about maintaining public confidence in the WHM program. Community attitudes on whether WHMs (and temporary residents generally) should have access to public sector employment in Australia could become more important, particularly if the size of the WHM program expands over time.

### References

- <sup>1</sup> Joint Standing Committee on Migration (JSCM), *Working Holiday Makers: More Than Tourists*. AGPS, Canberra, August 1997
- <sup>2</sup> *Sydney Morning Herald*, 3 March 1999, p. 5; *The Weekend Australian*, 20-21 February 1999, p. 1
- <sup>3</sup> Media release, *1997-98 Working Holiday Maker Program*, Hon. Phillip Ruddock MP, Minister for Immigration and Multicultural Affairs, February 1998
- <sup>4</sup> Bureau of Tourism Research (BTR), *With my swag upon my shoulder: a comprehensive study of international backpackers to Australia*. Occasional Paper No 24, BTR Canberra, 1997, p 1
- <sup>5</sup> *ibid.*, p. 62
- <sup>6</sup> BTR, *International Visitor Survey, March Quarter 1998*, BTR, Canberra, 1998, p. 35. The 1997-98 data are March to March.
- <sup>7</sup> JSCM report, p. 8
- <sup>8</sup> *ibid.*, p. 24
- <sup>9</sup> *ibid.*, p. 10
- <sup>10</sup> *ibid.*, p. 29
- <sup>11</sup> *ibid.*, p. xvii
- <sup>12</sup> *ibid.*, p. xvi
- <sup>13</sup> The main previous research referred to is a 1991 National Population Council study which did not include any survey of actual WHM behaviour in the Australian labour market; and a 1995 study by Jill Murphy for the BIMPR which did include some survey work but which has some major limitations. See also note 26 below.
- <sup>14</sup> JSCM report, p. 45. The source for the spending estimate is cited as DIMA, based on findings of the 1995 Murphy study. The report does not cite a source for the estimated percentage of spending that is earned from paid work in Australia.
- <sup>15</sup> *ibid.*, p. xvi
- <sup>16</sup> *ibid.*, Submission to Inquiry from Australian Chamber of Commerce and Industry (ACCI), p. 40
- <sup>17</sup> JSCM report, p. 46
- <sup>18</sup> These practices were previously identified among duty free stores in a 1994 study by Bell

and Carr and were described as those which 'clearly border on contract labour migration'. See JSCM report, p. 101.

- <sup>19</sup> JSCM report, p. xxxii
- <sup>20</sup> *ibid.*, p. 104
- <sup>21</sup> *ibid.*, p. xvii (Recommendation 3)
- <sup>22</sup> *ibid.*, p. xvi
- <sup>23</sup> But, interestingly, the Committee did recommend easing current restrictions and encouraging more 26-30 year olds in the WHM program (who would be more competitive in the job market).
- <sup>24</sup> JSCM report, p. xxvi
- <sup>25</sup> Currently the DIMA emphasis is on voluntary compliance, including employer awareness campaigns designed to raise awareness of the need to comply with visa conditions, especially the work conditions. The report notes DIMA's view that voluntary compliance is the best way, on grounds that it is 'practical and cost effective'. But DIMA also added that if there were concerns that voluntary compliance was not working, then employer sanctions would be preferable to increased compliance activity because sanctions would be far more effective.
- <sup>26</sup> The BTR study (see endnote 4) was undertaken in 1995-96 with the survey conducted over 12 months by AC Nielsen-McNair. The survey, which is comparable with standard International Visitor Survey (IVS) data, was an 'exit survey' of 1,100 backpackers as they were departing Australia. It was therefore able to collect information (through interview) relating to the entire duration of stay in Australia by backpackers, including spending and paid work. The total number of WHMs captured in the backpacker survey (40,300 weighted) was identical to the actual number of WHM visas issued in 1995/96. By contrast, the Murphy study surveyed the *stock* of WHMs in backpacker hostels at a particular point in time (August 1994) with a self administered questionnaire; and inferred or estimated full-year WHM spending etc, based on spending to date or WHM intentions.
- <sup>27</sup> JSCM report, p. 35
- <sup>28</sup> *Backpackers Guide*, Spring 1998 issue, p. 8 (published in Sydney)
- <sup>29</sup> *TNT Backpacker magazine*, Sydney-NSW-ACT, no. 79, December 1998, p. 97
- <sup>30</sup> A. Horin, 'Working the phones', article on call centres, *Sydney Morning Herald*, 19 September 1998
- <sup>31</sup> Australian Bureau of Statistics, *Part-time, casual and temporary employment, NSW*, Cat. No. 6247.1, March 1998
- <sup>32</sup> See KPMG Management Consulting Pty Ltd, *Impact of the growth of labour hire companies on the apprenticeship system*, Australian National Training Authority, 1998
- <sup>33</sup> 'Premier launches youth week', News release by NSW Premier, 22 February 1998