

The Senate

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Standing Committee on  
Employment, Workplace  
Relations and Education

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Perspectives on the future of the harvest  
labour force

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## Membership of the Committee

### *Members*

Senator Judith Troeth	LP, Victoria	Chair
Senator Gavin Marshall	ALP, Victoria	Deputy Chair
Senator Guy Barnett	LP, Tasmania	
Senator George Campbell	ALP, New South Wales	
Senator Mitch Fifield	LP, Victoria	
Senator Ross Lightfoot	LP, Western Australia	
Senator Anne McEwen	ALP, South Australia	
Senator Natasha Stott Despoja	AD, South Australia	

### *Secretariat*

John Carter,  
Secretary

Tim Watling,  
Senior Research Officer

Lynette Aungiers,  
Executive Assistant

Senate Employment, Workplace Relations and Education  
Committee Secretariat

Department of the Senate

PO Box 6100

Parliament House

Canberra ACT 2600

Phone: 02 6277 3521

Fax: 02 6277 5706

E-mail: [eet.sen@aph.gov.au](mailto:eet.sen@aph.gov.au)

Internet: [www.aph.gov.au/senate\\_employment](http://www.aph.gov.au/senate_employment)



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## Preface

Two moments from this inquiry will be long remembered by the committee. The first was when members, touring an isolated farm just north of Euston on the Murray River, suddenly came across a team of grape pickers hard at work. Taking fright at our unexpected appearance, they fled down the vine rows toward the other end of the field. The committee had been mistaken for immigration officers conducting a raid on illegal workers.

The second moment took place at the Snap Fresh packing company near Bundaberg. During their visit committee members heard that local labour had dried up, and that there was increasing reliance – up to 80 per cent in some areas – on backpacker labour. The committee was told that we had five years to fix up the problem of labour shortages. If it was not done by then, they would be out of the business, in the likely company of other growers in the district. We could look forward to buying imported vegetables.

These isolated incidents highlight only some aspects of the precarious labour supply which growers were anxious to describe. The first incident highlights the temptation to abuse of visa regulations. The second incident highlights the vulnerability of the industry to an erratic labour supply which threatens optimum profit levels in the industry.

In addition, one general impression stands out. In no submission, in no hearing, and in no informal conversation did the committee receive any data from growers on how they perceived the connection between capital investment and labour supply. It appeared to be scarcely worthy of consideration. If there is one indisputable finding of this inquiry it was the unaccountable failure of agribusinesses to factor labour supply into investment decisions in the horticultural industry.

The committee's approach to this inquiry was, first, to establish whether there really is a labour shortage of such seriousness as to threaten the prosperity of the horticultural industry, worth \$6.6 billion in 2003-04. The committee's view at the beginning of the inquiry was that if labour supply projections showed a decline to the point where prosperity levels and investment returns were threatened, it would recommend consideration of radical proposals to deal with the labour shortage. It now appears to the committee that this point has not been reached. There is only scant evidence that the industry is close to reaching a point where there is an indisputable harvest labour shortage.

The committee recognises that labour shortages occur intermittently, and that they occur sometimes at a point in the growing and ripening cycle when produce reaches its optimum market value. It acknowledges evidence of losses to producers which result from not having labour when it is needed. Whether the current level of inefficiency in the labour supply warrants contracting harvest labour from Pacific

Island states is another matter. The committee's view is that under current conditions it is not prepared to recommend that such a scheme should proceed.

The timeframe and course of this inquiry has been marked by developments and events bearing on our terms of reference, and the consequent switching of signals to 'caution' in regard to possible solutions to labour shortages in the horticultural industry. It is difficult for committee members to disregard the influences which affect them as party members at this moment in the electoral cycle. The inquiry has been affected by the Work Choices debate and by heightened sensitivity about entry arrangements for foreign workers other than those which exist already under skilled migration provisions. Any exploration of policy which includes in other categories of entry a proposal for admitting foreign workers is likely to be vulnerable to populist sentiment at this time.

This is understood by both governments and oppositions. It is one reason for the clearly expressed view of the government that a harvest labour scheme which involves foreign workers is out of the question. The reasons for this are, in part, historical, and in part, to do with employment priorities and the 'just wage'. Such views find strong support across the political spectrum.

Recent changes to visa regulations have been generally welcomed by employers as a measure intended to ease skill shortages across all industries. Of particular relevance to this inquiry has been relaxation of conditions under which working holiday visas may be granted. Growers have widely commended this change. The committee has also taken an interest in the conditions under which section 457 visas have been issued. Advice from the Department of Immigration and Multicultural Affairs is that these work visas are issued only to those with minimum recognised levels of skill, and would preclude harvest workers. Nonetheless, the committee recalls informal discussions with growers in remote parts of the country about arrangements in train to contract harvest labour from south-east Asia.

The committee notes that while employers have welcomed these visa concessions, and accepts that it is highly unlikely to affect local employment opportunities in rural areas, they have attracted strong union criticism. This is mainly because of jobs which may be at risk in the construction industry and other, essentially urban and unionised, occupations. Union attitudes to what is proposed in this inquiry have been coloured by their experience in the urban workforce. So far as seasonal harvest labour is concerned, the relaxation of working visas and the introduction of 457 visas appears to be largely irrelevant.

As this report is being drafted it is becoming apparent that there is increasing evidence of unscrupulous exploitation of 457 visas by some labour contract firms and their business clients. The committee commends the introduction of the Migration Amendment (Employer Sanctions) Bill 2006 in response to this abuse, but this may not be sufficient to stem either populist sentiment concerning resultant threats to employment, or prevent the exploitation of foreign workers. The committee believes that the effect of such abuses is to discredit any proposal for an unskilled seasonal



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harvest labour scheme, regardless of the particular circumstances and regulatory regime in which it might operate.

The committee is also of the view that any future *ad hoc* creation of loopholes in current regulations so as to attract more foreign workers into horticulture may not only fail to satisfy future demand for additional harvest labour, but will prejudice the development of more workable policy. Such a policy – at least in reserve - might serve the national interest more broadly should there be clear evidence of the need for imported harvest labour in future. At the present time the committee believes that proposals to use Pacific island contract labour are difficult to consider on their merits.

The important issue of pay and conditions of foreign workers requires mention here although it is dealt with later in the report. Growers repeatedly assured the committee that they were prepared to pay current award rates to anyone who turns up for work and they pay higher wages by way of piece rates. Foreign contract labour was not in any sense regarded as cheap labour. However, it appeared that this was not a view shared by everyone in the industry. Informal discussions revealed that some proponents of a foreign harvest worker scheme anticipate being able to pay much lower than current wage rates. There is strong advocacy for the use of Chinese labour in some areas, which should ring alarm bells for the reason that labour hire companies in that country often exploit their foreign contract workers, in collusion with the firms which employ them. These potential problems would be well understood by DIMA. It is for this reason that the committee believes that should a harvest labour scheme be seriously considered it should be restricted to South Pacific Forum nations and be conducted with high levels of formality and regulation.

This brings us to the south Pacific connection. Several important submissions to the inquiry, while showing an understanding of domestic opinions and perspectives, take a much broader view of the labour market issue. There is strongly held opinion that the entry of Pacific nation workers into the Australian workforce on a seasonal or temporary basis is essential for the economic survival of Pacific nations and to the stability of those societies. The prospect of 'failed states' in the south Pacific is seen by some as a serious challenge to regional security.<sup>1</sup> The committee believes that in the near future an Australian government may need to put aside purely domestic considerations in order to address this problem.

The committee has given more consideration to the current labour needs of growers and producers than to the potential use of Pacific Island labour. The committee had earlier agreed to request government approval for a visit to several Pacific nations. The idea was not pursued because it became apparent that domestic concerns and pressures were paramount in this inquiry. The committee's first priority is dealing with labour and employment matters at home. It is not a foreign affairs committee, and it

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1 See, for example, Dennis Rumley *et al.* (eds), *Australia's Arc of Instability: The Political and Cultural Dynamics of Regional Security*, Springer, The Netherlands, pp.11-22

notes that this issue was admirably dealt with by a Senate committee in a report tabled in August 2003<sup>2</sup>.

The committee notes, however, the strong interest shown in the inquiry by Pacific nations, and recognises, as does the government, that pressure for a changed policy response from an Australian government is likely to continue. It also assumes that the Department of Foreign Affairs and Trade is acutely aware of the tensions between domestic political pressures at home and looming problems of instability in some Pacific states that will sooner or later require serious attention. However, the committee is not convinced by argument presented to it that a labour mobility agreement with Pacific island states would be a likely breach of WTO rules. It is reassured by contrary advice from other authorities. Like any other country, Australia would always act in its own interest. Any obligations to WTO would be set against its priority obligations to the stability of the South Pacific region. Even if GATS were found to apply, Mode 4 of the General Agreement on Trade in Services (GATS) allows WTO members to negotiate limits on foreign temporary workers on a 'most favoured nation' basis.

In summary, the committee has drawn certain conclusions from the evidence it has gathered in relation to horticultural labour shortages and their remedy through the use of Pacific island contract labour.

The first conclusion is that while labour supply is sometimes precarious at the moment, depending on location, the backpacker, 'grey nomad' and other local and itinerant casual labour resources are currently sufficient. The committee heard complaints about temporary shortages, and of problems with timing of harvesting. There were a few unsubstantiated estimates of financial losses, but no detail about the circumstances in which they were incurred. The committee heard no empirical evidence that more than a few farmers on odd occasions have been faced with leaving vegetables in the ground, or fruit on trees and vines because of labour shortages.

That is the position now. The committee is of the view, however, that current labour sufficiency is unlikely to be maintained in view of heavy investment in horticulture and greatly expanded areas under cultivation. The current local labour supply is unlikely to increase, and will probably decline. The backpacker supply is precarious and subject to the vagaries of economic and political events abroad. This is scarcely a sound labour market basis for sustaining an industry which has experienced an accelerated rate of investment over the past five years.

The committee concludes that prudence requires the government to make contingency plans for introducing contract harvest labour as early as five years hence. Governments should not be caught by sudden events and developments which would result in hasty *ad hoc* arrangements, the result of having to make policy on the run.

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<sup>2</sup> Senate Foreign Affairs, Defence and Trade References Committee, *A Pacific engaged*. August 2003

Finally, the committee concludes, on the basis of submissions made, that should a temporary labour scheme become necessary, this labour should come from the South Pacific, under the safeguard of treaties with Pacific nations, and with intergovernmental supervision of contracts, work conditions and other arrangements necessary to protect the interests of the seasonal workforce. The committee has set out its views on such arrangements in Chapter 4.

Unusually, this report makes no formal recommendation in regard to Pacific island seasonal contract labour. It does not, for instance, recommend a trial program - as suggested in a number of submissions - for the reason that much more serious discussion about policy and planning practicalities would need to be done before any trial could be properly evaluated. Chapter 4 deals with a number of these issues, and there would be many more which the committee has not identified. Nonetheless, the committee believes that the prospect for some mobility of harvest labour from Pacific states may become more likely in future. To argue, as some ministers have, that this is inappropriate because it has not occurred before (except under vastly different circumstances nearly a century ago) is to deny the possibility that any policy is subject to change if circumstances require it. The committee sees no point in recommending a less dogmatic approach to this issue: it simply urges the government to have some work done which follows up on the issues canvassed in this report.

The committee commends this report to the Senate.

**Senator Judith Troeth**

**Chairman**



# Chapter 1

## Introduction

1.1 This chapter provides the context in which the discussion and debate about temporary labour schemes takes place. Proponents of a harvest contract labour scheme for the horticultural industry have in mind a new category of visa to enable groups of workers, currently regarded as unskilled, to enter Australia for periods up to nine months. There have been occasional and localised suggestions of this kind raised in various quarters, but the idea saw its first formal proposal in the National Farmers' Federation's (NFF) Labour Shortage Action Plan, announced in September 2005. This plan recommends a joint industry-government feasibility study on the introduction of a guest worker visa program, and sets out many of the specific details which would need to be addressed.<sup>1</sup> A number of these details are covered in this report.

1.2 The reaction to this proposal was not overwhelmingly favourable. Growers, on the whole, gave strong support. The ACTU, reportedly not unsympathetic at the time,<sup>2</sup> has since declared itself to be 'absolutely opposed' to such a scheme,<sup>3</sup> as is the union covering most rural workers, the Australian Workers Union (AWU). The government was plainly opposed to the idea, as later statements from the Prime Minister, the Treasurer, the Agriculture Minister and the Foreign Minister indicated. There has been strong support for a harvest labour scheme from academics specialising in Pacific island affairs. Some of them have been commissioned by industry organisations to conduct research in support of the proposal, which has been referred to in some of the submissions to this inquiry.

1.3 The committee is not aware of any subsequent informal meetings between the NFF and the government on this issue. In the absence of any known government investigation of the issue, it has been taken up by this committee.

1.4 The first part of this chapter describes the place of agriculture in the economy. The second part summarises the current migration laws applying to temporary workers who currently enter Australia for the purposes of work, and describes the operation of the Working Holiday Maker Scheme (WHMS). The remainder of the chapter examines the current debate surrounding temporary foreign labour, and briefly touches on a World Trade Organisation matter.

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1 National Farmers' Federation, *Submission 35*, Appendix D

2 *Australian Financial Review*, 21 November 2005, p.8

3 Australian Council of Trade Unions, *Submission 55*, p.1

## The horticulture industry

1.5 In terms of value, horticulture is the third largest agricultural industry in Australia, behind beef and wheat. It has been growing steadily at an annual rate of 6.6 per cent over the past ten years. In 2003-04, horticulture's gross value of production totalled over \$6.5 billion. The following table illustrates the rate of growth over time:

Annual Contribution of the Horticulture Economy to GDP (\$ million)<sup>4</sup>

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Total Horticulture Sector	3,167	3,227	3,997	4,852	3,483	4,346
Total Horticulture-Input Sector	926	942	1,155	1,395	1,018	1,264
Total Horticulture-Output Sector	1,951	2,033	2,263	2,710	2,337	2,745
<b>Total Horticulture</b>	<b>6,044</b>	<b>6,202</b>	<b>7,415</b>	<b>8,957</b>	<b>6,838</b>	<b>8,355</b>

1.6 The sector is growing, in both production and value, and predictions are that this will continue. Production occurs across the country, but is concentrated in the Goulburn Valley, the Murrumbidgee Irrigation Area, the Sunraysia, and South Australia's Riverland. Significant areas of production also include southwest Western Australia, northern Tasmania, and coastal New South Wales and Queensland.

1.7 Banana, pineapple, mandarin, avocado and tomato production is concentrated in Queensland. Stone fruit, oranges and grapes are frequently grown in New South Wales, Victoria and South Australia, while vegetables, including potatoes, and grapes and stone fruit are farmed in Tasmania. Victoria typically produces pears, stone fruit and tomatoes. Apples and fresh vegetables are grown across all states. The Ord River region of Western Australia and the Burdekin River region in Queensland are centres for vegetable and tropical fruit growing.

1.8 While agriculture's share of total employment has steadily declined since the 1960s, output has almost tripled in the same period, reflecting an average productivity increase of around 3 per cent in recent decades, and the fact that Australia's agriculture sector has one of the highest shares of output of any OECD country.

1.9 Rural and related industries employ over 370 000 workers, contribute 3.2 per cent of Gross Domestic Product, and earn 24 per cent of export revenue. The value of agricultural exports has been growing by an average of 3.5 per cent since 1974-75. The horticulture sector also supports many rural and regional communities through production and processing, and the associated investment and employment in businesses supplying inputs and marketing, packaging and transport.<sup>5</sup>

4 Horticulture Australia Limited, *Submission 11*, p.7

5 Department of Agriculture, Fisheries and Forestry, *Submission 51*, pp.1-10; *Trends in Australian Agriculture*, Productivity Commission, June 2005, pp.xvii-xli

1.10 As a growing sector, but one which requires largely unskilled labour to work in rural and regional areas for short but intense periods of time each year, it is no surprise that some producers find workers hard to find. This has led to calls for the introduction of a special short-stay unskilled visa class and the development of a seasonal contract labour scheme. Proponents of such a scheme point to an opportunity for mutual benefit of both horticultural producers and Australia's Pacific neighbours, who have abundant need of foreign markets for the export of human capital. A successful scheme may also benefit industries associated with horticulture, such as suppliers of fertilisers and manufacturers of tinned fruit. However, there are a number of concerns about how a scheme would operate, possible overstay issues, and whether such a scheme would be viable. A fundamental question is whether a labour shortage exists to the extent that it justifies such a scheme. This is examined in Chapter 2.

### **Current arrangements in relation to foreign labour**

1.11 Different visa classes operate to regulate the entry of foreign labour to Australia. Options for entering Australia for the primary purpose of work are limited to those who hold skills, as determined by the Australian Standard Classification of Occupations (ASCO), which orders jobs according to their level of skill into ten categories. Appendix 4 summarises the kind of occupations covered by each ASCO category. It should be noted from the start that fruit picking and other orchard or plantation work is at the extreme end of the ASCO scale and is regarded as unskilled.

1.12 The visa most commonly used to enter for work is the Temporary Business (Long Stay) Visa, commonly known as a '457', the sub-class under which it is granted. This visa enables employers to sponsor skilled workers for up to four years. Requirements include sponsorship by an employer of good standing, that the position is skilled and pays above \$41 850, and that the applicant has the skills and experience necessary for the position. Only those positions which fall into ASCO categories 1 to 4, the four categories reflecting most skill, are eligible to apply for a 457 visa.

1.13 However, concessions exist for employers seeking to fill positions in regional areas, where vacant positions often fall outside the requirements of the primary 457 visa. Under the concessionary arrangements, employees may be engaged to fill positions falling between ASCO 5 and 7, and award wages may be offered. The employer must demonstrate that the position is one which is genuine, full-time, and cannot be filled locally. This concession requires an employer to obtain endorsement of their application by a regional certifying body.<sup>6</sup>

1.14 Employers may also apply to enter a labour agreement with the Commonwealth, through the Department of Immigration and Multicultural Affairs (DIMA), under which formal arrangements are negotiated to meet special

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6 Certifying bodies differ between jurisdictions, but frequently take the form of economic development boards, state and territory government authorities and departments or chambers of commerce

circumstances not covered by standard sponsorship arrangements. Such agreements enable employers to recruit a specified number of workers from abroad in response to an identified or emerging shortage in the domestic market. These are valid for two to three years. Employers must demonstrate that a domestic shortage exists and that steps have been taken to recruit locally. Employers must make a comprehensive submission describing all the details of the proposed employment relationship.

1.15 The issue of 457 visas has increased rapidly in recent years. In 1996-97, just 9 600 such visas were issued, while in 2003-04, the number had increased to 40 124. Part of the explanation for the growth is the diversification of employment. Whereas previously this visa sub-class was taken up predominantly by professionals, employers needing skilled tradespeople are now taking advantage of its availability. It was submitted that such growth reflects an international trend towards niche migration schemes intended to overcome labour shortages in particular industries at particular times.<sup>7</sup>

1.16 Occupational trainee visas, or OTVs, are available under sub-class 442, and allow foreign nationals to undertake supervised, workplace-based training for up to two years with a view to increasing their level of skill in an occupation. The program should contain a workplace component of at least 70 per cent as well as a theory component. Practical experience amounting to full-time work is not considered occupational training for the purposes of the OTV. Perhaps the best known examples of this type of visa holder are the now departed Fijian tobacco farm workers, who have worked and trained in Victoria over recent years.

1.17 In November 2005, a trades skill training visa was introduced under sub-class 471, allowing those undertaking a new apprenticeship to work and train in regional areas for up to five years, depending on the length of the apprenticeship. Each of these training visas allow applicants to bring with them family members for the duration of their stay.

1.18 Of the category of unskilled or semi-skilled foreign visitors currently working, undoubtedly the most significant group are the working holiday makers (WHMs), entering the country under visa sub-class 417, usually known as backpackers. There are 18 signatory countries to the WHM scheme, and visa holders must be aged between 18 and 30 years, and have no dependent children. Visa holders may work for up to 6 months with any one employer, but must not work for the whole of their visit, and may also study for up to 4 months.<sup>8</sup> Visas are generally issued only once in a lifetime, for a twelve month term, but recent changes enable applicants to

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7 Nic Maclellan and Peter Mares, *Remittances and Labour Mobility in the Pacific: A working paper on seasonal work programs in Australia for Pacific Islanders*, Swinburne University Institute of Technology, Institute for Social Research, p. 27

8 According to the DIMA website, visa holders have a condition limiting work with each employer to 3 months. However, it then states that all visa holders have been granted permission to work for up to 6 months with each employer



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extend their visas having undertaken seasonal harvest work for at least 3 months during their initial stay.<sup>9</sup> The Department submitted that about 15 per cent of WHM visitors undertake seasonal harvest work during their stay. The work need not be consecutive, nor with a single employer, but must be full time. Health and character checks are also applicable, and the committee heard some evidence that health checks, in particular, are onerous and time consuming for those seeking a visa extension.<sup>10</sup>

1.19 Since 2000-01, the number of WHM visas granted has increased steadily, by over 36 per cent. Over 104 000 visas were issued in 2004-05, of which about 30 000 were granted to British nationals, and nearly 18 000 to South Korean nationals.<sup>11</sup>

1.20 While the WHM visa undoubtedly provides a critical source of labour for many growers, this is not its primary purpose. The program exists mainly for the purpose of promoting international cultural exchange by allowing young people to travel and explore other countries and cultures. This accounts for the restrictions on the amount of work which is permitted to WHM visa holders. However, tacit acknowledgement has been made of the importance of backpacker labour by the changes to the program outlined above. As is made clear in Chapter 2, backpacker labour is, in many cases, the single largest source of labour for seasonal producers. The question relevant to this inquiry is whether it provides a reliable and efficient employment base for the industry, in a regulatory context which precludes any other class of unskilled labour from entering the market.

### **Current debate in regard to temporary foreign labour**

1.21 The joint submission from the Department of Foreign Affairs and Trade and AusAID (the DFAT submission) sets out the policy on guest labour schemes. It points out that Australia has not had seasonal worker schemes in the past and is not attracted to them. The submission goes on to say that:

Australia has a global non-discriminatory migration program under which Pacific Islanders have the same opportunities as all others seeking to work in Australia. The present focus of Australia's migration program is on dealing with particular skill shortages. There are currently no mechanisms allowing for the entry of non-skilled workers to Australia. There are, however, opportunities for Pacific Islanders to work in Australia under existing visas for occupational training and for long-term work attachments. We (in conjunction with other relevant Government departments) have encouraged Australian businesses with an interest in the region, through their business councils, to consider how they can use these visa categories

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9 Seasonal work is defined as being any type of work that is seasonal in nature or that is undertaken as the employee of a primary producer, including plant and animal cultivation, fishing and pearling, or tree farming and felling. This work need not be paid work. Seasonal work must be undertaken in a prescribed postcode, and thus identified as regional by the Department

10 See, for example, Mr Tom Martin, *Committee Hansard*, 22 March 2006, p.42

11 Department of Immigration and Multicultural Affairs, *Submission 43*, p.9

to provide greater employment and training opportunities for Pacific Islanders in Australia.<sup>12</sup>

1.22 The DFAT submission argues that Australia's membership of the World Trade Organisation limits its ability to implement 'discriminatory' policies which would advantage any one or more of the 149 member countries over another. The department points out that granting special access to those from a particular area, such as the South Pacific, may provoke challenges from other member countries for similar treatment. This issue is more fully covered in Chapter 3, but some immediate comment is relevant here.

1.23 In their working paper, Mares and Maclellan take issue with the DFAT argument. First, they observe that programs already exist within Pacific Forum countries in regard to temporary labour, for instance New Zealand's Pacific Access program. Second, with the exception of Papua New Guinea and West Papua, the entire population of the Pacific Islands is less than 2 million, so that the pool of temporary workers would be small. Third, it is argued that Australia has itself set precedents for discriminating between countries in regard to access to its labour market, most notably in the case of the Working Holiday Maker (WHM). Any argument that the WHM scheme was never intended to be a labour scheme loses validity when it is observed that growers have become increasingly reliant on backpacker labour, and that the Government has relaxed entry conditions for the purpose of allowing backpackers who choose to work in agriculture to apply for an additional visa in order that they may do so.<sup>13</sup>

### ***The threat to local jobs***

1.24 Other arguments centre on more domestic concerns. Current labour migration policy focuses exclusively on skilled migrants and/or those who have significant capital to invest. Maclellan and Mares call this the 'high skill orthodoxy', and trace its origins to the Fitzgerald Report in 1988.<sup>14</sup>

1.25 Some hold a view that the entry into the labour market of workers from abroad may pose a threat to jobs currently held by Australian nationals. While a simple application of the laws of supply and demand may suggest that this would occur, a closer analysis is required, not least into whether sufficient supply of local labour exists to meet demand.

1.26 Analysis of temporary migrant labour schemes operating elsewhere suggests that far from being a threat to jobs, the introduction of migrant labour actually creates additional positions. Examination of the Canadian Seasonal Agricultural Workers Program (CSAWP), of which a description can be found at Appendix 3, found that

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12 Department of Foreign Affairs and Trade, *Submission 42*, p.3

13 Maclellan and Mares, *op cit*, pp.27-30

14 *ibid*, p.29

each temporary worker engaged in horticulture supports 2.6 jobs in the supply and processing sectors, not to mention the added economic activity that migrant spending creates.<sup>15</sup> The Foreign Agricultural Management Service (FARMS) in Canada estimates that 15 000 foreign seasonal workers coming to Ontario each year generate 84 000 direct jobs and 63 000 indirect jobs within the province. Thus, as Mares concludes, a scheme to bring seasonal migrant workers to Australia could contribute to economic expansion and increase regional employment opportunities, particularly in industries like transport, construction and food processing.

Research on the Canadian scheme suggests that country towns benefit from the multiplier effect of spending by seasonal workers on goods and services, particularly food, entertainment, hardware products and telecommunications (phone cards). A shop owner in the Canadian town of Simcoe says the effect of local spending by seasonal workers is 'literally like Christmas [i]n September'. Seasonal workers are intensive users of banks and post offices (particularly to transfer money), thus assisting local communities to maintain and even expand services which might otherwise be at risk of closure or centralisation in urban areas. The presence of seasonal workers can even have a revitalising effect on local church congregations.<sup>16</sup>

1.27 Preibisch put a similarly positive view, reporting that:

Many of the sales generated by migrant workers stay in the communities: the limited mobility of migrant workers constitutes them as a captive market. A recent study estimated that migrant workers spend \$82 million in rural communities on goods and services to meet their daily consumption needs but also on purchases they take home.<sup>17</sup>

1.28 The other key potential benefit, and one that was put to the committee more than once, is that a secure supply of labour would allow the expansion of the horticultural industry, as confidence among producers is boosted.

1.29 Again, Mares points to the Canadian experience to illustrate the point. In Ontario, where 85 percent of Canada's offshore seasonal workers are employed, horticultural output expanded by 90 percent between 1994 and 2000. Industry groups say that without the offshore labour scheme 'there would be no labour force on the farm, there would be no horticulture industry in Canada.'<sup>18</sup>

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15 Tanya Basok, *Tortillas and Tomatoes: transmigrant Mexican harvesters in Canada*, McGill-Queens Press, 2003, p.146, quoted in Maclellan and Mares *op cit* p.27

16 Peter Mares, *Submission 19*, p.19

17 Dr Kerry Preibisch, *Social Relations Practices between Seasonal Agricultural Workers, their Employers, and the Residents of Rural Ontario*, Executive Summary, The North-South Institute, p.8. The study referred to was conducted by Stevens Associates in 2003.

18 Peter Mares, *Submission 19*, p.19, drawing on personal interviews conducted with representatives from the Ontario Fruit and Vegetable Growers Association

### *The roots of scepticism*

1.30 The Canadian experience is well documented and known to policy makers in this country, but foreign models, however successful, provide unconvincing evidence to opponents of such a scheme in Australia. The committee notes that opposition to a seasonal foreign worker scheme using Pacific workers has roots which extend back before federation. Opposition is in line with traditional union sentiment. The Australian Council of Trade Unions (ACTU) is wary of labour migration, particularly when it is temporary and involves workers travelling repeatedly between their home and host countries to work. On the other hand, the ACTU has seen merit in exploring a migrant labour scheme in circumstances where workers are able to take up permanent residency. To this end, discussions have been held about piloting such a scheme in central Victoria.<sup>19</sup>

1.31 Nor is opposition based on a partisan political divide. This sentiment in favour of permanent migration over temporary or seasonal labour flows is reflected in government statements. The Prime Minister, the Hon. John Howard MP, has been quoted as saying that Australia has always had a 'preference for permanent settlement or permanent migration [and that] there are some fundamental issues as far as seasonal workers are concerned'<sup>20</sup>. Similarly, the Treasurer reinforced these sentiments as recently as July 2006 when he was quoted as saying 'We will take immigrants that can make a valuable contribution and fill shortages that Australians can't, but I don't believe it would be in the interests of the Pacific Island nations and I don't believe it would be acceptable to Australia to ship workers in and out on a short-term basis'<sup>21</sup>

1.32 The basis for this sentiment is not based on the principles which underlie other government policy. A study on labour migration conducted by the Asian Development Bank examined the likely effect on welfare, real GDP and wages in Australia and New Zealand should quotas on skilled and unskilled labour from Pacific islands increase by 1 per cent of total workforce. The paper concludes that Australia would 'gain considerably' from such an increase, as would the Pacific source countries, and that particular benefits could be derived from the migration of unskilled labour. The paper reported that:

In the case of unskilled labour the gains to the Pacific Islanders living in the Pacific Islands increases as the quota is further increased to 2 and 3 per cent respectively. Similarly the gains to Australia and New Zealand also increase as more unskilled labour is obtained from the Pacific Islands.<sup>22</sup>

1.33 Proponents of access to the labour market point out that current economic orthodoxy embraces globalising principles across the board in regard to productivity

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19 Maclellan and Mares, *op cit*, p.28

20 The Australian, *Howard, Clark shut out seasonal workers*, 26 October 2005, p.6

21 The Age, *Costello rules out importing islanders*, 5 July 2006, p.6

22 Terrie Walmsley, Amer Ahmed and Christopher Parsons, *op cit*, p.21

components and the free movement of resources. All advanced economies embrace principles of the free market, even when these are honoured more in the breach than the observance. Australia is not alone in balking at the free movement of labour even though it would result in economic gain. The committee understands and acknowledges that economic principles have to be set against political sentiment which, in the short term at least, will prevail.

### *Overstayers*

1.34 One of the more common objections to the adoption of a temporary labour scheme is that workers will fail to fulfil their obligation to return home at the conclusion of their placement, and will instead 'disappear' into the pool of undocumented migrants. Much was made of this fact in the submission of the Department of Immigration and Multiculturalism (DIMA). The committee does not see the relevance of this information to any entry and exit compliance procedures that would be instituted if a harvest labour scheme ever came into operation. The committee would be confident, in that event, of DIMA producing a workable compliance process.

1.35 Currently held fears about contract harvest workers absconding to Darlinghurst and St Kilda are unfounded because the rationale for entry would be entirely different. Maclellan and Mares draw on a Canadian Foreign Agricultural Managements Service report in which only 221 of 15 123 workers who entered Ontario<sup>23</sup> as seasonal agricultural workers in 2004 went absent without leave. Of this 1.5 per cent, some would almost certainly have returned home early, rather than remain illegally in Canada. Like other similar schemes, the prevalence of overstaying is reduced through the manipulation of the entry guidelines. Male workers who are married with children are deemed to be least likely demographic to overstay, and in some cases, are the only class of persons eligible to apply.<sup>24</sup>

1.36 Selective enlistment is perhaps not the single most important factor in reducing overstay rates. A number of commentators argue that workers are more likely to return home confident in their eligibility to return to work the following year's harvest. As noted by the United Nations in its World Economic and Social Survey 2004:

The programme is strictly seasonal and allows for a stay in Canada of a maximum of eight months. It does not open any right of access to more permanent status but allows for the possibility of recirculation or re-entry through the programme if the workers demonstrate good behaviour, in other words, if they comply with the requirements. This partly explains the lower

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23 Between 85 per cent and 90 per cent of Canada's foreign labourers work in Ontario

24 Foreign Agricultural Management Services (FARMS) Regional Report, *Caribbean/Mexican Seasonal Agricultural Workers Programs as of 31 December 2004*, referred to in Maclellan and Mares, *op cit*, p.30

number of overstayers compared with those in other similar programmes. While in Canada, workers cannot seek alternative or additional employment or transfer to another farm without government approval.<sup>25</sup>

1.37 Maclellan and Mares draw a comparison with a scheme which ran in Britain to offer final year university students from non-EU countries the opportunity to work in agriculture, and which had an overstay rate of 10 per cent. In this case, it is argued, the 'one off' nature of the opportunity elevated the temptation to overstay.<sup>26</sup> The issue of overstaying is further discussed in Chapter 4.

1.38 The committee makes the obvious point, however, that any seasonal contract labour scheme may include entry and exit formalities with a degree of stringency which does not exist for current visa categories. This issue is also dealt with in Chapter 4, though it needs to be stated that objections to the scheme in principle cannot be justified on the basis of current compliance rates.

1.39 Finally, the recent World Bank report gives an added perspective to this issue, drawing on experience elsewhere in the world:

The paradox of tough border controls is that they induce undocumented migrants to stay in the host country much longer than they might otherwise have chosen to do by raising the financial cost and personal risk of movement. In the 1980's the estimated length of stay of undocumented Mexican migrants in the United States was three years; but by the late 1990's, after the major fortification of the border, it had blown out to nine years. Migrants fear that if they leave, then retuning may be impossible.<sup>27</sup>

1.40 The committee makes the point that it is likely that the combination of select recruitment, rigorous compliance rules, and the financial incentives will ensure compliance, and of these three, the last is likely to be the most persuasive.

### **More than a labour market issue**

1.41 As stated elsewhere in the report, the committee does not believe that the current labour supply is failing to meet the needs of most growers. Nonetheless, it has set out its view on how a future scheme should operate, should future circumstances prompt a change in policy.

1.42 Both the proponents and opponents of a foreign harvest labour scheme view likely policy developments through the prism of the current 457 visa scheme, including the Commonwealth departments. The main assumption was that the organisation of a scheme would be a matter for growers, probably through grower organisations like the state branches of the NFF, working with labour hire companies,

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25 United Nations, Department of Economic and Social Affairs, 2004, p.130

26 United Kingdom Home Office, *Review of the Seasonal Agricultural Workers' Scheme 2002*, cited in Maclellan and Mares, *op cit*, p.31

27 The World Bank, *at Home and Away*, 2006, p.133

presumably with some direction from DIMA on gate-keeping and compliance issues. Academics, with some knowledge of practice in other countries, and probably having reflected for longer on such details, saw the process as more challenging.

1.43 In Chapter 4 the report sets out some principles under which any future harvest labour scheme should operate if circumstances required it. These underlie both mutual benefit and mutual obligation. They would need to be grounded in bilateral agreements between Australia and participating Pacific Forum nations. Embarking on such a scheme would be a foreign relations initiative as much as a labour market initiative. It follows that the contract arrangements would follow from negotiations between governments, and that the practical management of the scheme by growers and labour contactors would need to be subject to a higher degree of regulation than most of them may currently envisage. That is more reason to act in good time rather than in haste.





## Chapter 2

### The question of labour shortages in horticulture

You have to understand that agriculture-horticulture is a peasant industry. We cannot avoid that. All around the world, in every country you go to, it is regarded as a peasant industry ... [P]eople do not want to be out in the sun in the middle of summer doing labour work in horticulture.<sup>1</sup>

2.1 The sentiment expressed above struck the committee as giving an indication of why horticulture struggles to recruit sufficient harvest labour. While there may be social and demographic causes of a labour shortage, there are also residual cultural and attitudinal difficulties. Many growers are aware of this. If only a few growers regard their seasonal workforce as 'peasants', then they are scarcely likely to look to ways of improving wages and conditions in order to attract more labour. The committee acknowledges that a majority of growers would not hold such views, including large family-run concerns which attract a core of long-standing 'regulars' year after year, as well as the newer corporate managed properties. The committee sees the difficulties involved in changing an employment culture where it is needed, but believes that growers and their representative organisations are responsible for doing so, for the benefit of the industry.

2.2 The most important evidence the committee heard during the inquiry concerned the nature and extent of labour shortages in the horticultural sector. Growers put their personal experience on the public record, and the committee held a number of informal discussions with farm managers, growers and investors which revealed a great deal about attitudes and practices in the industry. A characteristic of this inquiry has been the absence of empirical data, and the difficulty of interpreting anecdotal evidence.

2.3 The committee's primary aim was to evaluate evidence to estimate whether a current industry-wide labour shortage is more of a perception than a reality, and to consider whether despite fluctuations in the demand and supply of labour, the needs of growers can be adequately covered by the current pool of labour. This chapter focuses on the first two terms of reference which relate to the nature and extent of labour shortages in horticultural regions, the availability and mobility of the existing pool of labour, and the likely effect of importing seasonal workers from Pacific island nations on the current available seasonal workforce. It reviews the evidence given by growers who described their difficulties finding reliable seasonal labour and the resulting financial strain and loss. It also notes the view that labour supply may be less a problem than inadequate planning by growers: that shortage of labour is usually

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1 Mr Noel Sims, *Committee Hansard*, Renmark, 22 March 2006, p.5

temporary and of short duration. This chapter also examines the nature of the current seasonal workforce, which consists mainly of backpackers, the 'grey nomads' and local workers, and government funded programs including the Working Holiday Maker (WHM) scheme and the National Harvest Trail. The final sections consider evidence from witnesses and published sources to establish whether the industry currently faces a labour shortage or whether it should be taking measures now to overcome any future labour shortage.

### **Seasonal work: a profile**

2.4 Some comments need to be made at the start about the nature of seasonal work. The committee was reminded by a manager of a packing firm on the outskirts of Darwin that seasonal workers are at the bottom of the employment food-chain in terms of wages, conditions and skills. This contributes to the unreliable nature of seasonal work, and the unreliability of seasonal labour supply. Growers stressed that fruit-picking is hard, hot and dirty work requiring long hours exposed to the elements. There is no escaping the fact that harvesting crops – picking fruit, pruning trees, working in a packing shed – is physically demanding work. During the summer months when many crops are ripe for harvest, workers routinely spend eight to ten hours a day, six days a week, in the field. Much of this time is spent up a ladder, bending over or on hands and knees picking fruit and thinning bushes, one row at a time. The occupational hazards of picking fruit are ever-present, especially in the mango industry. The committee was told in detail how sap from a mango cutting, which squirts in all directions, can inflict serious burns when it makes contact with exposed skin.

2.5 The harsh conditions and occupational risks associated with seasonal work were mentioned by a number of witnesses as a key reason why farmers and labour hire firms find it difficult, and sometimes impossible, to attract itinerant workers and the unemployed to seasonal jobs in the horticultural industry. While some growers expressed disdain for the absence of a work ethic among the long-term unemployed, there were also those, and others associated with the industry, who understood the difficulties faced by people in this position who were faced with the prospect of hard manual labour. These circumstances are dealt with in more detail further on in this chapter.

2.6 Backpackers are, for an increasing proportion of growers, the backbone of the harvest labour supply. They are simultaneously growers' most important asset and the source of much of their frustration. The energy of backpackers and their willingness to work long hours is seldom matched by a commitment to stay with one grower to the end of the harvest. The committee heard variations on a familiar theme in relation to backpackers: they have a habit of flocking to the beach when the surf is up. The committee heard of workers, mainly the backpackers and unemployed, lacking motivation to stay on the job for more than one or two days and physically wilting after a few hours in the sun. This is more common in the Northern Territory where the combined effects of heat and humidity take their toll on seasonal workers, most of whom who are ill-suited to working outdoors in extreme tropical conditions.

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## Characteristics of the horticultural industry

2.7 Horticulture in Australia is big business, to the extent that many in the industry consider it an important part of the wider agribusiness economy. Investments from large agribusiness companies such as Timbercorp, SAITeysMcMahon and Select Harvests extend to all aspects of farm management operations from water use and irrigation monitoring to marketing. As one farm manager told the committee: 'We provide the whole value chain from seed to supermarket'.<sup>2</sup>

2.8 The horticultural industry is highly labour intensive, although mechanisation is advanced in some crops, including viticulture (except table grapes) and almond plantations. Despite extensive research no way has been found to strip citrus fruit from trees mechanically, and a range of soft fruits and vegetables also require to be picked by hand. The investment currently taking place at the high technology end of agribusiness cannot overcome growers' reliance on unskilled seasonal workers doing what they have been doing in the industry for hundreds of years; hand picking crops.

2.9 During its visit to Darwin the committee was impressed by the technology which enables the Territory's mango industry to export a small percentage of its crop to the lucrative Japanese market. It has been able to break in to this market by a sophisticated treatment process which satisfies Japan's stringent quarantine requirements. Yet, the multi-million dollar facility inspected by the committee would be useless without a seasonal influx of backpackers to harvest the mango crop in the first place. The risk management factor here is clearly the gamble on labour, with world-class technology dependent on the uncertain labour supply. The labour-intensive nature of horticulture has created new pressures for growers. Domestic and international markets which demand a blemish-free product place the onus on growers to properly train seasonal workers in the art of hand picking crops without damaging either the fruit or the trees. This adds significantly to the cost of recruiting and retaining seasonal workers with appropriate skills and experience.

2.10 Horticulture Australia estimated in 2005 that 17 273 horticultural enterprises employed a total of 64 000 people, or about 20 per cent of the agriculture sector employment, but admits this is likely to be an underestimate. The Department of Employment and Workplace Relations 's 1999 estimate of the workforce was between 55 000 and 65 000 equivalent full-time positions. This would explain the wide variation in estimates. Brebners' Walkabout Australia surveyed the major recruitment agencies and estimated the number of seasonal positions at 175 000. This is also an underestimate because it does not include seasonal workers hired direct by growers and does not include full-time employment.<sup>3</sup> Labour costs average 30 per cent across the industry, but there is wide variation.

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2 Mr Richard Hamley, *Committee Hansard*, Renmark, 22 March 2006, p.17

3 Horticulture Australia Limited, *Submission 11*, p.15

### ***Investment, expansion and future labour requirements***

2.11 Two issues stood out during the committee's hearings and site visits: the scale of investments on the one hand, and on the other, the apparent absence of any systematic planning by the industry on its future labour requirements. The committee is surprised at the industry's apparent complacency in regard to labour-force planning. This is a critical variable in what is (and will remain) a labour-intensive industry. The committee detected an attitude from some sections of the industry that sourcing adequate labour in the future was someone else's problem and that labour shortages would be addressed one way or another by the market.

2.12 The committee is surprised that large investors argue that labour shortages are currently a problem within the industry, yet have not given any serious thought to what their future labour requirements will be and how the new anticipated demand will be met. There is even a concern in some quarters that failure to expand the seasonal workforce will place restrictions on the investment and expansion opportunities of companies which invest heavily in horticulture. A question before the committee as it visited hectare upon hectare of new plantings: 'who is going to harvest the crops when they reach their full carrying capacity, and where is the labour going to come from?' Growers, farm managers and investors were unable to answer these fundamental questions.

2.13 This complacency results in mixed messages being sent by the industry in regard to labour. For instance, Growcom, the umbrella organisation for the Queensland horticulture industry produced a future directions paper with assistance from the Queensland Department of Primary Industries and Fisheries during 2006 which scarcely mentions labour shortages. In a list of 'our responses to the forces of change' there is recognition, among other things, of consumer lifestyle changes, global trade issues, biotechnology, transport and supply chains, but no reference to labour. In a separate list of 15 evolving issues labour shortages come in at number 14. The committee accepts that glossy marketing brochures like Future Directions are targeted at investors, and this might partly explain why many investors in horticulture remain oblivious to the labour issue.

2.14 Growcom assisted the committee to organise its Queensland visits and made a valuable submission to the inquiry, in which it stated that the availability of human capital was a matter of important concern. There was a critical need to take action to reduce the potential for serious risk to the industry in the future. It quoted from its own survey in 2005 of employee perceptions of the reasons for labour shortages. The results included low wage rates, poor image, physical demands, tough working conditions and poor recognition of skills development.<sup>4</sup> The committee notes the consistency between these findings and much of the anecdotal evidence given by the producers whom Growcom represents, but it makes the point that conflicting messages in its future directions paper about the current state and future prospects for

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4 Growcom, *Submission 9*, p.3-4

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the industry in relation to its labour needs do not assist in the making of good public policy.

### ***Wages and conditions of employment***

2.15 The committee was told by some growers that fruit pickers can earn upwards of \$1 200 a week. However, the committee believes that the capacity for seasonal workers to earn this amount is limited. Figures of this magnitude paint a distorted picture of the earning capacity of seasonal work in horticulture. Seasonal workers at the higher end of the income scale within the industry are often among the very small proportion who return to the same employer each year. Their objective is to earn as much money as possible in the shortest amount of time before moving to another region where there is demand for labour, often with little or no warning given to the employer.

2.16 Growers were eager to assure the committee that they paid the award rate as a minimum. That is, if pickers and packers failed to earn the higher piece rates, their safety net was the award. The committee notes that award rates for this kind of arduous work are very low, averaging around \$15 an hour. Coincidentally, that happens to be about the rate that backpackers are prepared to accept, and is probably quite ample for the maintenance of their transient holiday lifestyle. The committee did not receive a great deal of information on pay rates, but it appears that they vary considerably. Yandilla Park, a property near Renmark, submitted that piece-rate workers, once trained, would earn about \$20-25 an hour.<sup>5</sup>

2.17 A submission from an experienced picker argued that the problem of labour scarcity was compounded by the low pay rates offered to locals and domestic itinerant pickers. It was submitted that the setting of piece rates was unrealistic and unfair, and was inconsistently tied to the casual minimum award rate. Experienced pickers would expect to earn piece rates that were consistently above the minimum rate but this was not always so. Some average pickers earn less than the minimum award rate, and it takes years of experience to earn a reasonable income.<sup>6</sup>

2.18 The committee was told by a picker with over 20 years experience that piece rates did not necessarily result in higher wages. This very much depended on the quality of the crop. Orchards vary in quality of management and therefore productivity, which means that some trees are harder to pick than others, due to the variability of quality and ripeness of the fruit. That is, on some orchards, a picker may spend time grading the fruit being picked, thus slowing down the speed at which a bin may be filled. Under these conditions, there may be no advantage to working at piece rates over casual rates. Only during exceptional weeks may an experienced picker

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5 Riverland Development Corporation, *Submission 6*, Appendix 2

6 Mr Geoffrey Becroft, *Submission 50*, p.1

earn well above the award, which would become close to the average wage for the season.<sup>7</sup>

2.19 It is unlikely that many pickers would know by how much piece rates were worth more to them than casual award rates. Piece rates are local and variable, usually subject to arbitrary and sudden change. According to anecdotal evidence they are often set so low as to make little difference to the earnings of pickers, especially when the quality of the crop is poor.

2.20 The committee heard from growers that the cost of labour, primarily through wages and training, represents a significant economic 'burden'. They claimed that they could not pay much more than they did and still cover their costs. The committee believes that growers will always be able to cover costs in normal seasons, even at rates above the current awards. Growers were insistent that bringing workers from abroad would not exert downward pressure on wages and conditions because horticulture could not afford to lose workers to industries like mining, especially in southeast Queensland and in the Northern Territory. Nonetheless, the committee warns that imported labour schemes, unless properly regulated may have the effect of 'quarantining' this industry from the labour market forces that affect all other sectors of the economy. This would be undesirable, and would operate to the detriment of local harvest workers, and possibly to workers in related industries and occupations in the districts where imported labour was used. The committee also believes that the increasing proportion of backpacker labour may already be distorting harvest wage levels. As their purpose in travelling is essentially recreational rather than related to livelihood, backpackers accept low pay as normal. Thus their employment is allowing a downward pressure on wages, even though the inefficiencies of their workforce participation result in additional costs to growers.

### **Investment, expansion and future labour requirements**

2.21 The relationship between investment and labour planning remains, at the conclusion of the inquiry, the one big unknown for the committee. The committee visited properties where large-scale investments that have occurred in recent years are close to full production. However, it was difficult to find aggregate figures on the amount of investment that is occurring in the industry. Nor could the committee find out if investors and the farm managers had calculated their likely profit on the basis of an uncertain labour supply.

2.22 In some places the committee was given a glimpse of the problem. The Swan Hill City Council submitted that 22 major developments had recently commenced in the shire, with almost \$850 million being invested, taking up 23 000 hectares. Much of this was for almond plantations, which are not labour intensive. Even so, the

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7 Mr Geoff Beecroft, *Committee Hansard*, Melbourne, 6 October 2006, pp. 1-4

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estimated additional labour need was for 1 000 full-time equivalent new jobs, and an additional 800 indirect jobs. This greatly exceeds the current workforce of 650.<sup>8</sup>

2.23 Some of the largest investments are occurring in the almond industry. One agribusiness manager told the committee that by the late 1990s the company was managing 4 000 hectares or 7 000 tonnes of almonds. By 2012 this is expected to increase to 20 000 hectares and 50 000 tonnes of almonds. This will equate to a seven-fold expansion in the industry resulting in a seven-fold increase in the demand for labour. Most almonds are grown along the Murray from Robinvale west to include the South Australian Riverland. This is also an area of intense citrus cultivation, which is a labour intensive operation. According to one submission, 50 per cent of naval orange trees along the Murray have yet to come into production. The figure for the Murrumbidgee Irrigation Area is 30 per cent.<sup>9</sup>

2.24 The committee did hear the voice of misgiving on one or two occasions. At the committee's public hearing in Renmark, the Managing Director of one agribusiness company, Yandilla Park Pty Ltd, described how the current agribusiness environment in Australia:

...is undergoing significant change at this time. There is a change in the dynamics of the power base as well and certainly the amount of money that has been invested in that business. We feel that this is a critical point that could be endangered by not having the right policies going forward on availability of labour.<sup>10</sup>

2.25 On a separate but related matter, new and continuing investment initiatives need to be seen in the context of a changing retail trend. The committee was told how over the last 20 years, retailing of horticultural produce has become dominated by the two major retail chains, Coles and Woolworths, which aim to supply, promote, price and move fresh produce off their shelves as quickly and as cheaply as possible. One witness described modern-day supermarkets as 'real estate agents for square metres of shelf-space'. This relentless push by large retailers, foreign and domestic, for a globalisation of supply chains and a consolidation of economies of scale sits uneasily alongside the management practices of most agricultural and horticultural operations. The committee was told that most domestic suppliers are fragmented, with logistics locally based. It is normal for the marketing of fresh produce not to be directed to the end consumer but to take place between the farm and the packing sheds.

2.26 Labour market policy makers in the horticultural industry have some challenges ahead in planning the labour needs of the industry at a time of production expansion and a declining domestic workforce. The committee believes that the government needs to take a bold attitude in considering any long-term planning.

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8 Swan Hill Rural City Council, *Submission 10*, p.1

9 Riverina Citrus, *Submission 17*, p.2

10 Mr Richard Hamley, *Committee Hansard*, Renmark, 22 March 2006, p.16

### ***Likely costs to growers of a harvest labour scheme***

2.27 The question has arisen of whether the cost to growers of having the benefit of assured labour would be worth the additional cost. It is almost certain that there would be additional cost, though much of it may be recouped from the workers. Professor Helen Hughes, a critic of any Pacific labour sourced harvest labour scheme, has included insurance as a new cost to be absorbed, in addition to meal and accommodation costs. The World Bank has estimated additional hourly costs of just over \$2 for workers staying between six weeks and six months.<sup>11</sup>

2.28 The government has estimated much higher costs of up to \$30 per hour, although this does not appear to have had any cost recovery factored in, if news reportage can be relied on. Minister McGauran was quoted as saying: 'if producers offered \$25 to \$30 an hour to pickers there would be a stampede from Australians'.<sup>12</sup> It is not clear from the evidence to this inquiry that such a 'stampede' would be the result, although anecdotal evidence suggests that significant wage increases can attract pickers to farms which advertise them, presumably away from farms which do not offer them. The committee does regard harvest labour as being, in general, too poorly paid. Growers pay poorly because the supply of labour does not seem to be affected one way or the other by wage rates. Growers say that more pay will not attract more workers because only a limited number of people wish to work on the harvest trail. It was not clear however, that this is a claim based on presumption rather than experience.

2.29 There is anecdotal evidence, however, that at least some growers, and particularly large corporate operators, would be prepared to pay a premium for scheduled, organised and reliable labour teams which would be possible under a harvest labour scheme.

## **Characteristics of the current seasonal workforce**

### ***Backpackers, 'grey nomads' and the local workforce***

2.30 Where does harvest labour come from? It depends on location and the produce that is being harvested. Traditionally, the labour market was served for the most part by local people who maintained connections with the same growers year after year. Backing them up was a substantial force of professional itinerant pickers who moved across the country depending on the season. These included shearers and cane cutters. Demographic changes and population movements have seen a marked decline in the availability of this workforce over the past ten years, and this trend continues. As the chart below shows, local labour is still important, but backpacker labour is taking the place of both local and traditional itinerant labour.

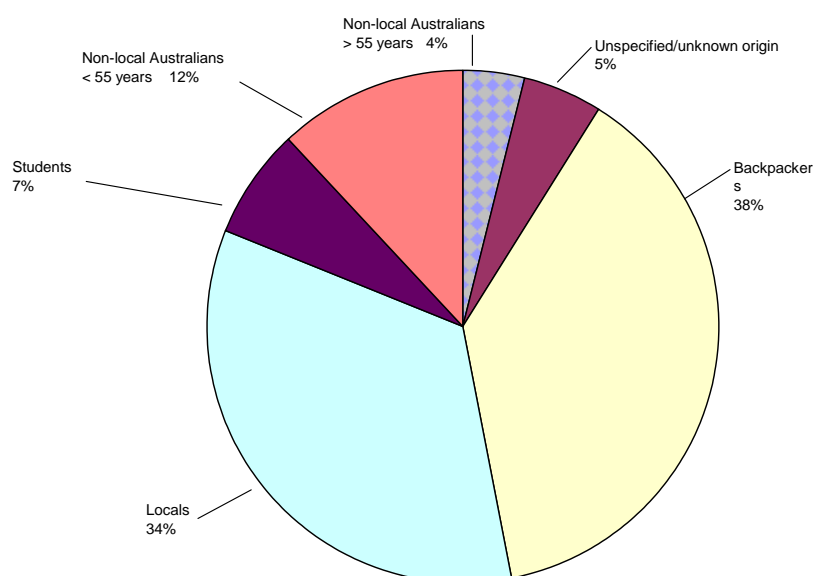
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11 The World Bank, *at Home and Away*, 2006, p.127

12 *Australian Financial Review*, 21 November 2005, p.8



## Sources of seasonal labour



Source: Growcom and Horticulture Australia Limited Horticultural Labour Situation Statement, June 2005.

2.31 There been a clear trend toward increased reliance on backpacker labour as the pool of local itinerant workers and 'grey nomads' appears to be in steady decline. Although the figures vary across regions, backpackers consistently make up approximately 50 to 85 per cent of the current seasonal workforce, a figure which appears to be on the rise. Growers in and around Kununurra in the Northern Territory rely almost exclusively on backpackers. The 'grey nomads' and itinerant local workers would typically make up the remaining 20 to 25 percent of the seasonal workforce. Apart from the high percentage of backpackers who make up the seasonal workforce, many growers rely on a core but diminishing group of itinerant workers who return each year. The number of itinerant workers appears to be declining as the workforce ages, which means that growers are finding it more difficult to attract people with commitment and experience. In a number of cases this is adding significantly to the administrative cost of attracting, training, inducting and retaining workers and causing a loss of farm productivity.

2.32 Backpackers make up the majority of itinerant workers on the harvest trail. The committee found that the view of growers and producers across the country was fairly uniform on the work performance and limitations of backpackers. One labour contractor described backpackers as:

young, fit, attractive, unencumbered, flexible, educated, multi-lingual – in fact, all the things that most employers want. Their demands are few and if they don't work out there are plenty more. I believe that the horticulture

industry will face some stiff competition to attract their services in the future.<sup>13</sup>

2.33 Some submissions pointed out the tax disadvantage under which backpackers worked. Backpackers pay 29 per cent tax compared to a local worker rate of 13 per cent. Studies show that backpackers spend as much as they earn in the local community and are important to local business. The 16 per cent difference 'goes to Canberra and disappears'.<sup>14</sup>

2.34 Backpackers have become a mixed blessing for most growers: indispensable for most of the year on the one hand, yet unreliable during peak harvest times on the other. While most growers depend to a large extent on backpackers to harvest crops, they are not considered the ideal source of labour for a number of reasons. One farm manager in South Australia's Riverland, in referring to backpackers as 'floating labour' on an extended holiday, painted an industry-wide picture which captured the unreliable nature of backpacker labour:

It is a timing thing. For all of us ... it depends on the crop base that is coming off at the time. Apricots come through in November to January. It is a critical time. There are Christmas Holidays, New Year's parties and everything else and basically nobody wants to work. There is a big party in Manly every year that all the backpackers in Australia want to head to, so they all focus on being in Manly. That is a fact of life.<sup>15</sup>

2.35 Notwithstanding the necessity to employ backpackers, Growcom submitted that many growers were reluctant to employ them because they were transient, and limited by the conditions of their visas to a maximum three month employment at any one farm; they usually moved on by the time they had become most efficient; and, because they have a 'working holiday' attitude, they were equally carefree in relation to reliability and work quality.<sup>16</sup>

### ***The National Harvest Trail***

2.36 The government has responded to the increased demand for harvest labour in two ways. It has liberalised employment opportunities for young backpacker travellers, and it funds a network of contracted employment agencies known as the Harvest Trail to have available itinerant labour, mostly backpacker, directed to where it is needed. The National Harvest Guide is distributed to backpackers, 'grey nomads' and other itinerant workers.

2.37 There has been dissatisfaction expressed by some growers as to the usefulness of the Harvest Trail. This is sometimes aired in the rural press and other media. The

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13 Mr Jim O'Connor, *Submission 1*, p.4

14 Sunraysia Citrus Growers Inc., *Submission 23*, p.3

15 Mr Noel Sims, *Committee Hansard*, Renmark, 22 March 2006, p.8

16 Growcom, *Submission 9*, p.8

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Mildura Harvest Trail agency, known as MADEC, submits that most of the criticism directed at it by growers is misinformed. It points out that many growers are not registering with MADEC, but complain when their urgent call for workers cannot be met.<sup>17</sup>

2.38 The Department of Employment and Workplace Relations investigates complaints made by growers. In 2005 it investigated several claims of a shortage of harvest labour which were reported in the media, and found that there was little hard evidence of labour shortages in areas from which the claims originated. DEWR claimed that reports of labour shortages were often exaggerated. They were generated by growers anxious to attract more itinerant labour to their districts. It further suggested that such stories are generated for the purpose of strengthening support for a foreign worker scheme.<sup>18</sup>

2.39 From what the committee is able to glean from the conflicting evidence, the performance of MADEC, and the other agencies in the Harvest Trail network, is not in question. Its approach to its task seems highly flexible and responsive. Dissatisfaction with its performance probably owes much more to an inherent suspicion about the effectiveness of quasi government agencies, and the venting of grower frustration in regard to a whole range of labour shortage issues, many or most of which are beyond the capacity of the Harvest Trail network to deal with.

### **Is there currently a labour shortage?**

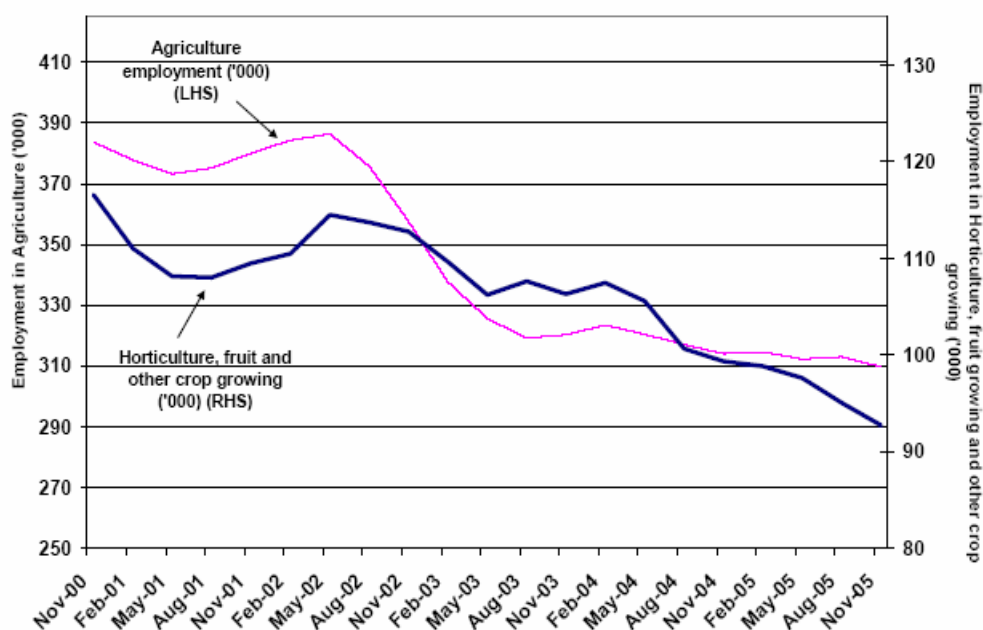
2.40 Employment in the agriculture sector generally has been in decline over the past six or more years because of seasonal factors. The main reason has been the persistent drought, but there are other underlying pressures which will almost certainly mean that pre-drought levels of employment in agriculture will not recur. Farms are being consolidated, and there is a drift from rural to urban employment generally, in line with economic and social trends. The graph on the next page illustrates this trend:

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17 Mr Maxwell Polwarth, *Committee Hansard*, Mildura, 21 March 2006, p.31

18 DEWR, *Submission 30*, Attachment D, p.29

### Employment in agriculture, horticulture, fruit and crop growing, November 2000 to November 2005<sup>19</sup>



2.41 Can the labour shortage be verified through evidence of financial loss to growers? The committee received some evidence that labour shortages resulted in unpicked crops in several areas. Horticulture Australia cited in its submission several instances which were reported originally in research conducted by Mr Peter Mares in 2005. These included: a reported 150 tonnes of asparagus (30 per cent of the crop) worth \$1 million left in the ground on a Queensland farm for want of available labour; lower than expected production at the SPC-Ardmona cannery at Shepparton because insufficient labour resulted in fruit remaining on the trees; and, a Yarra Valley berry farmer forced to drop 6 tonnes of fruit because of a shortage of labour.<sup>20</sup> The submission from Growcom referred to one grower who had been able to demonstrate a loss of \$100 000 in 2005, caused by the loss of 10 000 cases of produce as a direct result of a labour shortage.<sup>21</sup>

2.42 The committee notes that The World Bank has recently reported that crop losses due to labour shortages have been estimated at \$700 million.<sup>22</sup> It appears, from the way in which this estimate is presented, that The World Bank is not endorsing this figure, which is based on estimates supplied by growers associations, and rests ultimately on little more than the kinds of anecdotal evidence that was provided to the committee. It was the experience of the committee, and may be a characteristic of dealings with small businesses and family farms, that hard evidence on financial

<sup>19</sup> Australian Bureau of Statistics Labour Force Data (cat.6291.055.011)

<sup>20</sup> Horticulture Australia, *Submission 11*, pp.18-19

<sup>21</sup> Growcom, *Submission 9*, p.10

<sup>22</sup> The World Bank, *at Home and Away*, *op cit*, p.105

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matters is not easy to prise out of small proprietors. Only such losses as would be compensated for by a statutory entitlement or tax concession would ever be revealed to a holder of public office!

2.43 Therefore, apart from the instances given in preceding paragraphs, financial loss was not widely reported. The committee does not know whether such losses were widely experienced, but it is inclined to believe they are not. Nor have the circumstances of the losses cited above been explained. They may have as much to do with poor labour planning and management than a genuine scarcity of labour. They may also be connected with problems over pay and general regard for harvest workers.

2.44 If anything, the anxiety caused by the competition for labour, and the apprehension that is associated with the success or otherwise of the crop and its harvesting, is more stressful than any real labour shortage. These anxieties compound. Growers described being forced to schedule their cultivation on the assumption of an unreliable labour supply and having to work 40 hours without rest just to stay on top of their business. One farmer from Mildura, having completed a ten-month period harvesting table grapes, explained why growers become highly stressed in their task of employing and managing seasonal labour: 'I now get eight weeks off and I really need it ... [H]alf the labour I have had has been excellent, but for the last 10 to 12 weeks the other half has been an absolute nightmare'.<sup>23</sup> He went on to describe the tension of dealing with seasonal workers who were regularly ill-behaved; who had to be bailed out of prison on drink driving charges, or who had injured themselves while drunk or become drunk during their meal breaks.

2.45 The committee heard that labour-related problems for the industry do not end there. Evidence from the horticultural regions of southeast Queensland and the Northern Territory suggests that competition from other industries, especially mining, is depleting the pool of available labour. Growers are not able to compete with sectors which pay their workers higher wages and where the work is not as physically demanding. Witnesses warned that labour shortages in horticulture will soon reach crisis point, with dire consequences for the industry. The committee was told that demand for seasonal labour is growing steadily on the back of corporate investment and long-term structural change, both of which show no sign of slowing.

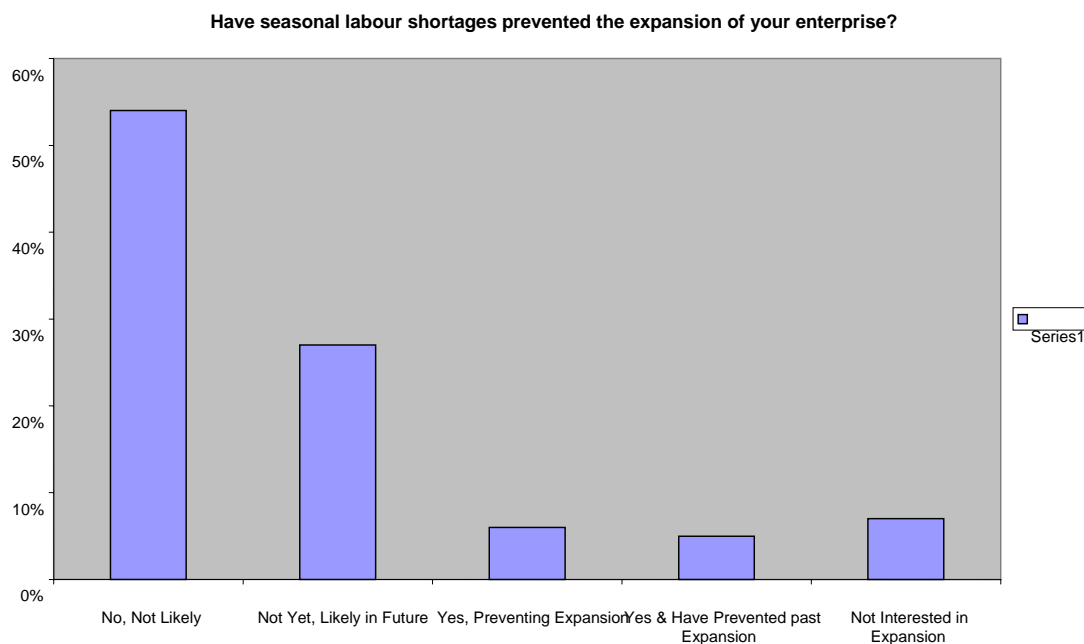
2.46 While many growers admitted to having met their labour requirements during the most recent harvest, they claimed the situation would be different in the next one or two years. Most of the evidence painted a disturbing picture of an industry teetering on the brink of a labour-shortage crisis, compounded by domestic and international pressures. A few of the larger growers and farm managers could estimate what their future labour requirements would be, while others simply did not know and were vague about the extent of the labour shortage when asked by the committee. As the committee travelled the regions talking to farmers and receiving evidence, it navigated

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23 Mr Peter Crisp, *Committee Hansard*, Mildura, 21 March 2006, p.38

its way through gloomy prognoses regarding the industry's ability to attract enough unskilled workers to meet the strong demand for labour that many in the industry have predicted.

2.47 The graph below is of a World Bank survey of grower opinion on the relationship between labour supply and industry expansion.<sup>24</sup> It supports the committee's view that current supply is adequate but that the outlook shows no cause for complacency.



2.48 Yandilla Park Pty Ltd, a large horticulture operator in South Australia's Riverland, submitted that the labour shortage worsens each year. Between May and October 2005, the picker turnover rate was 300 per cent.<sup>25</sup> With a decline in available local labour, Yandilla Park is obliged to rely on more backpacker labour, which is described as a 'reliable source'. The committee believes that perceptions of labour shortage may be more common among those growers facing a sudden transition, over two or three years, from the use of local or regular itinerant labour to increased use of backpackers. For other growers, who have traditionally relied on backpackers, perceptions of labour supply may be optimistic.

2.49 The demand for labour is very high in the Goulburn valley. Growers have commented that the pear crop of around 140 000 tonnes requires at least 2 000 pickers a week for six to eight weeks. Given that 50 per cent of the workforce now comprises

24 Reproduced from *at Home and Away, op cit*, Figure 4.3, p.107

25 Riverland Development Corporation, *Submission 6*, Appendix 2, p.2

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backpackers, the total number of workers involved for those weeks is in the order of 15 000 due to high turnover.<sup>26</sup>

2.50 The question of whether an underlying labour shortage exists is the most important question for the inquiry. There is no clear-cut answer, but as the preface to this report indicates, the committee has, with reservations, come down on the side of the argument which asserts that there is not. Some of that evidence is set out and assessed in this section.

2.51 The committee believes that in the absence of manifestly clear evidence of an unreliable supply of fruit and vegetables which would be apparent to retailers and consumers, there is an onus on growers and producers to demonstrate the validity of a claim of labour shortages. This inquiry was undertaken on the basis of arguments that labour shortages were a problem, and that a radical plan to import unskilled foreign labour was essential to maintain the prosperity of the industry and the supply of fresh produce for both domestic consumption and export markets.

2.52 The committee believes that many growers continue to experience labour shortages at critical times during the year, such as harvesting. Financial hardship will inevitably follow any drying up of seasonal labour, especially growers for whom backpackers on Working Holiday Maker (WHM) visas constitute nearly their entire pool of labour. Yet the committee did not gain the impression that the current pool of seasonal labour, especially among the backpacker population, was about to dry up. There appears instead to be an enthusiastic response to the WHM scheme. The committee has no reason to doubt what growers in each of the regions it visited had to say about difficulties finding reliable seasonal labour. Growers were eager to tell the committee of their genuine concerns not only about getting this year's crop harvested and to the consumer on time, but also about the future sustainability of their industry given the economic and social challenges facing rural and regional areas. The committee heard how the twin pressures of competition from international markets and a domestic market which demands near perfect (blemish-free) fruit is beginning to take its toll, especially on small growers. It is their wherewithal to plant and harvest a crop each year that would probably not withstand a major economic downturn in the industry, whatever the reason.

2.53 A theme running through the evidence is that the nature of seasonal work in the horticultural industry is a major factor contributing to the irregular supply of labour – much of it is physically demanding and peak harvest times often coincide with extreme weather conditions, especially in the Northern Territory. The managing Director of Simarloo Pty Ltd, Mr Noel Sims, told the committee that unless workers are from a rural background, they are not suitable to harvest specific crops. This results in workers being employed 'who in most cases are totally unsuitable for our or anyone else's needs'.<sup>27</sup>

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26 Horticulture Australia, *Submission 11*, p.20

27 Mr Noel Sims, *Committee Hansard*, Renmark, 22 March 2006, p.3

## Attracting unemployed and indigenous workers

2.54 Critics of a foreign contract labour scheme to provide unskilled labour are ready to point to the loss of job prospects or the displacement from the labour market of local unemployed and indigenous people that will result. The committee was careful to raise this prospect with such witnesses who could be drawn to comment on the issue.

2.55 The committee received a strong message that the long-term unemployed appeared to offer no prospect of providing a pool of suitable harvest labour. The experience of growers who dealt with unemployment benefit recipients required to seek jobs appeared to be similar in the major cultivation areas. A Goulburn Valley witness told the committee:

One of the issues with harvest labour is that it is probably not a job that is that suitable for someone who has been long-term unemployed—I am not saying that we do not put them on; we do. We put on everyone who comes through the gate. But it is probably fairly challenging for someone who has not been working for a long period of time. There is probably a place for some scheme that assists them. If we are going to employ them and give them a start again, which we would happily do, there needs to be a scheme that assists them because it is hot, hard, laborious work. For someone who has not worked for five or 10 years, for long-term, entrenched unemployed people, getting their heads around that activity is quite a challenge.<sup>28</sup>

2.56 Labour contracting firm Worktrainers, also from Shepparton, submitted that government policy to get people on unemployment benefits to take up harvest labour should be declared a failure. The majority of people on welfare were incapable of the hard work of picking fruit. Moreover, sending large numbers of incapable workers to a region is a severe drain on local welfare services. This is a case of moving a problem from one place to another, and of being seen to be doing something rather than nothing.<sup>29</sup>

2.57 The committee accepts this argument. Few unemployed people without experience in the field would remain at the job long enough to acquire the necessary level of fitness, or the skill to earn much above the minimum rate. The committee accepts that anyone eligible for unemployment relief would have entered the harvest workforce of their own volition if they were so motivated. It rejects, therefore, the argument that any perceived obligation to the long-term unemployed is a valid reason for rejecting the idea of unskilled foreign labour.

2.58 Indigenous people, 60 per cent of whom are unemployed, are also seen as a potential source of horticultural labour. The evidence for this appears to be based on wishful thinking, as it is for the long-term unemployed generally. The committee

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28 Mr Ross Wall, *Committee Hansard*, Shepparton, 24 March 2006, p.32-33

29 Worktrainers Ltd, *Submission 1*, p.6



questioned indigenous leaders, when it visited Darwin, as to the potential for the involvement of indigenous people in the industry in the Northern Territory where growers are hard pressed to find labour and where the dependence on backpackers is most evident. The response to the suggestion was unequivocal. The Deputy CEO of the Northern Land Council told the committee that:

[S]easonal short-term low-paid labour that is not on Aboriginal land does not fit the profile of the stated aspirations of most Aboriginal people in the Northern Territory, nor does it fit within the parameters of the jobs and career service or the stated aims of the Northern Land Council.<sup>30</sup>

2.59 The committee heard later from the Northern Land Council of instances of indigenous people from missions working in horticulture; of regular grape harvesting trips from the Hermannsburg Mission to the Barossa, and of similar expeditions to the Riverina and Victoria. These were cited as past instances of success, with no suggestion that they should be repeated.

2.60 From informal conversations with growers, the committee heard that indigenous workers in the industry were quite rare, and that there was an evident lack of interest in harvest work. For instance, in Shepparton the committee heard from a tomato grower that he had been offered four indigenous workers as trainees, but that this arrangement had not eventuated. The trainees were reported to have subsequently worked briefly at the SPC cannery.<sup>31</sup>

2.61 The committee's assessment of the chances of attracting indigenous seasonal labour is that it is unlikely to succeed, and the reasons may be similar to those which apply to the long-term unemployed. The committee senses that there appears to be a view that the horticultural industry has a role in absorbing unwilling workers. Willingness to work appears to be the most desirable characteristic of the harvest worker, for otherwise no work would be done. This presents a challenge to community service experts rather than growers, who have other things to do than to run work induction programs. As one grower told the committee: 'if I spend most of my time driving these [unwilling] guys around or trying to get them orientated to work or teaching them how to work versus someone who can do the work, there are some advantages to me in just having someone who can get on with the job.'<sup>32</sup>

## **Accommodation**

2.62 The significant decline in the proportion of local labour available for harvest work has put additional pressure on the accommodation available for itinerant workers, and poor accommodation standards are a deterrent to labour mobility. Only those with caravans have the assurance of finding somewhere decent to stay.<sup>33</sup> Even

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30 Mr John Berto, *Committee Hansard*, Darwin, 5 June 2006, p.35

31 Mr Anthony Rossignuolo, *Committee Hansard*, Shepparton, 24 March 2006, p.35

32 Mr Peter Crisp, *Committee Hansard*, Mildura, 21 March 2006, p.43

33 Mr Geoff Beecroft, *Committee Hansard*, Melbourne, 6 October 2006, pp. 2-3

then, the committee was told that some caravan parks did not accept itinerant workers because they could charge more for tourists. The lack of decent and affordable accommodation and transport was a problem in some harvest regions.<sup>34</sup> Few growers or grower organisations had developed considered views on accommodation as a factor in attracting labour. For those on the heavily travelled harvest trails in Queensland and the Murray-Riverland and Riverina areas the backpacker hostels and caravan parks labour provide a partial solution to the problem.

2.63 Fundamental to the issue of a pilot scheme is provision of adequate accommodation and community support for seasonal workers. These are among the administrative and practical issues which will need to underpin a contract labour scheme. These issues are examined in detail in Chapter 4. There is a tendency within the industry to view accommodation as 'someone else's problem' and to put off thinking about providing adequate worker accommodation. This is especially true in regional towns such as Robinvale where housing vacancy – public, rental or private – is already almost non-existent. The on-site accommodation facilities which the committee inspected on farms on the outskirts of Katherine and Darwin are at best rudimentary structures to accommodate a transient backpacker population. They were built specifically for the backpacker workforce and would require a significant upgrade to meet even minimum community standards were they to house foreign guest workers. Even where accommodation on farms is of a reasonable standard, it is often not maintained in good order, or cleaned up properly for successive occupants. Given the fact that Northern Territory mango plantations are heavily dependent on backpacker labour, while local and domestic itinerant workers diminish in proportion every year, this solution fits the times and the expectations of pickers.

2.64 Yet even these backpacker-standard facilities, which include toilet and shower blocks, cooking sheds and in one instance a proposed recreation shelter to be located away from the main sleeping quarters, required a considerable financial outlay. One grower in Darwin told the committee that \$100,000 would eventually be spent on rudimentary facilities to accommodate backpackers. This sum is likely to be beyond most growers in the industry. This does not alter the fact that more will need to be invested in providing proper accommodation for seasonal workers from Pacific nations under a contract labour scheme. Important questions remain unanswered; for example, where is the money going to come from and who is going to pay?

### **Summary of the evidence**

2.65 Despite the concerns raised by growers, farm managers and investors the committee is reluctant to conclude that the horticultural sector is *currently* experiencing a systemic and widespread shortage of seasonal labour. A labour shortage of this magnitude is not supported by consistent evidence. Were this the case the committee would have expected to witness failed crops and closed farms dotted across the country from Sunraysia in the south to Katherine and Kununurra in the

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34 Ms Mary Anne Maloney, *Committee Hansard*, Mildura, 21 March 2006, p.32

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north. It also would have expected there to be reluctance from major investors to plough superannuation funds in to new and large-scale horticultural enterprises through managed investment schemes. This definitely was not the committee's experience. The committee visited thriving and expanding horticultural regions which, from the air, resembled large oases in a sea of marginal agricultural country suffering from the combined effects of environmental stress and drought.

2.66 Nor does the anecdotal evidence point to a demonstrated industry-wide labour shortage. The committee in its travels did not talk to one horticultural producer, large or small, who, at the end of the day, could not find enough labour over the previous one or two years' harvest. The Director of Tree Minders in Robinvale confirmed that he had been successful in sourcing all of his labour requirements for the almond industry in Robinvale.<sup>35</sup> Although many small growers complained about labour shortages, the number of extra workers required for many growers to achieve an optimum labour force often boiled down to as few as ten or fifteen. This suggests an underlying confidence within the industry to withstand and overcome, for the time being, fluctuations in the supply of seasonal labour, no matter how disruptive they are to the smooth and efficient running of horticultural operations. How else to explain the thousands of hectares of prime horticultural land floating on a sea of investment dollars, which the committee witnessed first hand? Those with economic clout in the industry clearly think big picture, long-term and competition with international markets, not small scale, short-term and meeting only domestic consumer demand.

2.67 The committee detected resilience even among smaller growers, given their livelihood depends on harvesting every crop. For most growers there is no option but to find suitable labour when required, often at very short notice. While many growers struggle every year to find reliable, experienced, committed and hard working labour, it appears that with much annoyance and frustration the difficulty is overcome. Recent changes to the Working Holiday Makers Scheme and further refinement of the National Harvest Trail should result in positive outcomes for growers, and will continue to reduce labour shortages. There is also room for growers to make more effective use of the employment services which organisations such as MADEC provide.

2.68 As previously discussed, the committee is surprised by the lack of a workforce planning program to support the multi-million dollar investments that have taken place in the horticultural industry over recent years. The committee is concerned that investors such as SAITeysMcMahon, to take one of many possible examples, has invested millions of dollars establishing new plantations across different regions on the assumption that future demand for labour will be met. Yet the company's director of agribusiness, expressed the view that a labour crisis was a distinct possibility in the medium to long term given that many horticultural regions currently experience a zero unemployment rate. In telling the committee of the significant advantages that flow from his company's investments, including the regional multiplier effects of

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35 Mr Joe Fangaloka, *Committee Hansard*, Robinvale, 23 March 2006, p.25

employment and industry expansion, he also warned of the risk: 'The high risk in all this is that these growth models may stall if a labour expansion policy is not adopted. In my view we have effectively zero unemployment in areas where it counts—in other words, at peak labour times ... we cannot get labour'.<sup>36</sup>

2.69 The committee believes major investors have an over-optimistic view that the market will (somehow) take care of future labour shortage and that shareholders will receive a healthy return on their investments. The committee speculates that in undertaking their risk assessments large horticultural companies have transferred some of the risk of there not being a guaranteed future labour supply from 'the market' to governments. There could be an expectation that state intervention will be necessary to bail out producers who experience financial trouble as a result of a labour shortage, and to prevent an industry-wide collapse on the back of an acute labour shortage. This could prove to be a high risk and foolhardy strategy given long-standing government policy on the importation of unskilled labour. There could also be an assumption that regional city councils and economic development boards will be able to attract enough workers through marketing campaigns which advertise the lifestyle choices which regional centres such as Mildura are said to offer.

2.70 The committee also notes in the recent World Bank report that the reason why investment rates in the industry are outstripping the available or projected labour supply is due to the growth of managed investment schemes in horticulture. The tax deduction arrangements reduce the relative importance of the end return on investment when the harvest is finally ready. Prospectus companies which manage these schemes make a profit by providing development services like fencing, planting and irrigation.<sup>37</sup>

2.71 The committee believes it is premature to recommend trialling a contract labour scheme when many first-order issues have not yet been considered and resolved by the industry and government. The eagerness which is shown for such a scheme is not matched by a willingness to address what is needed to get it up and running. The list of practical questions surrounding a pilot contract labour scheme is endless; for example, are growers willing to contribute to the cost of implementing a scheme? What criteria will be used to select seasonal workers? Who will be responsible for recruiting overseas workers? How will visiting workers interact with local communities? Who will decide where foreign workers are to be located, for how long and in what numbers? Few in the industry are able to answer these and other important questions with any certainty.

2.72 The current difficulties growers have sourcing labour do not, in the committee's view, pose a serious threat to the economic viability of the horticultural sector, either now or in the immediate future. The evidence suggests that the demand for unskilled and experienced seasonal workers is being met, more or less, by a

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36 Mr Stephen Lynch, *Committee Hansard*, Mildura, 21 March 2006, p.2

37 *at Home and Away, op cit*, pp.113-114

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growing pool of backpackers taking advantage of relaxed visa requirements under the Working Holiday Makers Scheme. This situation is likely to continue for the foreseeable future. While the committee accepts that the flow of overseas backpacker labour could be interrupted by shock waves from a major terrorist attack or the onset of a global pandemic, it believes the effects of such events are likely to be short-lived. Evidence from the Bali terrorist attack shows that the horticultural industry can withstand short-term fluctuations in the supply of backpacker labour.

## **Conclusion**

2.73 The committee does not believe that anecdotal evidence of labour shortages indicates an industry-wide labour crisis which would justify an immediate seasonal contract labour scheme. However, the committee does not support government policy inaction. Policy is not set in stone. It only awaits its time, and we do not know when that will be. The concern that the committee has is that circumstances may force precipitate action by a government unprepared to deal with them. The committee believes that interim measures are required to assist the industry plan for a future labour shortage. As discussed in Chapter 1, pronouncements by the government which categorically reject the use of unskilled workers from the Pacific region might put the minds of the public at rest – for we have enough things to debate already - but they are neither forward-looking nor conducive to policy development.

2.74 Similarly, claims by sections of the union movement that bringing unskilled seasonal workers in from overseas will 'steal' local jobs, drive down wages and inevitably create a new class of working poor is an argument which follows from revelations of 457 visa workers in urban trades. The answer lies in regulation.

2.75 The committee is concerned that current policy might result in a future government becoming complacent about the labour needs of the horticultural sector, especially if the ripple effects of structural change result in labour shortages becoming a major problem. There is a distinct possibility of this occurring in the years ahead when growers begin to reap what is currently sowed by investors. This chapter earlier examined how the horticultural industry is currently undergoing a major economic restructure as smaller family-owned businesses slowly (and often reluctantly) give way to large corporate investors. The committee believes there are signs of an industry-wide trend toward the corporate end of town parting company with official opposition to importing unskilled seasonal labour. There is a danger that a future government might be caught off guard and forced to rush through ill-considered measures to fill a serious labour shortage, with unforeseen consequences.

2.76 The committee understands the basis for current opposition to a seasonal worker program using foreign labour. It sees no reason, however, for the proposal to be rejected out of hand, given that labour market forces are apt to change rapidly. There is a future possibility that acute labour shortages will require innovative solutions, including a contract labour scheme. The committee agrees with Peter Mares

that there are sound arguments for hastening slowly and for thinking carefully about how such a scheme should be constructed.<sup>38</sup> The committee, however, parts company with Mares' added suggestion that a good starting point would be a pilot scheme that recruits workers from Pacific nations. While the analysis by Mares is sound up to a point, it ignores an important step that would need to be made in the process of making policy: how to proceed from the current policy environment to a point where all necessary conditions are in place for a pilot scheme to become fully operational, including practical considerations and political and community support.

2.77 This chapter has addressed the key question on which the debate over a harvest labour scheme hinges: is there currently a demonstrated industry-wide shortage of seasonal labour? The committee's short answer is a qualified 'no'. It believes the immediate priority is for industry and government to establish what the industry's future labour requirements are likely to be. Then, to maximise domestic employment opportunities through improved harvest labour wages, before looking to source unskilled labour from abroad. In view of long-term demographic projections, this should not preclude work on contingency planning for the regulation of a foreign contract labour force, for when it is needed. If such a scheme were to eventuate, as a result of clear necessity, it could only do so with community and broad political acceptance, which, ironically, is currently absent except in the regional communities areas which are likely to be affected.

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38 Peter Mares, 'Profiting from seasonal labour', *Canberra Times*, 30 March 2005, p.9

# Chapter 3

## Labour from the South Pacific

### Introduction to Australia in the South Pacific region

3.1 Small Pacific states have been identified as a suitable and likely source of temporary labour for Australia in the event that any such scheme was agreed to. This chapter looks at Australia's place in the South Pacific and explores some of the characteristics of the region that are relevant to a temporary harvest labour scheme proposal.

3.2 Proponents of a harvest labour scheme, like the National Farmers' Federation, see countries which are aid recipients as preferred sources of labour, with the South Pacific states being the most obvious choice because of the relatively close cultural affinity with Australians. The Core Group Recommendation Report (Core Group Report) for a White Paper on Australia's aid program suggested the option of opening a 'Pacific Window' for unskilled temporary migration, similar to that of New Zealand.<sup>1</sup> The Core Group Report resulted from the deliberations of three experts on aid, charged with outlining a medium-term strategic framework for the delivery of aid. The core group's report, published in December 2005, was the product of extensive consultations with government, those engaged in aid delivery, and with the public. Most proponents who submitted to this inquiry emphasised the importance of reciprocal benefit, which would occur most obviously with Pacific labour, and not at all in the case, for instance, of Chinese labour. Any scheme which eventually results would be seen not simply as a labour supply measure benefiting the Australian economy, but as a regulated instrument of Pacific region policy.

### *Australian aid in the Pacific*

3.3 The Core Group Report contains an extract from the 2003 Department of Foreign Affairs and Trade (DFAT) White Paper giving an overview of why the Pacific region is important to Australia. In part, the White Paper reports that:

History has tied Australia intimately to the nations and people of the South Pacific. Australia helped to shape some of the island states as they became independent – their economic bases, power-sharing arrangements between the centre and the provinces, and philosophy of governance. And in some cases we passed on our institutions and ideas underpinning them –

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1 Core Group Recommendation Report for a White Paper on Australia's aid program, AusAID 2005, p.69

constitutions, parliaments, public services, legal systems, and security forces<sup>2</sup>

3.4 The Core Group Report goes on to discuss the continuing diplomatic and security reasons for Australia to increase its influence in the region. They include the withdrawal of former imperial powers from the region, and the tensions created by the more recent and economic influence of China, Taiwan and Malaysia. It is argued that Australia needs to assert a leadership role in the region and give explicit recognition that regional economic and social stability is essential to Australian interests.

3.5 For all these reasons, Australia plays a significant aid donor role in the South Pacific. Of the approximately \$2.5 billion allocated to aid in the 2005-06 budget, about \$950 million was allocated to Papua New Guinea and other Pacific countries. It is clear that assisting Pacific region states to achieve their development goals has been a challenge, and that while economic growth in the region has been slower than hoped for, Australia is committed to giving aid over the long-term.<sup>3</sup> Australia's position in relation to the Pacific is confirmed in another White Paper, this time on the future of Australian aid:

Australian aid to the Pacific will continue to operate within very long timeframes. Change will be slow and incremental, and Pacific partner governments will be set up to fail if demands for reform and progress are framed merely in the short term. The Government remains committed to working with its Pacific partners in support of their own sustained reform agendas and will not walk away with the job partly done. However, governments in the region should not expect that Australia will simply continue to provide unlimited assistance. Australia will help, but the Pacific island governments must face and tackle poor governance and corruption. And they must do so urgently.<sup>4</sup>

3.6 The future of the Pacific, the group concluded, hinged on its integration with the global economy. In relation to the issue of labour migration and its connection with the provision of foreign aid, the core group submitted that although by no means a panacea, part of the integration solution is migration. Indeed, migration was the only route to viability for Pacific micro-states. The core group supported the Government's intention to help establish a regional technical training facility to provide greater opportunities for skilled migration and urged consideration of opportunities for unskilled migration as well.<sup>5</sup>

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2 Core Group Recommendations Report, Companion Volume, AusAID, December 2005, p.8-7, drawn originally from *Advancing the National Interest*, Department of Foreign Affairs and Trade, February 2003, Chapter 7.

3 See, for instance, Core Group Recommendations Report, p.21

4 Australian Aid: Promoting Growth and Stability, A White Paper on the Australian Government's Overseas Aid Program, AusAID, 2006, p.29

5 Core Group Report, *op cit*, p. vi



3.7 In the 2006 White Paper, the Government took up many of the points made by the Core Group Report, giving support for increased labour mobility, and for training schemes to increase employment both domestically and abroad.<sup>6</sup> But the White Paper ignored references in the Core Group Report to mobility of unskilled labour. The White Paper does not explain the Government's decision not to pick up on the core group's recommendation, but the committee presumes that to do so would invite a domestic argument over a foreign policy issue, which would be regarded as being undesirable and potentially damaging to relations with the South Pacific region.

### ***Current labour migration in the Pacific***

3.8 Pacific workers are highly mobile. Maclellan and Mares point out that i-Kiribati and Tuvaluan workers crew large numbers of ships on the main trade routes, and that many construction workers in Australia and New Zealand are of Tongan or Samoan birth. More than one thousand Fijians work in Iraq and Kuwait in security roles. Skilled Indo-Fijians and Tongans routinely leave their homelands in search of lucrative jobs abroad.<sup>7</sup> A significant proportion of Polynesian and Melanesian labourers now live in mainland centres around the Pacific Rim, while in smaller islands such as Niue, Cook Islands, Wallis and Futuna, and Rotuma, the number of citizens living outside the country is greater than the number who remain. The Asian Development Bank points out that Pacific Islanders constitute 2.4 per cent of Australia's population, and that in 2001, the immigrant population residing in Australia and New Zealand from the Cook Islands represented 96.9 per cent of the total population.<sup>8</sup> Migration rights carried over from former imperial times make this possible.<sup>9</sup>

3.9 Migration in the Pacific is not solely an international phenomenon. Urban migration within countries is also common, although this is often a precursor to migration off-shore. Pacific islands are faced with many of the same challenges seen in Australia through urban migration, where the concentration of people and money leaves rural areas with fewer services, and increasingly unattractive as places to live, while the housing and infrastructure in urban centres is strained by the pressure of a swollen population.

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6 Australian Aid, *op cit*, p.29

7 Nic Maclellan and Peter Mares, *Remittances and Labour Mobility in the Pacific; a working paper on seasonal work programs in Australia for Pacific Islanders*, Institute for Social Research, Swinburne University of Technology, 2006, p.6

8 Terrie Walmsley, S. Amer Ahmed, and Christopher Parsons, *The Impact of Liberalizing Labour Mobility in the Pacific Region*, Asian Development Bank-Commonwealth Secretariat Joint Report to the Pacific Island Forum Secretariat, Pacific Studies Series, Volume 3, Working Paper 17, p.4

9 Maclellan and Mares, *op cit*.

***Potential source countries: a socio-economic summary***

3.10 Central to the Australian aid strategy is the shoring up of stable governance and the generation of economic growth in recipient countries. This is vital for national and regional stability through development of a productive workforce, and for the integration of Pacific states into the global economy. As a general proposition, Pacific island states face serious challenges in relation to achieving these goals. They lack natural resources, and are dependent on revenue from tourism and aid. Thus, Pacific economies are vulnerable. Circumstances are made worse by widespread corruption, lawlessness and disorder. The outlook for many Pacific states, and in particular the so-called micro-states such as Nauru, is bleak.<sup>10</sup>

3.11 This is acknowledged by Pacific states. As noted in the report of the 2003 Senate inquiry into Australia's engagement in the region:

Economic security is very much a concern of the countries in the region. Given the extent to which economic security is linked to both internal political stability and the global economy, a number of countries in the region have an acute awareness of their fragility and vulnerability. Much of the evidence presented to the committee raised concerns for the current state of many of the economies of the Pacific and many submissions argued that countries such as Papua New Guinea (PNG), Nauru and the Solomon Islands are confronting a worse economic and social outlook in 2003 than they were at independence.<sup>11</sup>

3.12 In its report, the Asian Development Bank provided a sobering description of the current situation and likely future of small Pacific states. While acknowledging that variation exists between states, it stated that:

...[T]ypically they are small isolated communities, endowed with few natural resources, comprising of many smaller islands and atolls which often suffer from a lack of geographical proximity to one another. A direct result of this isolation is that a disproportionate share of total income is spent on communication, administration and transport. A narrow production base exacerbated by the declining terms of trade in Pacific island agricultural commodities, failures to successfully diversify economically, significant diseconomies of scale (due to incredibly small domestic markets), and an inability to compete effectively in the global marketplace, have resulted in large trade deficits.<sup>12</sup>

3.13 The Pacific island nations are amongst some of the smallest and poorest in the world, but a number are experiencing significant statistical 'bulges' in the proportion

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10 Australian Aid, *op cit*, p.29

11 Senate Foreign Affairs, Defence and Trade References Committee, *A Pacific Engaged: Australia's relations with Papua New Guinea and the island states of the South-West Pacific*, August 2003, p.13

12 Terrie Walmsley, S. Amer Ahmed, and Christopher Parsons, *op cit*, p.2

of their population comprised by youth. More than 50 per cent of the population of some Pacific states is aged less than 15 years.<sup>13</sup> The Core Group Companion Volume Report noted that:

All Pacific Island Countries have relatively high fertility rates and therefore have large cohorts of young people. In countries experiencing strong investment growth, a large supply of youthful labour can provide a demographic bonus, as experienced in East and South East Asia. However, when investment is not growing strongly, the youth bulge can be a problem, including through contributing to political instability. Large numbers of young unemployed male youth in urban areas can be an ingredient for political instability by providing by providing the manpower for those keen to ferment civil unrest.<sup>14</sup>

3.14 Given the young and growing populations in most island nations, the issue of employment generation will become increasingly urgent in the Pacific in coming decades. Pacific island fertility rates have declined since the 1980s, but not fast enough to reduce the demand for jobs in the cash economy. Except for the French territories of New Caledonia and French Polynesia, none of the Pacific island countries will reduce their total fertility rate to less than 2.1 per cent by 2029.<sup>15</sup>

## Remittances

3.15 Remittances keep many economies afloat. The World Bank reports that global recordable remittances were expected to reach \$167 billion by 2005, but that at least another 50 per cent of this amount flows through informal channels. This is more than double the amount which flows between countries in the form of international aid, and has doubled in the past five years.<sup>16</sup> More recent studies by The World Bank show that remittances are about three times all official development assistance, and unlike other sources of revenue they do not dry up.<sup>17</sup>

3.16 South Pacific countries are a case in point. States such as Tonga, Samoa, Kiribati, Tuvalu and the Cook Islands look to remittances to supplement income from foreign aid, and to alleviate the difficulty many have in attracting significant foreign investment. The committee was told that remittances have turned Tonga into what is

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13 AusAID, *Submission 42*, p.5

14 Professor Ron Duncan and James Gilling, *Core Group Recommendations Report*, Companion Volume, AusAID 2005, p.8-14

15 The 2.1 per cent fertility rate combines Migration, Mortality and Birth Rates – see Helen Ware: “Pacific instability and youth bulges: the devil in the demography and the economy”, paper to the 12<sup>th</sup> biennial conference of the Australian Population Association, 15-17 September 2004, Canberra, quoted in NicMacllen, *Submission 32*, p.3

16 *Global Economic Prospects; Economic Implications of Remittances and Migration 2006*, The World Bank, Washington, 2006, p.xiii

17 Dr Manjula Luthria, *Committee Hansard*, Canberra, 23 August 2006, p.40

virtually an international economy, to the extent that the majority of its population lives abroad and most families at home are in receipt of remittances.<sup>18</sup>

3.17 It is not only in very small countries that remittances form a cornerstone of the local economy. Fiji already earns more from remittances than from any other sector except tourism, and when unrecorded remittances are accounted for, remittances might be Fiji's biggest source of foreign income. An estimated 40 per cent of Fijian households receive income from remittances. Of more than F\$306 (AUD\$234) million of remittances earned in 2004, about F\$200 (AUD\$153) million came from the salaries and allowances of Fijians working abroad. In Fiji, as in other places, a substantial proportion of remitted income is transmitted in cash and goes unrecorded.<sup>19</sup>

3.18 The recent World Bank report found that remittances reduce the incidence and severity of poverty; increasing incomes, and levelling peaks and troughs in income in times of adversities like crop failure. Diversifying income streams reduces risk to vulnerable people on low incomes, and provides a source of savings for investment in capital<sup>20</sup>. The committee also heard that remittances can have the effect of levelling out income distribution. Remittances also provide macro-economic advantages. A flow of foreign currency can improve a country's ability to borrow to fund economic development, reducing dependence on aid, and for that matter, on remittances. These benefits go some way toward countering arguments that an insufficient proportion of remittances are deployed directly into investment.

3.19 There are claims that while the continuing importance of remittances is clear, their sustainability is less so. An immigrant's integration into their new country, and the passing of the generations, may lessen the willingness, or compulsion, to remit earnings. While much evidence exists that first generation migrants are likely to continue to remit, little analysis has taken place on subsequent generations. One study, conducted by La Trobe University, suggests that subsequent generations are unlikely to remit at the same rate as their parents.<sup>21</sup>

3.20 Such views have been disputed by an authority on remittances, who claimed that remittances do not decline with the passage of time. As Professor Brown explained:

People might say, 'What happens when the parents die? They will stop remitting.' But they do not. They remit to the next generation down and to

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18 Professor Richard Brown, *Committee Hansard*, Brisbane, 19 April 2006, p.27

19 Maclellan and Mares, *op cit*, p.12, 13. The *Global Economic Prospects Report*, *op cit*, reported on econometric analysis which estimated that official, reported remittance flows underestimated the real amount by at least 50 per cent

20 *Home and Away: expanding job opportunities for Pacific islanders through labour mobility*, The World Bank, 2006

21 H.M Lee, *Tongans only want our money: the children of Tongan migrants*, paper presented to the SSGM conference on Globalisation, Governance in the Pacific Islands, October 2005

organisations. They do not only remit to third parties but also to their own pension funds. Most migrants will entertain the belief that they will one day return for retirement, and so they want to keep a nest egg for their retirement; they want to keep in with the community if they have to return. If they have not been looking after the community while they have been away, they will be rejected on their return. They invest in both social capital and physical capital for their eventual retirement. That has become the way of life in countries like Tonga and Samoa. That is the mode of development. To entertain the idea of these countries industrialising I think is absolutely crazy<sup>22</sup>

3.21 The relevance of remittances in this context is that the wages that might be paid to workers from Pacific island states is probably the best form of aid. It ensures that assistance and maintenance goes to those who need it from those who earn it. The benefits percolate through to the community.

3.22 The committee was interested to note in the conclusion to the submission from DFAT the following statement:

It is possible that nett financial benefits, after costs of travel, accommodation, insurance and living expenses, would not deliver an increase in remittance flows. Further, the numbers of workers likely to be needed in seasonal contract labour schemes may not make a substantial difference to unemployment rates in Pacific island countries. Certainly such schemes would not detract from the challenge of generating economic growth in Pacific island countries, and the need for governments to adopt pro-growth policies.<sup>23</sup>

3.23 Two pieces of evidence need to be cited in relation to the first part of this statement. Australian Horticulture has submitted that weekly wages in the horticulture sector are around ten times higher, at least, than wages typically available in the Pacific islands. They are also many times higher than civil service and professional salaries paid in those countries.<sup>24</sup> Second, Professor Brown told the committee that even individuals living on social security in Australia have been able to remit, provided they had extended family support.<sup>25</sup> The World Bank has stated that Pacific harvest workers could gross the equivalent of their entire monthly income in just a few days work in Australia at the 2005 award rate of \$15.38 per hour.<sup>26</sup>

3.24 In regard to the final sentence in the quoted extract, the committee's reaction on a first hearing is that it is not aware of any suggestion that a choice lies between the mobility of unskilled Pacific islanders and economic growth at home. Economists

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22 Professor Richard Brown, *Committee Hansard, op cit*, p.29

23 Department of Foreign Affairs and Trade, *Submission 42*, p.6

24 Horticulture Australia, *Submission 11*, p.35

25 Professor Richard Brown, *Committee Hansard, op.cit*, pp 34-35

26 *Home and Away, op cit*, p.124

have demonstrated that the two are linked. DFAT would be aware that the World Bank considers that the prospect for economic growth in Pacific states is 'unusually limited'.<sup>27</sup> It is possible, however, that the DFAT submission was alluding to a difference of opinion among some development economists about institutional impediments to economic growth that are rooted in the culture of both Polynesian and Melanesian societies. This is the basis of Professor Helen Hughes' opposition to a harvest labour scheme. Professor Hughes argues that while the remittance argument is 'intuitively appealing', remittances sustain a consumption society where productive economic activity hardly exists. This happens because the absence of private property rights reduces investment opportunities, and ensures that remittances are claimed by clans and extended families.<sup>28</sup> The committee does not believe that such arguments loom large in underpinning the government's objection to a harvest labour scheme, as distinct from domestic political considerations, but it is an interesting reflection on the complexity of making policy for dealing with the economies of Pacific states. Leaving aside issues of Pacific island economic development, and focussing on more immediate needs, the importance of increased remittances to Pacific island states which would result from a harvest labour scheme appears to be obvious.

### **The WTO angle**

3.25 The committee took some interest in an argument presented by DFAT in which it was proposed that a policy which allowed the entry of harvest labour exclusively from Pacific island countries would be in breach of World Trade Organisation (WTO) rules, and would be subject to objections from other countries. It was explained to the committee by DFAT in this way:

We are a member of the World Trade Organisation and have taken on obligations under the General Agreement on Trade in Services [GATS], and that agreement does have a number of provisions that impact on the temporary movement of service providers. One of the provisions relates to most-favoured nations. That is article II of the agreement, and it basically ensures that members are unable to discriminate between service providers from different countries. In that sense, under the provision, depending on just how that scheme was structured and whether the scheme could be characterised as falling under the General Agreement on Trade in Services—principally that would be a movement of a person to supply a service on a temporary basis under sponsorship or contract—I think we would have a problem.

If it was a preferential scheme which was not open to all WTO members, then we could be in breach of our WTO obligations. ...It is when you are having a movement of a natural person who is coming across temporarily under a contract—and usually under some form of sponsorship arrangement—that the annex on the movement of natural persons under the

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27 *ibid*, p.49

28 Helen Hughes and Gaurav Sodhi, 'Should Australia and New Zealand Open Their Doors to Guest Workers From the Pacific?', CIS Policy Monograph 72, 2006, pp.21-22

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General Agreement on Trade in Services comes into play. That kind of scheme would fall under the GATS and we would face some problems in terms of being in violation of our most favoured nation obligations.<sup>29</sup>

3.26 This advice was strenuously contested. There is significant legal uncertainty about what the relevant provisions in GATS cover. The DFAT view appears to be based on a broad interpretation of GATS Article IV, which treats immigration as a component of trade. Another view of GATS is that immigration is unrelated to trade, an issue which arose in the negotiations over the Australia-United States Free Trade Agreement, when labour provisions had to be covered in separate legislation. This more narrow view prevails in the United States and in the European Union. On this precedent, movement of labour could be considered as a purely immigration matter.

3.27 In its discussion of GATS, the Asian Development Bank was also of the view that the instrument '... does not prohibit countries imposing stricter regimes for visas for nationals from particular countries ...'<sup>30</sup> As Dr Luthria put it, the WTO and migration 'do not mix'.<sup>31</sup> If this analysis is accepted it is highly unlikely that the government would be required to extend a labour entry arrangement to all WTO members. Australia, no less than any other country, exercises its sovereign rights in regard to migration and in accordance with its regional policies and bilateral agreements.

3.28 Even if the argument that immigration is inextricably linked to trade is supported, there are still ways to allow Pacific island workers into Australia under WTO rules. GATS Article V (and GATT Article XXIV for goods) allows exemptions to Most Favoured Nation provisions for the negotiation of preferential trade agreements. Negotiations towards a free trade association could be undertaken with Pacific states with a view to making exemptions for the supply of temporary labour into Australia. A contingency harvest arrangement for services under Mode 4 could then allow near immediate access, should it be necessary.

3.29 Dr Manjula Luthria of The World Bank explained to the committee that GATS is an agreement covering services, and explicitly excludes agriculture, manufacturing and services incidental to them, including harvesting. Dr Luthria submitted that Australia was perfectly open to define harvesting as a service incidental to agriculture, and that:

... all countries do choose their own definition and stick with what the WTO says: that this is a service incidental to agriculture. Countries are completely within their rights to define it that way.<sup>32</sup>

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29 Mr Edward Sulikowski, *Committee Hansard*, Canberra, 22 August 2006, p.17

30 Terrie Walmsley, Amer Ahmed and Christopher Parsons, *The impact of liberalising labour mobility in the Pacific region*, Asian Development Bank, ADB Public Studies Series, Volume 3, Working Paper no.71, p.7

31 Dr Manjula Luthria, *Committee Hansard*, Wednesday 23 August 2006, p.43

32 *ibid*

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## **Our relationship with Pacific states on labour migration<sup>33</sup>**

3.30 Pacific Island countries have for some time wanted Australia to provide seasonal work opportunities for their unemployed and have raised the issue with Australian governments over a number of years. One of these occasions was during negotiations for the Pacific Agreement on Closer Economic Relations (PACER), a broad umbrella agreement for all Pacific Forum members, which was signed in 2001.

3.31 PACER requires that Australia and New Zealand be treated at least on the same negotiating basis as the European Union, which is in negotiations with Pacific states over an Economic Partnership Agreement (EPA). Preliminary negotiations have canvassed labour mobility. Should they form part of the final agreement, provisions relating to labour mobility may give Pacific states the opportunity to open negotiations with Australia (and New Zealand) in the same vein.

3.32 Some Pacific states were evidently encouraged by the Senate's 2003 Report which recommended the Australian Government support moves to develop a pilot program to allow for labour to be sourced from the region for seasonal work in Australia.<sup>34</sup> The Government noted the recommendation but said that 'Australia has traditionally not supported programs to bring low skilled seasonal workers to Australia'.<sup>35</sup>

3.33 At the Australia-Papua New Guinea Ministerial Forum in December 2004, the issue was raised by the Papua New Guinean Foreign Minister, Sir Rabbie Namaliu, who sought access to Australia for unskilled and semi-skilled Papua New Guineans for seasonal work, such as fruit picking. The issue came up again at the 2005 Forum. Australia confirmed it had no plans to introduce a seasonal or guest worker scheme.

3.34 In May 2005, Pacific Forum trade ministers commissioned an investigation of the potential benefit of a move under PACER towards a comprehensive framework for trade (including services) and economic cooperation between Australia, New Zealand and Pacific Islands. Two months later, Pacific Islands Forum economic ministers considered the issue of labour mobility in the Pacific at their meeting in Tuvalu. Forum economic ministers recognised the need for further examination of labour market issues in the Pacific, including 'the issue of labour mobility through the region and beyond'.

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33 AusAID, *Submission 42*, p.1-2, Mares and Maclellan, *op cit*, pp.19-22

34 [http://www.aph.gov.au/Senate/committee/fadt\\_ctte/completed\\_inquiries/2002-04/png/index.htm](http://www.aph.gov.au/Senate/committee/fadt_ctte/completed_inquiries/2002-04/png/index.htm)

35 Government Response to the Senate Foreign Affairs, Defence and Trade References Committee Report, '*A Pacific Engaged: Australia's Relations with Papua New Guinea and the Island States of the South- West Pacific*', tabled 24 June 2005, p.7, available at [http://www.aph.gov.au/Senate/committee/fadt\\_ctte/completed\\_inquiries/2002-04/png/index.htm](http://www.aph.gov.au/Senate/committee/fadt_ctte/completed_inquiries/2002-04/png/index.htm)



3.35 More recently, the issue has been raised in the context of the development of the Pacific Plan. The Plan aims to create links between countries of the region and identify sectors where the region could gain the most from sharing resources of governance and by aligning policies. The Pacific Plan was commissioned by delegates to the Pacific Islands Forum meeting in Auckland in 2004 and subsequently endorsed by them at the Port Moresby Forum in October 2005. The Plan calls for integration of services, including temporary movement of labour, into the Pacific Islands Countries Trade Agreement (PICTA) and the Economic Partnership Agreement (EPA) that Pacific Island states are currently negotiating with the European Union. Australia is not a party to PICTA or to the negotiations with the European Union.

3.36 At the 2005 Port Moresby Forum, Prime Minister Howard, in response to approaches from some Pacific leaders, confirmed that Australia would not accede to requests to introduce a seasonal or guest worker scheme. It was at that time that the Prime Minister announced an intention to establish a multi-campus technical college for the Pacific. It is intended that the college will increase significantly the numbers of skilled workers in the Pacific and facilitate the mobility of workers within and beyond the region, including to Australia. The technical, vocational and trades training undertaken by the college will meet Australian accreditation standards, with the intention of enabling Pacific islanders to be more competitive in the global skilled labour market, including Australia. According to the DFAT submission, the college is not intended to encourage an outflow of qualified people with much needed skills from island states to Australia and other developed countries. Nonetheless, this will occur because the assets of Pacific states are mostly human capital. The value of this capital is most profitably realised abroad. The same economic logic would apply to unskilled labour.

3.37 The government expects that Pacific states will continue to press for seasonal worker access to the Australian labour market. Most recently, at a ministerial meeting of the Melanesian Spearhead Group in 2006, PNG, Solomon Islands, Fiji and Vanuatu agreed to pursue the issue of labour mobility 'at every opportunity in regional and bilateral meetings'.<sup>36</sup>

3.38 The Pacific states are correct in seeing a benefit in exporting their unskilled labour. The Asian Development Bank confirmed that Pacific island economies would gain substantially from sending unskilled labour to Australia and New Zealand. The report also found benefits for the Australian economy in taking in the labour<sup>37</sup> Given that the Pacific region already features prominently in Australia's aid and development objectives, proponents of a seasonal mobile labour force in the Pacific see much to commend in the integration of any labour scheme with Australia's aid program in the region. There is unanimous agreement among bankers, including the World Bank and the Asia Development Bank, and among academic experts, that stimulation of Pacific island economies through remittances, through increasing the skill levels of workers

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36 AusAID, *Submission 42*, p.2

37 Terrie Walmsley, S. Amer Ahmed, and Christopher Parsons, *op cit*, p.29. See also para. 1.26.

from the islands, and reducing the economic isolation which plagues many Pacific states, are all valuable contributions to achieving identified aid objectives. The movement of unskilled labour, even to a limited extent, and on a temporary but systematic basis, is consistent with these other objectives.

# Chapter 4

## Practicalities of a seasonal contract labour scheme

We have observed that, when things change, they tend to change very rapidly and, if you do not have a second option or an emergency plan, you can be left flat-footed.<sup>1</sup>

4.1 It was not apparent to the committee that proponents of a seasonal labour scheme using foreign workers had done much hard thinking on the practicalities of such a scheme. There were casual references to using labour hire contractors to undertake all the necessary arrangements, and an assumption that they would put in an order for labour which would arrive just when the harvest was ready.

4.2 Such casual assumptions can be juxtaposed with commentary from the Department of Immigration and Multicultural Affairs (DIMA) and the Department of Employment and Workplace Relations (DEWR) which stressed, though in no particular detail, the administrative and compliance problems that such a scheme would present. The committee is confident that if these agencies were required to run such a scheme they would quickly address these problems and overcome them. Growers indicated enthusiasm for a trial program, and a number nominated their own districts as 'ideal' locations for such a trial. But there was little in the way of advice or suggestion on how an institutionalised foreign labour contact scheme would work. Government departments were understandably reluctant to give hypothetical consideration to practical details on the record. The committee is of the view that if such a scheme were to be organised it would place more demanding conditions on growers than they might now anticipate, and require of government agencies a more direct regulatory function than now exists for any of their employment programs.

4.3 In this chapter the committee states some principles which should underpin a seasonal contract labour scheme, and reports on some administrative and practical matters which were raised during the inquiry.

4.4 A number of issues arise:

- the level of formal agreement that would be required with Pacific nation governments;
- the level and extent of government regulation that would need to be imposed, from where this authority should emanate, and how regulations and guidelines in relation to the labour scheme would be agreed on;

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1 Mr James O'Connor, CEO Worktrainers Ltd, *Committee Hansard*, Shepparton, 24 March, 2006, p.15

- how the processes of recruitment, contracting and applications for labour and related matters would be managed;
- how pay and working conditions would be determined;
- how transport and accommodation would be arranged, and who will pay for this; and
- how responsibility for the welfare of workers, including their social needs and their links with local communities, would be shared.

### **Serving national and regional interests**

4.5 The committee's view on the management of a Pacific island contract labour scheme rests on the premise that the national interest, in regard to labour supply security, and the social and economic interests of south Pacific nations are complementary. At stake is the protection of investment in the horticultural industry and the assurance of its capacity to service its markets. Also at stake is the economic future and social stability of Pacific island states. As stated in the previous chapter, harvest labour sourced from the Pacific would be as much a matter of foreign policy as labour market policy. For Pacific states it is likely that the management of a labour contract program would require a higher level of formality than a normal commercial labour contract arrangement. Although the committee was not able to explore such matters with Pacific island governments, it is more than likely that they would want to be consulted on the management plan for the scheme.

4.6 It would appear desirable to follow the Canadian model for seasonal labour contracting which is done on the basis of agreements between governments. As stakeholders, Pacific nations would be concerned for the welfare of their citizens and the return to their countries of remittance revenue. They would have close involvement in the movement of their citizens to Australia and in ensuring their return home.

4.7 It is likely that any contract labour scheme would require regulations and guidelines agreed to following consultation between governments and other interested parties. The committee would not envisage any one labour hire organisation being given a monopoly on administering recruitment and supply of labour. It may be more appropriate that management would be tendered for on the basis of appointing agencies which would specialise in providing for a particular industry niche or for a particular region. Individual agencies would need to liaise closely with local growers on such matters as training and continuity of engagement so as to achieve efficiencies. Nonetheless, the tasks of recruitment and allocation of labour would need to be carried out according to agreed guidelines and be subject to supervision by an agency within DEWR.

4.8 While the numbers of workers required initially may not be large, it would be expedient to ensure that all South Pacific Forum nations were involved in an agreement if that was their wish, and that they should have the opportunity to

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participate in proportion to their population, subject to negotiation over 'special case' considerations. It has been suggested that demand for jobs would be likely to exceed the capability of growers to manage them, and so an agreement would need to be negotiated about quotas of workers from each country.<sup>2</sup>

### **Regulation of a seasonal labour scheme**

4.9 The committee takes the view that the social, economic and foreign relations dimensions to a Pacific Island seasonal labour scheme necessitate a higher level of regulation and supervision than that imposed, for instance, on the Job Network agencies. There will be community expectations for such arrangements in view of continuing concerns about employment prospects for unskilled Australian workers in the horticulture industry. There will be continued concerns that current assurances by employers that Pacific Island labour is not to be seen as a cheap source of labour may be disproved over time. This would be more likely to occur if the success of the scheme resulted in further investment and increased demand for labour.

### **Recruitment and labour management**

4.10 The committee believes that the success of any Pacific contract labour scheme will depend as much on the capability of labour management firms as on the quality and capability of the workforce.

4.11 This is a matter of crucial importance, given recent experiences of holders of 457 visas and their relationships with their employers. In any trial of this scheme there would be advantage in seeing its application to large-scale producers, mainly because of their more demanding and longer term labour requirements, and their capacity to meet training and accommodation requirements. Such large scale horticultural operations would be able to guarantee an extended period of work, and would have the management resources and work variety to make training efforts worthwhile. It is likely that foreign workers, operating as fairly large workgroups, would be less flexible in their mobility and their capacity to be split into smaller groups, than would local and backpacker workers who are usually hired and contracted independently. The committee suggests that any trial program would most usefully begin with large producers because the benefits are more likely to be realised by both growers and workers. This view is representative of the advice given by horticultural specialist in labour supply in the Goulburn Valley, who told the committee:

We have found the best people to do business with are those who have invested the most money, because they take a business approach to their labour requirements. They realise that labour is a valuable part of it and needs to be nourished and looked after, as distinct from some of the older style orchardists, who think labour is just something that turns up magically

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<sup>2</sup> Dr Satis Chand, *Labour mobility for sustainable livelihood in Pacific island states*, November 2004, p.15

in the harvest season and you do not have to worry too much because there is plenty more where they came from.<sup>3</sup>

4.12 An important concern will be to ensure that recruitment is based on work fitness and aptitude, rather than 'irregular' and 'extraneous' influences that in so many cases bear on recruitment processes, and which will quickly lead to an acceptance of corrupt practices. During its inquiry, the committee has heard casual references to ready sources of available labour in Asian countries which would be 'ideal' for working in particular areas of cultivation. The committee is concerned that regulations need to be instituted which would eliminate the possibility of third and fourth parties to recruitment siphoning off fees or commissions which would add to costs and impose financial obligations on work applicants.

4.13 Recruitment and contracting must be transparent processes, even though they may be guided by the legitimate policy considerations of Pacific island governments. This would allow the targeting of particular categories of people to meet social and economic needs of the source nation, provided that the criteria of fitness and aptitude are met. The committee is concerned that under current *ad hoc* arrangements which operate for 457 visa holders working in so-called semi-skilled jobs in abattoirs, working and living conditions are unregulated. A consequence is that contractor margins may result in the exploitation of workers, and there is little or no social benefit flowing from such arrangements.

4.14 In a harvest labour scheme, contract arrangements would need to be subject to regulatory guidelines, while maintaining the flexibility that is required to suit the diversity of the horticulture labour market. Growers have greatly differing needs. For instance, designated job agencies might recruit workers to the specifications of large operators with dedicated human resource management structures, and hand the responsibility of employment over to those firms which believe they can offer their workers better deals under direct employment. Alternatively, a job agency may take full responsibility for employment formalities, including pay, and charge growers accordingly. Regardless of the contractual arrangements, the wages and conditions of workers would need to be closely supervised by the regulatory agency within DEWR.

### **Pay and working conditions**

4.15 All the evidence presented to the committee from proponents of a contract labour scheme suggests that assurance of a timely labour supply was of paramount importance. Growers repeatedly assured the committee that they were prepared to pay current award rates to anyone who turns up for work and they pay higher wages by way of piece rates. The question of pay increases to attract pickers was regarded as problematic. Doubt was expressed that more pay would attract more pickers. Some growers said that they could not afford it.

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<sup>3</sup> Mr James O'Connor, *Committee Hansard*, Shepparton, 24 March 2006, p.17

4.16 The committee accepts these assurances are representative of grower attitudes. It notes, however, that a small proportion of growers, presumably those in marginal operations, exploit illegal labour. Such exploitation probably occurs in horticulture to a lesser extent than in abattoirs and in hotels, cafes and restaurants.

4.17 However, the committee notes that the relevant award rate of pay is very low. As discussed in chapter 2, only a relatively small number of highly experienced picker in the current workforce are able to make \$1000 a week or more for a ten hour day, six day week, from horticultural work. Pay rates ought to be commensurate with wages paid in comparable industries. There should be an unequivocal agreement that a Pacific contract labour arrangement will never become a 'cheap labour' option for growers, and that it will be regulated to ensure that whatever local labour is available will be soaked up by the industry.

4.18 The committee notes that recent cases involving foreign workers admitted under 457 visas have highlighted the need for regulatory vigilance in the matter of wages. Deals done by some employers with some labour hire contractors are always likely to contain provisions which deprive workers of their full entitlements. It is for this reason that the committee sees the need for much more stringent supervision of contractors and employers.

4.19 The committee notes that on the basis of informal conversations with growers and proprietors that some proponents of a foreign harvest worker scheme anticipate being able to pay much lower than current wage rates. In the Sunraysia district a number of members held informal discussions with grower organisations associated with large investment companies having links with labour contractors in China. There is strong advocacy of the use of Chinese labour in some areas, and the committee is aware of the potential for labour hire companies in that country to introduce workers who are paid far below minimum rates, and who in other respects as well, would be the victims of exploitation. These potential problems would be well understood by DIMA. It is for this reason that the committee believes that should a harvest labour scheme be seriously considered it should be restricted to South Pacific Forum nations and be conducted with high levels of formality and regulation.

### **Visa compliance**

4.20 The committee notes the information provided by DIMA on the high overstay rate for Pacific nation passport holders. The committee presumes that this information is intended to indicate the likelihood that Pacific workers on any future seasonal work scheme would be at risk of absconding when their contracts had finished. That takes no account of any new visa entry formalities that DIMA has the power to enforce, and work supervision arrangements which would be included in the contracts to be administered. Violations of visa conditions are far less likely to occur if the sanction exists of a forfeiture of future work entitlements.

4.21 To begin with, workers from Pacific states could be contracted for specific work in a particular district by a responsible agency. The recruitment process should

ensure a large measure of compliance with the work visa – through preference given to those with dependent families at home, for instance – and through group supervision processes on the job. Pacific island workers should preferably arrive in teams or distinct work groups. It would always be possible for a determined contract worker to abscond at any time during the contract period, but the desertion rate would, in the committee's view, be minimal.

4.22 As discussed previously, however, the strongest reason for visa compliance is economic. A small proportion of wages should be held in trust and available only on return home. A major advantage of such a scheme would be to encourage regular return of workers to farms and the accumulation of experience in a range of horticultural skills. It would be in the financial interest of Pacific workers to return regularly. The practicality of such an arrangement, and the anticipated high compliance with visa conditions, has been borne out by experience in Canada. No reason has been advanced as to why this should not also apply in Australia.

### **Accommodation**

4.23 The committee was particularly interested in the standard of accommodation for current harvest workers, mainly as a pointer to what would be needed for a harvest labour scheme. It noted that in the more remote areas in the Northern Territory some growers and producers provided accommodation on site. The standard of accommodation is probably adequate, in most cases, for the young backpackers on the harvest trail whose expectations of comfort are likely to be lower than workers who are not on a holiday adventure. It is to be noted that on-site accommodation is usually offered at either very nominal cost, or no cost. Hotels with cheap accommodation annexes and backpacker hostels may offer slightly higher standards, but at a price.

4.24 Growers in south eastern Australia do not generally assist with accommodation, except perhaps with advice. There has been no need for them to do so as long as they rely on the current mix of labour which sees a high preponderance of young backpackers living in cheap local accommodation. The committee observed that some larger growers in the Goulburn Valley and in some other areas provide caravan sites for 'grey nomads'. The advent of a dedicated seasonal workforce from the Pacific islands will require an investment in worker accommodation hitherto considered unnecessary, which large-scale producers would be best able to afford.

4.25 The committee found general acceptance from witnesses before them of the need to provide worker accommodation even though it appeared in many cases that this had not previously occurred to them. Some indicated that labour costs were already very high and were unprepared to concede that assured labour would come at a cost over and above that of wages which are currently paid. As indicated already, the committee believes that a Pacific contract labour scheme is more suited to the needs and capacities of large enterprises rather than small growers. It agrees with the view expressed by a labour hire contractor in Shepparton who told the committee:

...it [is] essential in the early stages of the pilot to work with a smaller number of larger growers so it is better controlled and then being able to



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move from there. Our records show that probably better than 80 per cent of the people we place are with about 20 per cent of the growers—in volume, I mean, the number of growers. It would not be very difficult to put a reasonable number of people in there and have it well managed, well controlled and the welfare and all those sorts of things looked after. Basically that takes the pressure off the rest because the numbers are available for them. It would work very well.<sup>4</sup>

4.26 The committee agrees that the advantage of the scheme for small growers is the overall growth of the labour supply, and easier access to current labour sources.

4.27 The committee does not have in mind any particular specifications for appropriate accommodation. There are, presumably, standards which already apply for workers living away from home at mining and construction sites in remote locations. Such standards should also apply to accommodation for foreign workers. The standards for accommodation should be specified in the Pacific labour scheme guidelines, and they should be applicable in all areas. Growers and producers employing workers under the scheme should be obliged to contribute to establishment and maintenance cost of accommodation where this is subject to shared cost arrangements. The committee notes that housing is currently a state responsibility. States may see it as in their interest to contribute to investment in worker accommodation through their regional assistance programs. Local governments may also see themselves as stakeholders. The management of accommodation by local community organisations is another possibility.

4.28 The committee notes that the proposal to upgrade the standards of accommodation for foreign workers may raise the question of why such facilities should not also be an entitlement for local itinerant harvest workers. This is a fair question. It raises the issue of whether by improving the working conditions for local and itinerant workers the labour shortage problem may be at least partly relieved. The provision of decent accommodation for foreign workers would soon test the demand by domestic harvest labour for more jobs in the industry.

### **Transport, insurance and other matters**

4.29 The airfare costs for workers from Pacific islands to Australia may initially be paid by contracting organisations, but they may be recouped in part by the contractors, as could the land component of transport from the port of entry to the work centre.

4.30 The committee also raises the possibility of improving mobility through the use of charter flights direct to regions where this is technically feasible and cost effective. Bundaberg and Mildura would appear to be two places where these arrangements might be possible. However, the committee is aware of the additional costs that would result from the need to provide immigration and quarantine services at these airports, and the advantages of this would need to be assessed.

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<sup>4</sup> Mr Anthony Peardon, *Committee Hansard*, Shepparton, 24 March 2006, p.7

4.31 Quarantine deserved particular consideration in view of the work involved. The committee expects that the carriage of work clothing and tools in and out of the country by regularly returning harvest workers would be prohibited. It would be necessary for growers to supply and store these items, either on their own properties or through some co-operative arrangements.

4.32 There appears to be an efficient local minibus service operating in several horticultural districts visited by the committee, usually operated by backpacker hostels. The committee has no particular view on how local transport should operate, except to note that private vehicle access for contract workers should not be encouraged, and that growers may need to organise a cooperative transport system on a shared cost basis.

4.33 Another issue which needs to be addressed concerns health care and medical insurance. The committee asked about the quality of health care and medical facilities in some of the regions it visited. There was no informed view of their adequacy. However, the committee presumes that recruitment of suitable harvest labour would largely take care of concerns about the physical condition of workers: their degree of fitness and general health. The vetting of job applicants should exclude those with pre-existing medical conditions that would require treatment in Australia. For those who are selected to work, medical insurance should be required, and included as an administrative cost. The issue of appropriate workers' compensation arrangements would need to be clarified, in consultation with state authorities.

### **Community relations**

4.34 The committee was aware when framing its terms of reference of the importance of maintaining harmony and acceptance of Pacific workers in local communities. The community must regard such a scheme as a benefit rather than a threat. As discussed in an earlier chapter there are sensitivities about the use of foreign labour as part of the Australian workforce. Such matters are difficult to regulate, and, as one witness told the committee:

... [they] are a bit hard to put down as part of the commercial package. They really revolve around doing the right thing. I believe that, if it were to be done properly, the only people to have access to the labour would be people who were exemplars of best practice in all their facilities—accommodation, working conditions and those sorts of the things. I think it is politically of concern that we would bring in people from overseas and the worst thing would be to see them being exploited. It would be a tragedy to try to get something like this off the ground and then to see them just abandoned to some shabby accommodation and not brought into the community for the brief time they are here.<sup>5</sup>

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<sup>5</sup> Mr James O'Connor, *Committee Hansard*, Shepparton, 24 March 2006, p. 20

4.35 The committee had heard of incidences of community conflict in Robinvale, between Tongans and others, over housing shortages. There are close to 1000 Tongans living in the district and this number greatly increases at harvest times when relatives of locally settled Tongans move in assist with the additional work. An important social issue considered by the committee was the likely effect of an influx of Pacific islander workers into an area where resentment of outsiders might result, as a consequence of the depressed state of that community and the absence of adequate physical and social infrastructure.

4.36 In Robinvale, the committee was told that while racial groups were not the cause of social problems, it was reflected in the competition for space and the tensions over missing out on opportunities. These tensions arise from 'a sense that "they" are taking our jobs and our space and that we cannot get room or accommodation and have waited forever for housing'.<sup>6</sup> Friction between the Koori and islander communities was also reported. The committee is concerned about perceptions of favoured treatment to foreign contracted labour at the expense of the unemployed, even though it readily acknowledges that fruit picking and related horticultural work is unattractive to the vast majority of the unemployed, for various reasons, and to most indigenous people. The committee was not able to find evidence of any success in attracting able-bodied unemployed people to the work of harvest labour, apart from those who worked odd days to comply with the conditions of job-seeking.

4.37 The committee considers that the influx of foreign workers is much more likely to have unfortunate social consequences in small and vulnerable communities rather than in larger towns and provincial centres. Such problems are unlikely to be encountered in and around centres like Shepparton, Mildura, Bundaberg or Griffith. The committee found no evidence in horticultural districts of perceptions of favoured treatment given to foreign workers, and local government authorities regarded them favourably. The committee notes authoritative evidence taken from the experience of rural communities in Ontario of harmony and prosperity prevailing in rural areas of Canada as a consequence of the success of its Caribbean and Mexican agricultural workforce arrangements.

## **Conclusion**

4.38 Recent experience of importing labour for work in abattoirs and construction sites by way of 457 visas provides a salutary lesson in the pitfalls of organising a seasonal harvest labour scheme using labour from the Pacific. While there is no Hansard record of any grower advocating such a scheme on the basis of reducing labour costs, the committee gained a general impression that this was in many cases the unspoken assumption. Such growers are deluded. Good outcomes for both the industry and the workers will not come cheaply because regulatory compliance measures, transport and accommodation costs and administrative costs will be considerable. Some of these costs can be recouped, but the committee considers it

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<sup>6</sup> Rev Evan Harris, *Committee Hansard*, Robinvale, 23 March 2006, p. 42

unlikely that growers have given the costs of overcoming labour shortages much detailed consideration. If, on the other hand, growers truly value a skilled, reliable and available labour force for its potential to increase the value of production, as they claim to do, these additional costs may be easily borne.

## Senator Barnett's supplementary comments

In these additional comments I propose a targeted and tightly controlled pilot scheme to meet a demonstrated labour force need in a certain area over a given period.

Based on evidence to the committee, it is likely that the pilot would confirm the view that rather than acting as job-takers, such schemes could not only boost investment in a region but also employment.

The committee's report contains much to commend it, and many of the conclusions drawn from the evidence presented to members are both reasonable and justified. Whether or not a systemic and widespread labour shortage currently exists is difficult to determine, but nobody denies that shortages do exist in particular regions at particular times.<sup>1</sup> Nor is there disagreement that the flow of labour currently relied on by growers, primarily Working Holiday Makers (WHMs), is not assured. The existing shortage at certain times and in certain regions combined with a predominantly WHM labour force gives rise to serious concern and the need for action. The '*wait and see*' approach recommended by the majority is not supported.

The evidence presented to the committee makes it clear that the pool of labour from which producers are drawing is relatively unstable. WHMs provide an ever increasing slice of the labour required.<sup>2</sup> While everybody agrees that WHMs make up an increasing proportion of the labour pool, I am not as easily convinced of the robustness of this labour supply into the future. Events outside the control of the Government (for example, an act of nature or terrorism) could seriously diminish or disrupt the supply of WHM labour, which alone would bring about a major shortage of workers. Were such an event to occur during the harvest season, the result could be catastrophic to Australian growers. It is foreseeable that such an event could disrupt tourist traffic, including WHMs, for more than one season, compounding the desperation of growers. In addition because WHMs make up an ever-increasing proportion of seasonal horticulture workers they tend to remain for days or weeks rather than months. They tend to 'disappear' with short or even no notice and this is problematic for growers. Prudence requires that potential pitfalls be identified and planned for.

Labour shortages have serious economic consequences, not least for the growers themselves. As identified in the committee report, the World Bank has recently reported that crop losses in Australia due to labour shortage have been estimated at \$700 million. While this is described as a rough estimate by one researcher, others

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1 See, for example, Mrs Denita Wawn, *Committee Hansard*, 22 August 2006, pp. 26-7. See also committee report, para. 2.49.

2 Committee report, paras. 1.19 and 1.20. See also *Working Holiday Makers Benefiting Australia*, Department of Immigration and Multicultural Affairs, Immigration Facts No. 18.

have verified that crop losses (and at the very least, reduced value yields) do occur due to labour shortage.<sup>3</sup>

These supplementary comments arise not from any particular disagreement with the evidence presented in the main report of the committee, but rather the conclusions drawn from it. Like the majority report, I do not seek to make what I regard as radical recommendations. However, I consider that a carefully designed pilot program would be an appropriate precautionary measure to mitigate the risk the committee has identified in relying too heavily on the labour of holiday makers and to address the labour shortage concerns in certain regions. Such a pilot, and any eventual scheme, should operate only where a demonstrated need for labour exists in a particular community. All the considerations identified in chapter 4 should also be examined and addressed prior to commencement. A strict protocol will have to apply. Seasonal workers should be paid in accordance with the Australian Fair Pay and Conditions Standard and the relevant classification that applies in the particular award or agreement operating in that workplace. Employers would need to meet the travel costs to and from Australia. Any employer found to be in breach of these arrangements would be subject to prosecution and unable to access any such scheme again. The purpose and outcome of any seasonal labour scheme is not to reduce wages but to meet a demonstrated need under strict conditions.

The Canadian experience, described in an appendix to the report, has been a long-standing and positive one. Other countries have enjoyed similar successes, with economic and social benefits flowing between workers and their home countries. Is Australia to be left behind?

As discussed in chapter 3, some of Australia's neighbours face significant economic and social challenges, many of which seem likely to worsen in coming years. Properly conceived and managed contract labour programs have the potential to provide mutual benefit, and in the case of the Asia-Pacific, dovetail with Australia's aid efforts. This being the case, a pilot scheme should examine the feasibility of drawing labour not just from the Pacific region, but also other areas including Papua New Guinea and East Timor, two very close neighbours who are also heavy consumers of Australian aid and likely to benefit greatly from contract labour remittances. The latter countries would be well positioned to meet the demonstrated needs in the Northern Territory (primarily mango farms) and northern Western Australia (the Ord River catchment).

In an era of widespread liberalisation of trade in goods and many services, it seems odd to take a protectionist approach against the relatively small, not to mention directly beneficial program such as the one being discussed here. In certain areas, Australia does have a shortage of skilled labour, but in certain areas it also has a shortage of semi and unskilled labour. Western Australia for example is desperate to meet these needs. A host of growers and their representative groups appeared before the committee in support of a trial including Australian Citrus Growers Inc, Yandilla

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3 World Bank, *At Home and Away*, p.105.

Park Pty Ltd, Growcom, and Horticulture Australia Ltd. These groups, which collectively represent large numbers of growers, were supported in their calls for a trial by many others including Mr Peter Mares and Mr Nic Maclellan, two of Australia's foremost experts on seasonal labour schemes. Countering one of the most common criticisms of a possible scheme, Mr Mares submitted that such a scheme would create jobs and investment in the local area concerned rather than 'take jobs from locals'. In fact, as the committee report relates, the Canadian experience has been that temporary labour schemes create 2.6 jobs in the supply and processing sectors for every one in horticulture.<sup>4</sup> Mr Mares tells of a shop owner in Ontario considering the spending of temporary workers as being 'literally like Christmas in September' for local business.<sup>5</sup>

Dr Manjula Luthria, representing the World Bank, also presented strong evidence in favour of a scheme to the committee. The National Farmers' Federation also supported a trial, but not in isolation:

'NFF believe that labour shortages being experienced in the agricultural industry should not be countered by one action only and that there are a variety of solutions, of which migration solutions are one component, for resolving the problems facing regional Australia with regard to access to labour. The most important thing that the NFF stress in our submission to this committee is that the agricultural industry needs access to reliable and efficient seasonal labour.'<sup>6</sup>

Although planning for a pilot scheme should begin as soon as practicable, it is obvious that any substantial pilot is probably some way off, and as suggested by the NFF, the problem is best addressed on more than one front. The difficulties faced by growers can be helped more immediately by an expansion of the Harvest Trail scheme. The Government is to be congratulated on this initiative, which has been of enormous assistance to growers in many regions, but more and better outcomes can be achieved from the program than have been possible to date. Harvest Trail should be reviewed and expanded, with a view to expanding the range of services available and streamlining the process of referrals. This could be achieved in the relatively short term.

**Senator Guy Barnett**  
**Senator for Tasmania**

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4 Tanya Basok, as quoted in Mares and Maclellan, *Remittances and Labour Mobility in the Pacific; a working paper on seasonal work programs in Australia for Pacific Islanders*, Institute of Social Research, Swinburne University, p.27. See also committee report paras 1.24-1.30

5 Mr Peter Mares, *Submission 19*, p.19

6 Mrs Denita Wawn, *Committee Hansard*, 22 August 2006, p. 25





# **Appendix 1**

## **List of Submissions**

<b>Sub No:</b>	<b>From:</b>
1	Worktrainers Limited, VIC
2	Chandler Macleod Limited, NSW
3	Pacific Institute of Advanced Studies in Development and Governance
4	RJ Cornish & Co Pty Ltd, VIC
5	Yandilla Park Pty Ltd, SA
6	Riverland Development Corporation, SA
7	Trim Vine Labour Contractors, SA
8	Victorian Peach and Apricot Growers' Association Inc, VIC
9	Growcom, QLD
10	Swan Hill Rural City Council, VIC
11	Horticulture Australia Limited/Horticulture Australia Council, ACT
12	Greater Shepparton City Council, VIC
13	Private Sector Lobby Group, Export of Ni-Vanuatu Labour, Vanuatu
14	Recruitment and Consulting Services Association, VIC
15	Australian Mango Industry Association Ltd, QLD
16	Carnarvon Growers Association Inc, WA
17	Riverina Citrus, Griffith NSW
18	The Hon Charlie Lynn, MLC, NSW

- 19 Mr Peter Mares, Institute for Social Research, Swinburne University of Technology, VIC
- 20 Select Harvests Limited, VIC
- 21 Ethnic Council of Shepparton and District, VIC
- 22 Australian Horticultural Exporters Association, VIC
- 23 Sunraysia Citrus Growers Inc., VIC
- 24 I.W & M.A Gent, SA
- 25 Sunraysia Mallee Economic Development Board, VIC
- 26 Pacific Islands Forum Secretariat
- 27 Fruit Growers Victoria, VIC
- 28 Australia Fiji Business Council, Australia Pacific Islands Business Council, Australia Papua New Guinea Business Council, QLD
- 29 Mildura and District Educational Council, VIC
- 30 Department of Employment and Workplace Relations, ACT
- 31 Australian Centre for Regional Economic Justice, NSW
- 32 Mr Nic Maclellan, VIC
- 33 Oxfam Australia, VIC
- 34 Australian Workers' Union, VIC
- 35 National Farmers' Federation, ACT
- 36 Mr Russell Savage MLA, VIC
- 37 Professor Michael Quinlan, NSW
- 38 Australian Manufacturing Workers' Union, NSW

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- 39 Northern Territory Horticultural Association, ACT
- 40 Robinvale Network House
- 41 Burnett Shire Council, QLD
- 42 Department of Foreign Affairs and Trade, ACT
- 43 Department of Immigration and Multicultural Affairs, ACT
- 44 Barossa Riverland MidNorth Area Consultative Committee, SA
- 45 Associate Professor Richard Brown, QLD
- 46 Ms Jeanne Allegro, VIC
- 47 Chair of International Agency Leadership (Peace Building), NSW
- 48 Government of Papua New Guinea, Departments of Trade & Industry  
and Foreign Affairs & Immigration
- 49 Mr Frederick Taylor, QLD
- 50 Mr Geoffrey Beecroft, VIC
- 50b Mr Geoffrey Beecroft, VIC
- 51 Department of Agriculture, Fisheries and Forestry, ACT
- 52 TAFE Directors Australia, ACT
- 53 Federation of Ethnic Communities' Councils of Australia, ACT
- 54 Australian Tourism Export Council, NSW
- 55 Australian Council of Trade Unions, VIC
- 56 The Centre for Independent Studies, NSW
- 57 United Pacific Islanders of Wide Bay, QLD
- 58 The World Bank, Pacific Island Operations, NSW



## **Appendix 2**

### **Hearings and Witnesses**

**Tuesday, 21 March 2006, Mildura**

**Victorian Farmers Federation**

Mr James Belbin, *Vice President, Sunraysia Branch*

**Sunraysia Citrus Growers Inc**

Mr Peter Crisp, *Chair*

**Australian Citrus Growers Inc**

Ms Judy Damiani, *Executive Director*

**Mr Chris de Groot**

**Sunraysia Mallee Economic Development Board**

Mr John Irwin, *Chairman*

**Almond Board of Australia**

Mr Stephen Lynch, *Director and Head of Agribusiness, SAITeysMcMahon*

**National Harvest Labour Information Service, MADEC**

Ms Mary Maoloney, *Coordinator (Tasmania, South Australia and Northern Territory)*

Mr Maxwell Polwarth, *Manager*

Mr Cosimo Stizza, *Harvest Labour Coordinator*

**Sunraysia Mallee Economic Development Board**

Mr Andrew Millen, *Chief Executive Officer*

**Mildura Rural City Council**

Mr Phil Pearce, *Chief Executive Officer*

**Wednesday, 22 March 2006, Renmark**

**Riverland Development Corporation**

Mr Trevor Bennett, *Project Officer, Skilled and Business Migration*

**Yandilla Park Pty Ltd**

Mr Richard Hamley, *General Manager, Agribusiness*

Ms Claire Smith, *Human Resources Manager*

**Riverland Horticultural Council**

Mr Tom Martin, *Acting Chairman*

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**Simarloo (Australia) Pty Ltd, and Virgin Hills Pty Ltd**

Mr Noel Sims, *Managing Director*

**Thursday, 23 March 2006, Robinvale****Tree Minders Pty Ltd**

Mr Alf Fangaloka, *Director*

Mr Sam Fangaloka, *General Manager*

Mr Sioeli Fangaloka, *Director*

**Pickering Transport Group**

Mrs Lilian Fifita, *Quality Manager, Occupational Health and Safety Convenor*

**Mr Tony Gaby****Robinvale Uniting Church**

Reverend Evan Harris,

**Robinvale NetworkHouse Incorporated**

Mrs Carolyn Martinussen, *Coordinator*

**Swan Hill Rural City Council**

Ms Deborah Quin, *Employment and Settlement Facilitation Officer*

**Murray Valley Aboriginal Co-op**

Mrs Valma Tucker, *Committee Member and Coordinator, Family Services, Murray Valley Aboriginal Co-op*

**Select Harvests Ltd**

Mr Wayne Turner, *General Manager, Almond Division*

**Friday, 24 March 2006, Shepparton****Goulburn Valley Pacific Islander Community Association Inc**

Ms Leiona Cocker, *Vice President*

Mrs Moira Fepuleai, *President and Representative, Ethnic Council of Shepparton and District*

Mrs Leaisa Pele, *Treasurer*

**Fruit Growers Victoria**

Mr Peter Hall, *Representative*

Mr Ross Wall, *Chief Executive Officer*

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**Greater Shepparton City Council**

Mr Christopher Hazelman, *Councillor and Manager, Ethnic Council of Shepparton and District*

Mr Matthew Nelson, *Manager, Economic Development*

**Worktrainers Ltd**

Mr James O'Connor, *Chief Executive Officer*

**Austravel Jobs**

Mr Anthony Peardon, *Managing Director*

**Northern Victorian Fresh Tomato Growers Association**

Mr Anthony Rossignuolo, *President*

**Wednesday, 19 April 2006, Brisbane**

**Associate Professor Richard Brown**

**Burnett Shire Council**

Mr Raymond Duffy, *Mayor*

**Australia Fiji Business Council**

Mr Robert Lyon, *President; Immediate Past President, Australia Pacific Island Business Council; Vice President, Australia Papua New Guinea Business Council*

**Growcom**

Mr Mark Panitz, *Chief Advocate*

**Australia Papua New Guinea Business Council**

Mr Francis Yourn, *Executive Director, Australia Fiji Business Council, Australia Pacific Island Business Council*

**Thursday, 20 April 2006, Bundaberg**

**SP Exports Pty Ltd**

Mr Andrew Philip, *Shareholder*

**2PH Farms**

Mr John Pressler, *Director*

**Wide Bay-Burnett Area Consultative Committee**

Mr William Trevor, *Chair*

**Bundaberg City Council**

Councillor Mary Walsh, *Chairman, Planning and Development Committee*

**Monday, 5 June 2006, Darwin****Oolloo Farm Management Pty Ltd**

Mr Philip Vivian, *General Manager, Farming Operations*

**Northern Territory Horticultural Association**

Ms Tracey Leo, *Principal Officer*

**Northern Territory Mango Industry Association**

Mr Peter Marks, *President*

Mr Bill Davey, *Grower Representative and Director*

Mr Peter Delis, *Past President*

**Northern Land Council**

Mr Leigh Tilmouth, *Consultant, Economic Development*

Mr John Berto, *Deputy Chief Executive Officer*

Mr Barry King, *Manager, Jobs and Careers*

**Unions Northern Territory**

Mr Joseph Gallagher, *President*

Mr Didge McDonald, *Occupational Health and Safety Project Officer*

Mr Jeff Hull, *Secretary*

Mr Jamey Robertson, *Assistant Secretary*

**Tuesday, 22 August 2006, Canberra****Department of Immigration and Multicultural Affairs**

Mr James Fox, *First Assistant Secretary, Migration and Temporary Entry Division*

Mr Malcolm Paterson, *Director, Business Skills and Specialist Entry Section*

Mr Jon Rosalky, *Director, Compliance Business Systems Section*

**Department of Foreign Affairs and Trade/AusAID**

Mr Peter Hooton, *Assistant Secretary Pacific Regional and New Zealand Branch, Pacific Division*

Ms Judith Robinson, *Assistant Director-General, Pacific Branch, AusAID*

Mr Edward Sulikowski, *Director, Services Trade Negotiations Section, Office of Trade Negotiations*

**National Farmers' Federation**

Mrs Denita Wawn, *Manager, Workplace Relations, and Industrial Advocate*

Mr Duncan Fraser, *Chair, Workplace Relations Committee*

**High Commissioner for Fiji**

His Excellency Mr Amraiya Naidu, *High Commissioner*

**Department of Employment and Workplace Relations**

Mr Ivan Neville, *Assistant Secretary, Labour Supply and Skills Branch*



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Ms Jane Press, *Director, Migration Policy and Analysis Section, Labour Supply and Skills Branch*

Mr Michael Quinn, *Assistant Secretary, Employment Exchange Branch*

**Dr Satish Chand**, *Crawford School of Economics and Government, ANU*

**Mr Peter Mares**, *Senior Research Fellow, Institute for Social Research, Swinburne University of Technology*

**Mr Nicholas Maclellan**, *Senior Policy Adviser for the Pacific, Oxfam Australia*

**Department of Agriculture, Forestry and Fisheries**

Mr Allen Grant, *Executive Manager, Corporate Policy Division*

Dr Terence Sheales, *Chief Commodity Analyst, Australian Bureau of Agricultural and Resource Economics*

Mr Matthew Worrell, *Manager, Corporate Policy and Planning*

Mr Peter Hancock, *Manager, Horticulture Policy*

**Wednesday, 23 August 2006 Canberra**

**Australian Tourism Export Council**

Ms Anna Rattray, *National Industry Development Manager*

**ACTU**

Ms Michelle Bissett, *Industrial Officer*

**Horticulture Australia Limited**

Ms Kris Newton, *Chief Executive Officer, Horticulture Australia Council*

Mr Mark Reppel, *Director, Australia Banana Growers' Association*

Mr Nick Muraca, *President, Australian Table Grape Growers Association*

**The World Bank**

Dr Manjula Luthria, *Senior Economist for the Pacific Region*



## Appendix 3

### The Canadian program for foreign agricultural labour<sup>1</sup>

Canada's Seasonal Agricultural Workers Program (CSAWP) has operated to bring temporary workers from the Caribbean since 1966 and from Mexico since 1974. In 2004, the program brought approximately 19,000 workers to Canada (85% of them to the province of Ontario) for an average of 4 months employment. The maximum stay allowable under the scheme is 8 months.

Initially CSAWP was administered by the government, via its then Department of Manpower and Immigration. In 1987, after a government review, responsibility for the scheme was handed over to the private sector and the Foreign Agricultural Resources Management Service (F.A.R.M.S.) was established. F.A.R.M.S. is a non-profit, private sector agency governed by a board appointed from (and by) horticultural commodity groups. It operates under the authorisation of a federal government ministry, Human Resources Skills Development Canada (HRDC).

In theory, farmers need approval from local HRDC employment centres to certify that no Canadian workers are available to fill the jobs. However after a farmer's first year of involvement in the scheme such approval is usually automatic. In practice, farmers notify HRDC of the number of foreign workers they wish to employ at least 8 weeks prior to the start of work. HRDC approves the labour request and sends the information on to F.A.R.M.S, who then determines how many workers are needed and sends that information to government liaison officers from the Caribbean and Mexico. The liaison officers transmit the information to the Labour Ministry in their home country and details are sent to the Canadian consular officials in the relevant capital city.

Workers are selected from a pool of applicants who have received medical examination and readily available to leave for Canada. The Canadian government authorises 'designated medical practitioners' to carry out health checks. The primary concern is active TB. No HIV-testing is done for people staying less than 9 months in Canada. If a returning worker has been back in their homeland for less than 6 months after returning from Canada, then they do not need to repeat the medical.

F.A.R.M.S. charges employers a flat administration fee of C\$35 (+ GST) per worker. The same charge is applied if a worker is transferred between employers after arriving in Canada, a process that requires prior approval from F.A.R.M.S. The workers' travel from their home country to Canada is organised through CanAg travel services, which is a subsidiary of F.A.R.M.S. International travel is paid in advance by farmers, with

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<sup>1</sup> This overview is heavily informed by information contained in Peter Mares, *Submission 19*

around 40% these costs later re-couped via deductions from workers' wages. Farmers also pay for the visa up front (C\$150 per worker) and this amount can be fully recouped through wage deductions. However, in recovering costs from workers, farmers can deduct a maximum of 5% of gross earnings per pay period (in the case of Mexican workers) or C\$3.50 per day (for Caribbean workers).

Farmers are responsible for all domestic travel from the workers' point of arrival in Canada to their place of work and must provide the migrant workers with free housing (including meals or cooking facilities) for the duration of their employment. They must guarantee each worker a minimum of 240 hours work over six weeks at or above prevailing minimum wage rates (C\$8 per hour for fruit picking in 2005). Employers must also take out workers compensation insurance to cover the migrants in the case of industrial accidents.

Farmers can specify the country from which they want to employ workers and can even request particular workers by name. In fact the majority of workers (around 80%) are 'named' in this way, having already spent at least one season in Canada and been asked by their employer to return the following year. The vast majority of workers are men, although in recent years a small number of women have also come to Canada under the scheme.

Workers enjoy the same tax free threshold as Canadian residents (\$15,000 per annum for a married worker, \$8148 for a single worker) but must contribute from day one of commencing employment to mandated insurance and pension schemes. Experience has been that workers rarely claim on these entitlements, as they are loathe to give the impression that they are troublemakers. Migrant workers are covered by the universal health care system while working in Canada, and make pension fund contributions (Canada Pension Plan 4.95% of earnings), but are legally prevented from unionising. Entitlements can be accessed and transferred back to their home country after workers reach retirement age. Workers pay Employment Insurance of 1.87% of earnings, but cannot claim unemployment benefits in Canada

Workers must be prepared to work long hours (11-12 hour days are not uncommon) for a six-day week at a flat hourly rate. There is no provision for overtime pay or penalty rates. Each worker is tied to a designated employer and must leave Canada at the end of the labour contract. (All CSAWP visas expire on December 15th each year)

Experience in Canada has been that the overwhelming majority of workers will return home willingly at the conclusion of the season because they want to be allowed to return to work the following year. Less than 1.5% of Canadian workers in 2004 intake went Absent without leave. Workers are able to see the advantage in staying 'legal' and being allowed to return, as opposed to becoming an 'illegal' immigrant and having little or no access to services offered by the state such as healthcare, social security, and legal recognition.

# **Appendix 4**

## **Australian Standard Classification of Occupations (ASCO)**

### **1 MANAGERS AND ADMINISTRATORS**

Generalist Managers

Specialist Managers

Farmers and Farm Managers

### **2 PROFESSIONALS**

Science, Building and Engineering Professionals

Business and Information Professionals

Health Professionals

Education Professionals

Social, Arts and Miscellaneous Professionals

### **3 ASSOCIATE PROFESSIONALS**

Science, Engineering and Related Associate Professionals

Business and Administration Associate Professionals

Managing Supervisors (Sales and Service)

Health and Welfare Associate Professionals

Other Associate Professionals

### **4 TRADESPERSONS AND RELATED WORKERS**

Mechanical and Fabrication Engineering Tradespersons

Automotive Tradespersons

Electrical and Electronics Tradespersons

Construction Tradespersons

Food Tradespersons

Skilled Agricultural and Horticultural Workers

Other Tradespersons and Related Workers

## 5 ADVANCED CLERICAL AND SERVICE WORKERS

Secretaries and Personal Assistants

Other Advanced Clerical and Service Workers

## 6 INTERMEDIATE CLERICAL, SALES AND SERVICE WORKERS

Intermediate Clerical Workers

Intermediate Sales and Related Workers

Intermediate Service Workers

## 7 INTERMEDIATE PRODUCTION AND TRANSPORT WORKERS

Intermediate Plant Operators

Intermediate Machine Operators

Road and Rail Transport Drivers

Other Intermediate Production and Transport Workers

## 8 ELEMENTARY CLERICAL, SALES AND SERVICE WORKERS

Elementary Clerks

Elementary Sales Workers

Elementary Service Workers

## 9 LABOURERS AND RELATED WORKERS

Cleaners

Factory Labourers

Other Labourers and Related Worker





