



Australian Government

**Department of Employment and
Workplace Relations**

Pacific Region Seasonal Contract Labour

**Submission from the Department of Employment
and Workplace Relations to the Senate Employment,
Workplace Relations and Education References
Committee**

March 2006

Table of Contents

Executive Summary	4
1. Introduction.....	5
2. Background and Issues	5
3. Existing Migration Arrangements	6
3.1 The Working Holiday Maker Scheme.....	6
3.2 Temporary Business Long Stay	6
3.3 Employer Nomination Scheme.....	7
3.4 Labour Agreements.....	8
3.5 Regional Migration Arrangements.....	8
3.5.1 Regional Sponsored Migration Scheme.....	9
3.5.2 Regional Temporary Business Long Stay	9
3.6 Other Migration Arrangements	9
4. Labour Market Issues.....	10
4.1 Overview of the Labour Market	10
4.2 Agriculture Labour Market.....	11
4.2.1 Employment in Agriculture	11
4.2.2 Employment in agriculture-based industries by region.....	13
5. Seasonal Harvest Issues	14
5.1 Mobilising Out of Area Harvest Labour	15
5.2 The Current Harvest Labour Workforce	15
5.2.1 Nature of work and conditions.....	15
5.3 DEWR Harvest Labour Initiatives.....	16
5.4 Interrelation between seasonal harvest work and the Government's Welfare to Work agenda.....	16
6. Pacific Island Issues	17
6.1 Overview of proposals for seasonal (guest worker) arrangement – a case study for seasonal agricultural workers from PICs	17
6.1.1 History of proposals	17
6.2 Sponsorship Issues.....	18
6.2.1 Labour Market Issues.....	19
6.2.2 Workplace Relations Issues.....	19
6.3 Remittance Issues.....	20
6.3.1. Skilled versus low and unskilled labour.....	20
6.3.2. Remittance Culture of PICs.....	20
7. Conclusion.....	21

ATTACHMENT A - Regional Labour Market Data	22
ATTACHMENT B – Characteristics of Australian Agriculture	24
ATTACHMENT C – Seasonal Harvest Issues	25
ATTACHMENT D – Analysis of Media Reports of Harvest	29
Labour Shortages	29
ATTACHMENT E – Harvest Labour Services – Programme	31
Harvest Areas	31
ATTACHMENT F – Research on Remittances From Migrants	32
ATTACHMENT G – International experience of temporary	35
agricultural work schemes	35

Executive Summary

In relation to migration, the Department of Employment and Workplace Relations' (DEWR) key interests are the labour market implications of migration arrangements, including the labour market experience of migrants and the implications of migration on economic, demographic and labour market outcomes over the short and long term.

While there is a need for flexibility in migration arrangements to address the skill needs of business, there is equally a need for safeguards to be in place to ensure migration arrangements do not adversely impact on the employment and training of Australians. As such, migration arrangements should complement other Government initiatives to address skill shortages (such as the welfare to work agenda, vocational education in schools, new apprenticeships and better targeting of university places to future skill needs) and should not result in the displacement of any Australians in the labour market.

In assessing whether there are serious harvest labour shortages it is important to look beyond anecdotal and media reports. As the accuracy of perceptions about harvest shortages is a significant consideration in calls for seasonal (or guest worker) schemes this Submission analyses whether harvest labour shortages exist and provides information on how the Australian Government and, in particular DEWR, assists growers to meet their harvest labour requirements.

Against this background, DEWR does not support the proposal to introduce a seasonal (guest worker) arrangement.

1. Introduction

The Department of Employment and Workplace Relations (DEWR) provides the Government with high quality advice, programmes and services to achieve three outcomes:

- efficient and effective labour market assistance;
- higher productivity, higher pay workplaces; and
- increased workforce participation.

In relation to migration, DEWR's key interests are the labour market implications of migration arrangements, including the labour market experience of migrants and the implications of migration for economic, labour market and demographic outcomes over the short and long term. DEWR is involved in providing policy advice on these issues to Government and undertaking policy-focussed research in this area.

DEWR also provides labour market and skills analysis information in relation to the parameters and policies of various migration arrangements. Specifically, DEWR:

- produces a quarterly publication, *Australian Labour Market Update*, which provides new and prospective migrants with labour market information to assist their migration and settlement decisions;
- produces the Migration Occupations in Demand List (MODL) to provide occupational targeting to the General Skilled Migration (GSM) categories. DEWR has recently extended its skill shortage research so that the MODL is now updated on a six monthly rather than annual basis; and
- provides input to the composition of the Skilled Occupations List (SOL), the Employer Nomination Scheme Occupations List (ENSOL) and the Employer-Sponsored Temporary Business Entry List (ESTEL).

DEWR, through its Office of Workplace Services (OWS), provides advice to the Department of Immigration and Multicultural Affairs (DIMA) on workplace relations issues associated with migration arrangements.

2. Background and Issues

In assessing whether there are serious harvest labour shortages it is important to look beyond anecdotal and media reports. As the accuracy of perceptions about harvest shortages is a significant consideration in calls for seasonal (or guest worker) schemes this submission analyses whether harvest labour shortages exist and provides information on how DEWR assists growers to meet their harvest labour requirements.

In general terms, the importance of temporary migration to Australia's economy has increased significantly in recent years. Australian business is increasingly turning to temporary migration as a means of addressing skill shortages where recruitment and training initiatives are insufficient to meet demand:

- Australia's employer-sponsored temporary arrangements recognise that the globalisation of the labour market has resulted in flows of skilled workers who do not wish to remain in Australia permanently; and
- to this end, Australia regularly reviews its temporary arrangements to ensure they are effective in facilitating the entry of highly mobile skilled workers.

3. Existing Migration Arrangements

3.1 The Working Holiday Maker Scheme

Australia's Working Holiday Maker (WHM) scheme allows visa holders to have an extended holiday in Australia by supplementing their travel funds through incidental employment. Important issues to note about the WHM include:

- the WHM scheme is specific to the 19 countries with which reciprocal bilateral agreements have been negotiated. In excess of 105 000 visas are expected to be granted in 2005-06;
- given the primary purpose of the WHM is social and cultural (and not economic), WHM visa holders are currently limited to 3 months with any one employer; and
- the Government recently announced changes to the WHM to better meet the seasonal labour needs of agricultural and horticultural employers in regional Australia. Specifically:
 - current and future WHMs will be able to apply for a second WHM visa where they have completed a minimum of 3 months harvest work in regional areas during their initial WHM period of stay (12 months). This should act as an incentive for WHM visa holders to work in regional Australia in seasonal harvest work; and
 - combined with their availability for a second WHM visa, the negotiation of further WHM agreements should result in an increased pool of WHMs to serve the seasonal labour market needs of Australian employers.

While the WHM provides Australian employers with access to a sizeable pool of seasonal labour, the scheme is not intended to address shortages of skilled labour for which more appropriate employer-sponsored migration arrangements exist. This was confirmed in the *Joint Standing Committee on Migration* report *Working Holiday Makers – More Than Tourists* which recommended the retention of the incidental nature of employment and the maximum of 3 months employment with any one Australian employer.

Preliminary information suggests the availability of a second WHM visa for WHM visa holders working a minimum of 3 months in the agricultural and horticultural industries in regional Australia has the potential to expand the stock of WHM visa holders by an estimated 5 000 per annum (based on some 1 000 WHM visa holders having applied for a second WHM in the two months following its introduction and noting that research suggests some 15.9 per cent of WHMs undertake work as fruit pickers).¹

3.2 Temporary Business Long Stay

In response to business demand for more flexible arrangements for the temporary entry of skilled overseas workers, the Government introduced in 1996² streamlined short (up to 3 months) and long term (up to 4 years) temporary business arrangements:

- while the short-term visas are targeted at overseas persons exploring business and investment opportunities in Australia, they include a work right and as such have been used by overseas workers requiring access to the Australian labour market for short-term project work; and

¹ Harding, G and Webster, E, *The Working Holiday Maker Scheme and the Australian Labour Market*, 2002 (research commissioned by DIMIA and DEWR).

² As a result of the Government's endorsement of the recommendations of the Roach Committee Review of Temporary Entry of Business People and Highly Skilled Specialists.

- employers seeking to recruit overseas workers under the long-term temporary arrangements are required to show that there will be benefit to Australia from the employment of overseas workers.

On 1 July 2001, as a result of an internal DIMA review of a wide range of temporary visas, further changes were introduced to the employer-sponsored long-term arrangements. Specifically, and to increase transparency and objectivity, the Government introduced two criteria – a gazetted list of eligible occupations and a minimum salary threshold for all nominations:

- the gazetted list of eligible occupations (or ESTEL) is largely based on occupations identified in the Australian Standard Classification of Occupations³ (ASCO) as managerial, professional, associate professional and trade occupations. That is, occupations for which the entry level requirement in the Australian labour market is the successful completion of a trade or higher level qualification;
- the salary threshold is intended to reflect the minimum salary for a skilled person in the Australian labour market and to ensure that employers do not over-classify a position in order to secure an appropriate skill classification; and
- combined these criteria aim to ensure that employer-sponsored long-term arrangements are limited to skilled occupations and skilled workers.

The concessional regional temporary business long stay arrangement (see section 3.5) that provides for the recruitment of overseas workers for employment in semi-skilled (but not unskilled or labouring) occupations, contains sufficient flexibility to meet the labour needs of the agricultural and horticultural industry in key occupations (such as agricultural mobile and plant operators).

3.3 Employer Nomination Scheme

Consistent with the Government's decision to target the Migration Program to the Skill Stream (with a particular emphasis on the employer-sponsored arrangements), the Employer Nomination Scheme (ENS) has increased in size in recent years from 5 950 visas in 1997-98 to 13 020 visas in 2004-05 (with a planning level of 15 000 places in 2005-06).

The ENS is an employer-driven scheme that enables eligible Australian employers to recruit skilled migrants (overseas workers) for employment in skilled occupations that they have been unable to fill from the Australian labour market through recruitment and training.

The ENS is targeted to skilled occupations identified on the ENSOL. While overseas workers recruited under the ENS are required to demonstrate they possess skills (qualifications and work experience) appropriate to employment in ENSOL occupations, there is no labour market testing required:

- the ENSOL is a subset of occupations identified in the ASCO as managerial, professional, associate professional or trade occupations; and
- the ENSOL does not reflect labour market conditions and occupations are only excluded on policy grounds. For example, the ENSOL does not include occupations for which Australian citizenship is a pre-requisite to employment (such as politicians and judges).

Overseas workers recruited under the ENS must satisfy DIMA that they are skilled. A skilled migrant is generally considered to be one who:

³ Australian Bureau of Statistics (ABS), *Australian Standard Classification of Occupations – Second Edition*, Catalogue No 1220.0, 1997

- has completed a post-secondary qualification usually requiring a minimum of three years full-time study (or equivalent experience) and a minimum of three years post-qualification experience relevant to the occupation for which they have been recruited; or
- has worked in Australia in the nominated occupation for at least two years including one with the sponsoring Australian employer; or
- has had their skills formally assessed by the appointed Australian assessment body (all off-shore applicants); or
- has been recruited to a senior management position with a base salary equivalent to the gazetted base salary for a senior management position.

While overseas workers recruited under the ENS are also required to be aged less than 45 years and have a minimum of vocational proficiency in English, provision exists for exceptional appointment where the employer can demonstrate an economic benefit for Australia.

3.4 Labour Agreements

Labour Agreements are negotiated between the Commonwealth (jointly represented by DIMA and DEWR) and an employer or industry association. Labour Agreements provide for the temporary or (subject to the skill level) permanent entry of a specified number of expatriates in response to existing or emerging skill needs of the Australian labour market.

Labour Agreements must reflect the provisions of the visa arrangements to which they refer. The visa arrangements that are eligible for inclusion in Labour Agreements include the ENS, Regional Sponsored Migration Scheme (RSMS), temporary business long stay, regional temporary business long stay, sport, religious and occupational trainee visa arrangements.

In 2004-05, the Commonwealth managed/negotiated some 100 Labour Agreements most of which operate for 2 to 3 years. While commercial-in-confidence provisions preclude the identification of employers who have access to Labour Agreements, the Commonwealth currently administers two Labour Agreements with recruitment agencies who specialise in the recruitment and placement of overseas workers to meet the labour demand of the agricultural and horticultural industries:

- consistent with the concessional regional temporary business long stay arrangement (see section 3.5) these Labour Agreements provide for the temporary entry of overseas workers for employment in a range of skilled and semi-skilled occupations. In 2006, the potential exists for the recruitment of some 240 overseas workers under these Labour Agreements; and
- while the recruitment agencies who are a party to these Labour Agreements must maintain an employer-employee relationship with the overseas workers for the length of visa grant, there is flexibility for the overseas workers to be placed at multiple employer sites thereby meeting the seasonal demands of the agricultural and horticultural industries.

3.5 Regional Migration Arrangements

Since 1996-97, the Australian Government has, in consultation with State and Territory governments, introduced a range of concessional migration arrangements that are aimed at influencing the distribution of migrants (specifically to promote migration to regional Australia and the less populated States and Territories). These initiatives include the RSMS, the regional temporary business long stay arrangements, and the State Territory Nominated Independent (STNI) Scheme and Skilled Independent Regional visa.

3.5.1 Regional Sponsored Migration Scheme

The RSMS was introduced in 1995-96 to assist employers in regional Australia to fill vacancies in skilled and semi-skilled occupations. For the purposes of the RSMS, regional is defined as including all areas of Australia except Perth, Melbourne, Wollongong, Sydney, Newcastle, Brisbane and the Gold Coast.

The RSMS requires an employer to demonstrate there is a genuine vacancy for a position in regional Australia and, unless the appointment is exceptional, requires the overseas worker to possess a diploma or higher level qualification, be aged less than 45 years and have functional English language proficiency.

The RSMS requires the employer to demonstrate to the relevant Regional Certifying Body (RCB) that there is a genuine need for the position to be filled and that the position is available full-time for at least two years.

3.5.2 Regional Temporary Business Long Stay

In November 2002, concessional regional temporary business long stay arrangements were introduced to reflect the labour needs of regional Australia. These provisions allow the minimum salary level threshold to be waived and an extension to ESTEL to include occupations in ASCO Major Groups 5 to 7 (where the employer can demonstrate there is a genuine need for the position that cannot be filled locally). The waiver of the threshold requirements must have the endorsement of the RCB in the area that the position is necessary, the salary levels are consistent with the awards for the occupation or industry and local levels, and the position could not be filled by a suitably qualified Australian from the regional labour market.

For migration purposes, the ASCO dictionary is used to determine the relative skill level of occupations. ASCO identifies a number of skilled occupations (including agricultural scientist, agricultural adviser and agricultural engineers) and less-skilled occupations (including agricultural and horticultural mobile plant operator) which are specific to the agricultural and horticultural industries and for which overseas workers can be recruited under the temporary business long stay and/or concessional regional temporary business long stay migration arrangements.

However, provision does not exist for the recruitment of overseas workers for employment in agricultural and horticultural labouring occupations (including farm hands, nursery and garden labourers and irrigationists). Research and analysis undertaken by the Government for the purposes of the Australian New Zealand Standard Classification of Occupations (ANZSCO) to be published in 2006, confirms that relative to other occupations these agricultural and horticultural labouring occupations are not skilled. Specifically, like ASCO the new ANZSCO classifies these occupations within the lowest Major Group and at the lowest skill level.

3.6 Other Migration Arrangements

Other non-sponsored temporary migration arrangements that include a work right and which represent a potential pool of labour available to the agricultural and horticultural industries include:

- overseas students – overseas students who are granted permission to work are limited to 20 hours per week while their course is in session and full-time in formal holiday periods. Family members of students who have commenced a Masters or Doctorate degree may apply for unrestricted permission to work. Family members of all other overseas students may apply to work up to 20 hours per week;

- occupational trainees – Australia’s occupational trainee visa program allows people to undertake a supervised training program that is workplace-based rather than classroom-based and is designed specifically to increase the visa holder's skill level in their occupation, field of study or expertise. There are a number of examples of the occupational trainee visa being used by employers in the agricultural and horticultural sector:
 - for example, *The Weekly Times* of 15 February 2006 referred to an occupational trainee arrangement whereby 30 Fijian citizens complete a 3 month structured on-the-job training program in the tobacco industry in Victoria (which supplements the labour supply while providing trainees the opportunity to acquire skills which will enhance their employment prospects on return to Fiji).
- New Zealand citizens – under the Trans-Tasman Travel Agreement introduced in 1973, Australian and New Zealand citizens can enter each other’s country freely to visit, live, work and remain indefinitely without the need to formally apply for authority to enter the other country.

4. Labour Market Issues

4.1 Overview of the Labour Market

Reflecting almost 15 years of uninterrupted economic growth, Australia has experienced historically strong labour market conditions with employment growth averaging 1.7 per cent per annum over this period. Notwithstanding some softening in economic growth over recent quarters, the fundamentals of the Australian labour market remain sound. For instance, over the year to January 2006:

- employment has increased by 159 400 (or 1.6 per cent), its second highest level on record;
- full-time employment has accounted for almost 90 per cent of all jobs created over the period;
- the unemployment rate, now at 5.3 per cent, has remained under 6 per cent for the past two years; and
- the participation rate of 64.4 per cent remains close to historical highs⁴.

It is worth noting that metropolitan (the six State capitals) and non-metropolitan areas (the rest of Australia) have both benefited from the solid labour market conditions that have occurred at the national level. Over the year to January 2006⁵:

- employment has grown by 101 400 (or 1.6 per cent) in metropolitan areas and by a robust 98 000 (or 2.7 per cent) in non-metropolitan areas. Moreover, around 71 per cent of metropolitan regions recorded an increase in employment compared with around 73 per cent of non-metropolitan regions over the period⁶;
- the unemployment rate for metropolitan areas has remained steady at 4.8 per cent, while it rose marginally, by 0.1 percentage points to 5.8 per cent, in non-metropolitan Australia. This slight rise in the unemployment rate, however, reflects a significant increase in the participation rate that has occurred in non-metropolitan areas over the period (up by 0.9 percentage points to 62.9 per cent); and

⁴ ABS *Labour Force, Australia* (Cat.No. 6202.0), seasonally adjusted data, January 2006.

⁵ ABS *Labour Force*, detailed data release (Cat No: 6291.0.55.001), January 2006 (data are three monthly averages of original monthly estimates).

⁶ Ibid.

- at a finer level of detail, around 76.6 per cent of Statistical Local Areas (SLAs)⁷ recorded a fall in their unemployment rate over the year to the December quarter 2005.

Strong labour market conditions at the national level have benefited those in the cities but particularly those in regional areas across many parts of Australia.

While there has been an overall tightening in labour market conditions at the national level, and a widespread increase in labour demand across a majority of regions over recent years, pockets of excess skilled and unskilled labour still remain across a small number of Australian regions. In the context of this Inquiry, it is important to identify whether there is an adequate, or possible excess, supply of unskilled labour in agricultural regions which at times require a large number of seasonal harvest workers.

The following discussion examines the Australian Bureau of Statistics (ABS) labour market data to assess the effect of recent drought conditions on employment levels (and labour demand) in the agriculture industry and, more specifically, in the sub-group of Horticulture, fruit and other crop growing⁸. These industries could be expected to contain a significant number of persons who are either already engaged in seasonal harvest related work or who might form part of the potential labour supply for seasonal harvest work. Where possible, the extent to which employment in regions (with a need for seasonal harvest workers) has rebounded, following the recent general improvement in cropping and drought conditions, is also examined.

4.2 Agriculture Labour Market

4.2.1 Employment in Agriculture

The industry division of Agriculture encompasses persons employed in Horticulture, fruit and other crop growing, grain, sheep and beef cattle farming, dairy cattle, poultry and other livestock farming. The single largest factor affecting employment in Agriculture in recent years has been the 2002-03 drought which, in southern and eastern areas of Australia, exacerbated the effects of several preceding years of dry conditions. As Figure 1 (below) illustrates, there has been a significant decline in employment in the Agricultural industry since November 2001.

There have also been a number of other key factors, including structural changes in agricultural industries, which have affected the level of employment in Agriculture over recent years. These factors include the ongoing consolidation of farms moves to; broadacre cropping; and reductions in the labour intensity of farming production, through greater substitution of capital for labour:

- the ABS has reported that the number of farming establishments⁹ declined substantially, from 150 391 to 130 526 over the ten years to 2004. However, over the same period, the total area of crops increased from 18.0 million hectares to 26.0 million hectares¹⁰; and

⁷ There are about 1 350 SLAs in Australia. These are the smallest available geographical units in the ABS standard geographical structure and consist of Local Government Areas, parts thereof, or any unincorporated area. The latest available data at the time of writing are for December 2005.

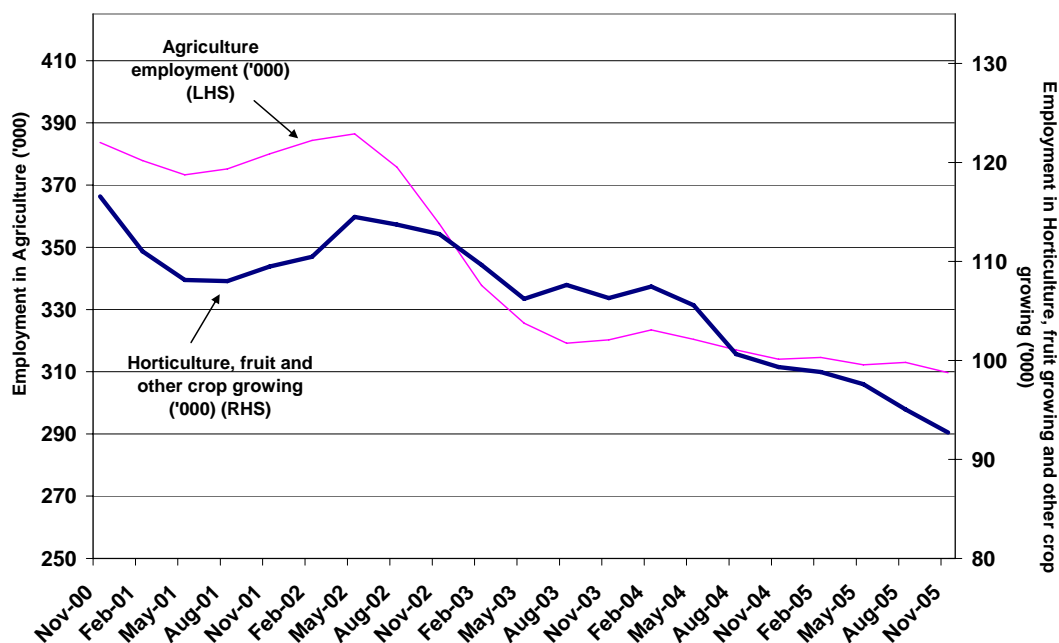
⁸ The Horticulture, fruit and other crop growing industry is the combination of ANZSIC division 011 – Horticulture and fruit growing and ANZSIC division 016 – Other crop growing. This includes fruit, vegetable, sugar cane and cotton growing, but excludes grain growing.

⁹ With an estimated value of agricultural operations of \$5 000 or more.

¹⁰ ABS *Australian Farming in Brief* (Cat no: 7106.0)

- the ABS labour productivity index shows that the Agriculture, forestry and fishing industry has experienced a greater increase in labour productivity (the index increased from 75.7 in June 2000 to 96.4 in June 2005) than the average for all industries (where the index increased from 92.6 to 99.4 over the same period)¹¹. In many cases, increased productivity in the Agriculture industry (through substitution of capital for labour) has reduced the need for as many workers in the sector.

Figure 1: Employment in Agriculture and Horticulture, fruit and other crop growing, November 2000 to November 2005 (original data)



Source: ABS *Labour Force*, detailed data release (Cat No: 6291.0.55.001), four quarter average, November 2005

As a result of industry structural changes and the drought, employment in Agriculture has fallen by 93 600 (or 23.8 per cent) from 393 900 in November 2001 to stand at 300 300¹² in November 2005. Similarly, at the more highly disaggregated level, employment in Horticulture, fruit and other crop growing (which accounts for 30 per cent of total employment in Agriculture) has also experienced a significant decline, of 23 700 (or 20.9 per cent) since November 2001, to currently stand at 89 900 in November 2005.

Despite easing drought conditions over the last 12 months, continued weakness in Agriculture and Horticultural, fruit and other crop growing employment is still apparent:

- according to the Australian Bureau of Agricultural and Resource Economics' (ABARE) November 2005 *Crop Report*, timely rainfall and mild spring temperatures have combined to produce more favourable agricultural conditions, with winter crop production forecast to increase in all States. ABARE has also forecast summer crop production to increase by 24 per cent as a result of average spring rainfall¹³; and
- it is important to note that drought conditions are still persisting throughout some areas, in particular Central and Southern Queensland and North-western New South Wales.

¹¹ ABS *Australian System of National Accounts* (Cat no: 5204.0), table 25

¹² Note that industry data referred to in the text are quarterly, while data presented in the chart are in four-quarter average terms.

¹³ ABARE *Crop Report* - no.136, November 2005

Irrespective of the forecast improvement in agricultural output in areas affected by drought and despite the projected increase in crop production, employment in Agriculture over the longer-term is unlikely to rebound to pre-drought levels. This is due, in large part, to the longer-term trends which are occurring in the industry mentioned earlier (such as the consolidation of farms, moves to broadacre cropping and reductions in the labour intensity of farming production). These factors are likely to continue to place downward pressure on the level of employment in the industry in the coming years.

4.2.2 Employment in agriculture-based industries by region

Data for the Horticultural, fruit and other crop growing industry are not available at a more highly disaggregated regional level. As such, all detailed regional analyses presented below are based on the broader Agriculture, forestry and fishing industry.

Table 1 (below) shows the fall in employment in Agriculture, forestry and fishing in the ABS Labour Force Regions that have major horticultural bases, and which would be the most likely to require significant numbers of harvest related workers. The majority of regions (with the exception of those in Western Australia) are currently experiencing employment levels well below those of pre-drought times. Clearly, examination of the data at the national level, does not reveal the full extent of the severe negative employment shocks that some regions have experienced as a result of the drought. Indeed, many of the key agricultural regions located in Australia's Eastern States have recorded considerable declines in Agriculture, forestry and fishing employment over the four year period to November 2005:

- in stark contrast there has been a clear improvement in a number of Western Australian regions (reflecting the considerable rainfall that has occurred over large parts of the State).

Notable decreases in employment were recorded in the Northern, Far West-North Western and Central West NSW (which includes tropical fruit and vegetable cropping regions), with a decline in employment of 22 500 (or almost 40 per cent) and Gippsland in Victoria, with a fall of 13 300 (or over 70 per cent):

- it is worth noting that the major fruit growing areas of the Goulburn Valley and the Sunraysia region (both of which require large numbers of harvest related workers) have experienced significant declines in employment in Agriculture, forestry and fishing, as proxied by the ABS LFRs of Goulburn-Ovens-Murray and Loddon-Mallee (see Table 1); and
- given the magnitude of the fall in Agricultural employment experienced by a large majority of the regions presented in Table 1, there may already be a sizeable pool of individuals, who would either be looking to regain employment in the Agriculture sector or to rejoin the labour market elsewhere in these regions.

Table 1: Employment in Agriculture, forestry and fishing, selected regions

	November 2001 ('000)	November 2005 ('000)	Change ('000)	Change (%)
<i>New South Wales</i>				
Murray-Murrumbidgee	13.8	17.5	3.7	26.8
Hunter	8.8	6.8	-2.0	-22.7
Illawarra and South Eastern	20.3	5.9	-14.4	-70.9
Northern, Far West-North Western and Central West	59.4	36.9	-22.5	-37.9
<i>Victoria</i>				
Loddon-Mallee	12.4	10.1	-2.3	-18.5
Goulburn-Ovens-Murray	20.2	14.4	-5.8	-28.7
All Gippsland	18.3	5.0	-13.3	-72.7
<i>Queensland</i>				
Wide Bay-Burnett	12.4	17.1	4.7	37.9
Mackay-Fitzroy-Central West	19.9	8.3	-11.6	-58.3
Darling Downs-South West	24.4	16.9	-7.5	-30.7
Far North	13.5	9.5	-4.0	-29.6
<i>South Australia</i>				
Southern and Eastern SA	24.3	20.2	-4.1	-16.9
<i>Western Australia</i>				
Lower Western WA	20.6	24.1	3.5	17.0
Remainder-Balance WA	19.9	22.5	2.6	13.1
<i>Northern Territory</i>				
Northern Territory	5.4	1.2	-4.2	-77.8
<i>Australia</i>				
Australia	450.3	353.3	-97.0	-21.5

Source: ABS *Labour Force, detailed data release* (Cat No: 6291.0.55.001), November 2005

In the context of quantifying the potential excess supply of unskilled labour in agricultural regions, it is important to note that 27.8 per cent of all jobs lost in Agriculture¹⁴ over the four years to November 2005, were for persons employed as Labourers and related workers (commonly classed as an unskilled occupation).

5. Seasonal Harvest Issues

The DEWR-funded National Harvest Labour Information Service (NHLIS), based in Mildura, has advised DEWR that while growers of fruit, vegetables and other agricultural products around Australia sometimes find it challenging to attract sufficient workers at peak harvest times, the workforce supporting unskilled seasonal harvest labour in Australia has met labour market demand in recent years, and there are no enduring labour shortages affecting the harvest industry.

According to a survey of growers in the Mildura, Goulburn Valley, Griffith and Riverland regions commissioned by DEWR in 2005, just over half described having difficulty finding labour during the harvest period. Evidence from DEWR's Regional Skills Shortage Surveys indicates that about two thirds of recruiting employers in Agriculture industries have difficulty finding adequate labour, while 72 per cent of employers across all industries have difficulty recruiting adequate labour.

¹⁴ As proxied by the Agriculture, forestry and fishing division (data not readily available at a more disaggregated level).

The NHLIS are unaware of any demonstrated examples where chronic labour shortages have resulted in large-scale crop loss. The experience of the NHLIS, DEWR funded Harvest Labour Service (HLS) providers and DEWR's HLS Contract Managers suggests that growers who provide reasonable rates of pay and working conditions generally have little difficulty in having their harvest labour needs met.

Allegations of harvest labour shortages often generate considerable media attention. It is important to assess these reports critically as they are usually anecdotal. It is also important to consider the experience across an entire harvest area rather than focussing on reports from an individual grower. It can and does happen that an individual grower may have some difficulty attracting labour due to particular circumstances while the harvest area as a whole may have little overall difficulty in sourcing labour. Attachment D provides an assessment of some recent media coverage.

5.1 Mobilising Out of Area Harvest Labour

The nature of the harvest, where ripening times can suddenly quicken or lag significantly due to seasonal conditions, means that even the best forecasting by growers cannot consistently predict how many workers are required in advance with any genuine reliability. Demand for harvest labour can also vary considerably depending on market prices for produce, again making it difficult for growers and harvest labour providers to accurately assess harvest labour needs from year to year.

Given that most harvest areas, and properties within those harvest areas are not within easy commuting distance of a major metropolitan area, mobilising a large workforce to a rural or remote area with only a few days lead time will always remain challenging. The mobilisation of significant numbers of out-of-area workers in rural and remote Australia will remain difficult whether the workforce consists of Australians, WHMs or imported unskilled labour from the Pacific.

With the introduction of specific policy initiatives by the Australian Government designed to address the difficulties growers face in attracting a harvest workforce, the risk of harvest labour shortages that once occurred within the industry has been significantly reduced. The labour market will occasionally play 'catch up' when mobilising large numbers of out-of-area labour, particularly in remote areas, however there is no concrete evidence that harvest labour shortages exist in sufficient magnitude to warrant a radical departure from existing migration policy.

5.2 The Current Harvest Labour Workforce

Around 25 per cent of the seasonal harvest workforce consists of regular itinerant seasonal workers who follow the harvest trails and retirees who supplement their income while travelling throughout Australia. Around 50 per cent of the harvest labour workforce is made up of visitors to Australia on WHM visas, while the remaining 25 per cent is made up of Australians who have been unemployed and are moving from a reliance on welfare into paid employment.

5.2.1 Nature of work and conditions

The nature of harvest work is physically demanding. The tenure of employment is temporary and casual in nature. Agricultural workers are among the lowest paid in the economy. These factors compete in a tight labour market for a labour force who can find less physically demanding work that attracts better rates of pay outside the agricultural and horticultural industries. However growers who utilise services available to them to maximise the supply of labour to their region and farm generally do not experience labour shortages.

Growers who have difficulty in attracting sufficient harvest workers during peak harvest periods generally have four barriers to attracting labour; ability to offer attractive pay and conditions, distance from heavily populated areas, adequacy of transport and availability of accommodation. Job seekers universally have difficulty travelling long distances at short notice for relatively short periods of work. In rural and remote Australia the high cost and often lack of transport is a common hurdle to participation in harvest related work. Frequently on remote properties or in regional harvest towns there is also a lack of suitable and affordable accommodation. The experience of the NHLIS and HLS providers and DEWR's HLS Contract Managers suggests that growers who provide reasonable working conditions generally have their harvest labour needs met.

5.3 DEWR Harvest Labour Initiatives

The Australian Government has programmes in place to encourage Australians, in particular unemployed Australians and WHM visa holders to participate in harvest-related work. DEWR plays an important role in addressing the seasonal harvest labour needs of growers by funding both the HLS and NHLIS programmes.

HLS providers assist growers by mobilising labour in harvest areas where considerable numbers of out-of-area workers are required during peak harvest times. HLS providers offer a free service matching all job seekers eligible to work in Australia, including WHMs, with growers requiring out-of-area harvest labour. For the period 1 July to 30 June 2006 there are four contracted HLS providers located in 21 sites across 16 harvest areas. These harvest areas are listed at Attachment E.

The NHLIS works closely with HLS providers to coordinate and disseminate harvest labour information across Australia. Its services include a free telephone information service, producing and maintaining information on harvest job opportunities on the JobSearch Harvest Trail website. The NHLIS covers all harvest areas including those that do not have a HLS provider.

DEWR uses SMS messaging to alert registered job seekers to harvest job opportunities across Australia during peak harvest periods, Job Network members and Job Placement organisations encourage job seekers living in harvest areas to take up harvest related employment. Additional information on DEWR harvest labour initiatives are outlined in Attachment C.

Complementary initiatives by DIMA have also impacted on harvest labour within Australia. In November 2005, DEWR and DIMA launched two initiatives to encourage WHMs to participate in harvest-related work. A link to the Harvest Trail website has been included on all electronic WHM visas issued since November 2005. This has coincided with an increased number of calls to the NHLIS.

5.4 Interrelation between seasonal harvest work and the Government's Welfare to Work agenda

Unemployed people receiving income support currently represent around 25 per cent of all job seekers placed into harvest jobs by HLS providers. Jobseekers are required, under the *Social Security Act 1991 Activity Test*, to attend interviews for suitable employment, to accept offers of suitable employment, and to commence work if an offer of suitable employment is made. If a Job Network member considers that a job seeker has failed, without good reason, to meet any of these requirements, they may submit to Centrelink a Participation Report (PR). If Centrelink is also satisfied that the job seeker's failure was unreasonable, the job seeker's unemployment payment may be reduced or stopped, for a period of time.

The Social Security legislation allows jobseekers to reasonably refuse an offer of “unsuitable” work, or a job that would require a person to change their home or where commuting time is difficult. The latter is judged on a 90 minute rule (this is specified in the Act). Jobseekers are not required to accept jobs where it would take them more than 90 minutes to get to the job. However, unemployed people who live in a harvest area can be forced to accept harvest work (or face a PR) as long as the commuting time is less than 90 minutes one way.

Work for the Dole participants cannot be compelled to do harvest work. Work for the Dole rules do not allow participants to work on private land or to be used in situations that may displace paid employees. In addition the report of the National Harvest Trail Working group noted that many growers do not want unwilling workers to be sent to their properties. Advice from the NHLIS and HLS providers is that this attitude still persists in harvest areas across Australia.

6. Pacific Island Issues

6.1 Overview of proposals for seasonal (guest worker) arrangement – a case study for seasonal agricultural workers from PICs

Discussion on proposals to introduce seasonal (guest worker) arrangements to enable PIC citizens access to the Australian labour market is driven by two issues. The first is to create a seasonal (guest worker) arrangement as a means of promoting economic development in PICs through the transfer of remittances and skills; and secondly, anecdotal claims of labour shortages in various agricultural industries which could be addressed by recruiting overseas workers to meet these seasonal labour demands.

Given the precedent effect (and likely calls from other countries with large numbers of unskilled and unemployed labour interested in access to the Australian labour market), it is imperative that consideration of a seasonal (guest worker) arrangement or temporary migration arrangement more generally between Australia and PICs be an appropriate response to the driving factors. Implementation of such migration arrangements must be directly related to the underlying issue of economic development of PICs or meeting labour demands in Australia. If a seasonal (guest worker) arrangement was to be developed it would need to address these issues specifically.

6.1.1 History of proposals

The history of seasonal (guest worker) arrangements to enable PIC citizens access to the Australian labour market, in particular Australia’s agriculture industry is well documented. Notably, the 2003 Senate Foreign Affairs, Defence and Trade Committee’s (the Committee) report entitled, *Australia's relationship with PNG and the Island States of the South-West Pacific*, examined the issue of labour mobility schemes with reference to seasonal work in labouring and agricultural sectors.

The Committee recommended that a pilot program be developed to allow for labour to be sourced from the region for seasonal work in Australia. The Committee noted that a pilot should initially be conducted for small island countries, and if successful expanded to include labour from other countries.

The National Farmers’ Federation (NFF) has more recently called for a seasonal workers scheme in its *Labour Shortage Action Plan* released in September 2005. The NFF’s seasonal worker scheme would be to cover temporary gaps in the rural labour market at peak times (for example, harvest).

It is important to note that calls for season (guest worker) arrangements for PIC citizens have been in the context of improving pacific relations and promoting economic and social development of PICs. Interestingly, much of the push for such schemes from PIC governments has been on the premise of up-skilling their citizens and maintaining remittances, of which many PICs have been heavily reliant.

The Pacific Islands Forum Secretariat noted from a Remittances Roundtable held on 21 March 2005 in Suva, that migration policies could be reviewed with a focus on promoting labour market access via temporary worker arrangements to increase flows of remittances. It was suggested an emphasis be on unskilled workers to fill vacancies in developed countries and avoid the 'brain drain' phenomena in home countries.

Proposals for seasonal (guest worker) arrangements have taken various forms, many of which focus on the arrangement as a 'temporary' measure, ensuring workers return to their homeland. A key to several propositions is reciprocal arrangements whereby PICs have access to the Australian labour market, with a similar arrangement for Australian's accessing PICs labour markets.

6.2 Sponsorship Issues

While the introduction of a seasonal (guest worker) arrangement may provide economic assistance and development benefits to PICs by way of remittances and the promotion of closer economic and cultural links, there are a number of important policy issues to be considered including:

- the introduction of the visa arrangement (even if it was promoted as a pilot) would lead to an expectation by participating countries that there would be full-time employment for their citizens for the length of visa grant and on an ongoing basis;
- if introduced as a pilot program, it would be extremely difficult to cancel the visa arrangement even if there was a change in labour demand in Australia. Moreover, there is likely to be requests for an increase to the visa ceiling by participating countries for their own purposes and not in response to any labour demand in Australia. This would increase the potential for displacement effects on Australian jobseekers;
- unless the proposal was identified as part of (and specifically linked to) Australian aid packages to participating countries, it is likely to result in increased demands from other countries to allow their lesser and unskilled workers access to the Australian labour market;
- in the absence of a rigorous monitoring regime (including in terms of compliance with Australian standards and conditions of employment), the proposal has the potential to result in the displacement of Australian jobseekers and/or claims of exploitation of overseas workers; and
- unless the proposal includes minimum skill (education) and English language proficiency criteria, there are serious occupational, health and safety implications.

Unskilled workers and those with poor education and/or poor English are most at risk of exploitative behaviour by unscrupulous Australian employers through payment of below award wages, excessive working hours and substandard working and living conditions. Occupational health and safety would also be an issue.

6.2.1 Labour Market Issues

Australian Jobs 2005 noted that “farm workers and farmers” and “labourers” had average job prospects and above average rates of unemployment. While high rates of unemployment can coexist with labour market shortages, such shortages are usually limited to persons with specific work experience or work practices:

- it is not likely that persons entering under a seasonal (guest worker) arrangement will possess the work experience or work practices appropriate to employment in areas of genuine labour demand; and
- in the case of some PICs, entrants under a seasonal (guest worker) arrangement may not have any attachment to the labour market or a work history.

6.2.2 Workplace Relations Issues

Migration regulations and procedures include a requirement that temporary visa holders with work rights are employed in accordance with Australian standards and conditions of employment (including awards, agreements and other workplace relations instruments).

While the WHM Scheme is non-sponsored, the fact that WHMs tend to have a high level of education (and are therefore more likely to be aware of their work rights and taxation obligations), means the difficulty for DIMA in identifying for monitoring purposes the employers with whom they are working is not considered a major risk.

Unless a seasonal (guest worker) arrangement included employer sponsorship (or industry sponsorship) obligations in terms of guaranteed full-time employment for a specific period of time, health and medical insurance, transport (to, from and within Australia), accommodation, then given it is targeted at lesser and unskilled workers it would be high risk.

The OWS could mitigate this risk to some extent by taking steps, in consultation with DIMA, employer associations and relevant State Departments of Industrial Relations (noting that a high proportion of employers are likely to be a party to State awards), to ensure the participating employers and employees are aware of the obligations and rights under Australia’s workplace relations systems (for example, through the provision of fact sheets). Closer monitoring through targeted compliance work and workplace visits would have significant resource implications for DEWR.

Any proposal to introduce a seasonal (guest worker) arrangement which is underpinned by the retention in trust (by the Australian sponsor) of a percentage of wages earned in Australia to minimise the risks of workers absconding and overstaying (and to increase the likelihood of remittances) may be contrary to Australian standards and conditions on employment in that:

- the vast majority of awards state that wages must be paid to the employee within one day of the end of the pay period (generally each week or fortnight);
- while an employee may have the right to advise their employers to which account(s) they want their wage to be transferred (including an off-shore account), this would not obviate the requirement that income tax be paid in Australia; and
- any proposal to defer payment (or retain wages in trust) would require the approval of each individual employee. Each employee would also have the right to change their mind and have their wage redirected to another account or paid in accordance with the award or agreement (and not deferred until departure).

6.3 Remittance Issues

6.3.1. Skilled versus low and unskilled labour

A review of available literature suggests that most of the data and research available on migrant remittances focuses on developed versus developing countries or country specific experiences. Further, the literature examines migration in the context of either permanent or temporary movements as distinct from remittances resulting from the seasonal short-term movement of unskilled workers.

Developing countries receive in excess of 70 per cent of global migration remittances much of which is financed from developed countries. This is possibly linked to the domestic migration policies employed by many developed nations which target skilled workers and migrants with high levels of education, often known as the 'brain drain' phenomena. Regardless of the type of migration scheme, there exists a situation in many developing countries where the loss of human capital causes the country of origin to rely on low/unskilled labour, which has adverse impacts on home country's prospects.

Much of the literature suggests that regardless of the skill level of migrants, global migration is beneficial to the home country through remittances and transfer of skills and knowledge. However, according to the GEP 2006, the increase in remittance levels is likely to continue in part due to the mix of permanent and temporary workers, whereby temporary workers are believed to remit a larger share of their income; and the skill mix, given low skilled workers have a tendency to remit a larger proportion of their lower incomes.

Historically, migration from PICs to Australia has predominantly been in skilled occupations on a permanent basis. However, given the skill-outflow in PICs, concern is increasing over the growing levels of low and unskilled workers who remain. A large part of regional trade negotiations involving PICs have focused on skilled worker migration, but the issue of temporary, low/unskilled workers are becoming more prominent on the trade agenda.

Access to the Australian labour market is a key component of the Pacific Plan, a blue print on regional integration, therefore the issue is at the forefront of regional trade deals and is used by Pacific Island governments as a negotiating tool with respect to more liberalised trade and investment arrangements. Here, remittances form an integral part of PICs economies, as they will be used to compensate for lost revenue because of tariff reductions.

6.3.2. Remittance Culture of PICs

Research shows that many PICs are heavily reliant on migrant remittances which constitutes a significant proportion of disposable income and complements international financial assistance received (or Official Development Assistance). Samoa, Tonga, Kiribati, Tuvalu, Wallis, Futuna, Niue and the Cook Islands are some of the PICs that are heavily reliant on migrant remittances.

Not uncommon to measuring remittances, data on transfers to PICs is often unrecorded, however from gross private transfer receipts, the evidence indicates a long-term reliance on remittances, which is increasing over the same period (refer Table 2 below).

Table 2: Gross private Transfer Receipts (\$US million)

Country	1994	2000	2002	Remittance received per Capita 2000	Remittance received in 2000 as a percentage of GDP
Fiji Islands	-23.8	-12.3	53.0		
Kiribati	4.0	6.0	6.0	\$66	12.4
Samoa	33.1	43.7	57.9	\$254	18.9
Tonga	42.5	48.0	65.2	\$479	31.3
Vanuatu	5.8	27.3	30.6	\$139	11.2

Reliance on remittances for PICs is increasing significantly over time with Fiji and Vanuatu having an increase in the level of remittances by \$76.8 and \$24.8 million respectively over the period 1994 to 2002. Similarly, remittances are forming a significant proportion of PICs Gross Domestic Product (GDP) with remittances in Tonga and Samoa accounting for around 31 and 19 per cent of GDP respectively. When considered on a per capita basis, between \$250 and \$480 is remitted to these countries, which is in stark contrast to the \$16 per capita remitted to China (refer to Table F.1 in Attachment F).

There is continuing research into the effectiveness of remittances in aiding economic and social development in PICs. This is consistent with an international campaign and academic debate about the role of remittances in investment as well as consumption. Remittances are a key element to any form of seasonal (guest worker) arrangement, and therefore require significant attention when devising any type of temporary scheme.

7. Conclusion

DEWR does not support the proposal to introduce a seasonal (guest worker) arrangement. It would be premature to consider the option of such an arrangement for PICs until there has been a comprehensive evaluation on the extent to which the Government's welfare to work agenda and initiatives to target WHM visa holders have addressed the labour needs of the agricultural and horticultural industries.

The skill level of migrants is an important determinant of employment and settlement outcomes – young, skilled migrants have a substantially lower unemployment rate, an ability to find employment more quickly, and higher levels of income and expenditure. No provisions exist under Australia's temporary business long stay and/or concessional regional temporary business long stay migration arrangements that allow for the recruitment of overseas workers for employment in agricultural and horticultural labouring occupations. Research confirms these occupations are not skilled and are classified by the new ANZSCO as the lowest Major Group and at the lowest skill level.

Although there has been a reduction in employment in the Agriculture, forestry and fishing industry and in Horticulture, fruit and other crop growing, the experience of the NHLIS, DEWR's HLS providers and HLS Contract Managers suggests that the workforce supporting unskilled seasonal harvest labour in Australia has met labour market demand in recent years, and there are no enduring labour shortages affecting the harvest industry.

Unless a seasonal (guest worker) arrangement included employer sponsorship (or industry sponsorship) obligations in terms of guaranteed full-time employment for a specific period of time; health and medical insurance; transport (to, from and within Australia); and accommodation, and then given it would target unskilled workers with poor education and/or levels of English, any scheme would be potentially high risk.

ATTACHMENT A - Regional Labour Market Data

State and regional employment in agriculture-based industries

Agricultural conditions vary considerably across Australia reflecting variability in rainfall and climatic conditions across regions. In particular, drought conditions are still persisting throughout areas in Central and Southern Queensland and North-western New South Wales.

As shown in Table A.1 (below), there was significant variation in the change in employment between the Agriculture and the more highly disaggregated Horticulture, fruit and other crop growing industry across States over the four years to November 2005. Victoria recorded a large decrease of 30.5 per cent in Agricultural employment, yet recorded a rise in employment of 13.6 per cent in Horticulture, fruit and other crop growing employment.

Table A.1: Agriculture and Horticulture, fruit and other crop growing employment by State (original data)

	November 2001 ('000)	November 2005 ('000)	Change ('000)	Change (%)
<i>Employment in Agriculture</i>				
New South Wales	113.6	81.3	-32.3	-28.4
Victoria	91.4	63.5	-27.9	-30.5
Queensland	90.8	66.3	-24.5	-27.0
South Australia	39.9	29.1	-10.8	-27.1
Western Australia	38.1	47.0	8.9	23.4
Tasmania	14.4	11.3	-3.1	-21.5
<i>Employment in Horticulture, fruit and other crop growing</i>				
New South Wales	28.0	15.6	-12.4	-44.3
Victoria	19.8	22.5	2.7	13.6
Queensland	32.9	25.1	-7.8	-23.7
South Australia	17.3	14.4	-2.9	-16.8
Western Australia	10.2	8.8	-1.4	-13.7
Tasmania	4.3	2.7	-1.6	-37.2

Source: ABS *Labour Force, detailed data release* (Cat No: 6291.0.55.001), November 2005

The fall in employment in Victoria in Agriculture, forestry and fishing reflected the grain, sheep and beef cattle farming sector (where employment has fallen by 21 400 and 48.9 per cent since November 2001) and the dairy cattle farming industry (down by 9 600 or 43.0 per cent). In addition to the drought, the dairy industry has also been affected by deregulation and market downturn.

While the ABS collects data at the national and State level on employment for Agricultural industries, including the Horticulture, fruit and other crop growing industry, data for the latter is not available at a more highly disaggregated regional level. All detailed regional analyses are based on the broader Agriculture, forestry and fishing industry.

Table A.2: Employment in Agriculture, forestry and fishing, selected regions

	November 2001 ('000)	November 2005 ('000)	Change ('000)	Change (%)
New South Wales				
Murray-Murrumbidgee	13.8	17.5	3.7	26.8
Hunter	8.8	6.8	-2.0	-22.7
Illawarra and South Eastern	20.3	5.9	-14.4	-70.9
Northern, Far West-North Western and Central West	59.4	36.9	-22.5	-37.9
Victoria				
Loddon-Mallee	12.4	10.1	-2.3	-18.5
Goulburn-Ovens-Murray	20.2	14.4	-5.8	-28.7
All Gippsland	18.3	5.0	-13.3	-72.7
Queensland				
Wide Bay-Burnett	12.4	17.1	4.7	37.9
Mackay-Fitzroy-Central West	19.9	8.3	-11.6	-58.3
Darling Downs-South West	24.4	16.9	-7.5	-30.7
Far North	13.5	9.5	-4.0	-29.6
South Australia				
Southern and Eastern SA	24.3	20.2	-4.1	-16.9
Western Australia				
Lower Western WA	20.6	24.1	3.5	17.0
Remainder-Balance WA	19.9	22.5	2.6	13.1
Northern Territory				
Northern Territory	5.4	1.2	-4.2	-77.8
Australia				
Australia	450.3	353.3	-97.0	-21.5

Source: ABS *Labour Force, detailed data release* (Cat No: 6291.0.55.001), November 2005

Notable regional employment declines for the Agriculture, forestry and fishing industry since November 2001 include:

- the Goulburn-Ovens-Murray region (the major fruit growing region around the Goulburn Valley) fell by almost 30 per cent;
- Loddon-Mallee (including the Sunraysia region) which recorded a fall of 18.4 per cent;
- the Gippsland region (including Agricultural regions surrounding Sale and Maffra) recorded a fall of 72.6 per cent;
- Mackay-Fitzroy-Central West (including the Emerald agricultural region) experienced a decline of 58.1 per cent;
- in Darling Downs-South West (cotton growing regions a diverse range of crops at Stanthorpe) the decline was estimated at 30.9 per cent;
- the Northern, Far West-North Western and Central West region (tropical fruit and vegetable cropping regions), the decline was over 37 per cent; and
- the New South Wales region of Illawarra and South Eastern (which includes the cherry, stone fruit, berry and grape growing region of Young) recorded a fall of over 70 per cent.

ATTACHMENT B – Characteristics of Australian Agriculture

Age and Occupations

Australia's agriculture workforce is quite distinctive compared to other sectors in the economy. Horticulture and fruit growing, among others, are Industries that gained employment share over the last 20 years¹⁵.

Persons employed in Agriculture have a significantly older age profile than the average for all industries. In November 2005 more than half of those employed in Agriculture were aged 45 years and over, compared to the all industry average of around 36 per cent. Similarly, over 66 per cent of people employed in Agriculture are male, significantly higher than the all industry average of 54.9 per cent. Moreover, there is a high proportion of self-employed, family and casual workers.

Occupational data show that employment in Agriculture industries¹⁶ is dominated by two occupations, Managers and Administrators (54.2 per cent) and Labourers and Related Workers (21.2 per cent). These proportions are significantly higher than the all industry averages for these occupations (9.4 and 7.8 per cent respectively).

Farm Characteristics

The ABS reported that the number of farming establishments¹⁷ declined from 150 391 to 130 526 over the ten years to 2004. This is consistent with global trends, where the number of farms in Australia declined by around 25 per cent over the 20 years to 2002-03¹⁸.

Parallel to the decline in the number of Australia farms was an increase in the average size of farms. According to the productivity Commission's report *Trends in Australian Agriculture*, the average farm increased in size from 2720 to 3340 hectares over the 20 years to 2002-03.

Regardless of this increase in farm size, there is a trend towards smaller farms dominating industries with output valued at less than \$22 500, industries include fruit and vegetables, grape growing, nurseries and cut flowers. Many of these horticultural based industries have a high proportion of farms with low output value, many of which traditional demand seasonal harvest labour. Apart from grape growing and crop and plant growing, most establishments with agricultural activity in the horticultural-based industries are declining¹⁹.

However, over the 10 year period to 2004, the total area of crops increased from 18.0 million to 26.0 million hectares²⁰. Over this same period, the number of establishments in grain growing increased by almost five per cent to 14 614 establishments.

¹⁵ Productivity Commission *Trends in Australian Agriculture* (2005)

¹⁶ Data are for the Agriculture, forestry and fishing industry as more disaggregated data for the sub-division of Agriculture are not readily available.

¹⁷ With an estimated value of agricultural operations of \$5,000 or more.

¹⁸ Productivity Commission *Trends in Australian Agriculture* (2005)

¹⁹ ABS *Australian Farming in Brief* (Cat no: 7106.0)

²⁰ ABS *Australian Farming in Brief* (Cat no: 7106.0)

ATTACHMENT C – Seasonal Harvest Issues

Labour Mobility

While the degree of difficulty in mobilising a harvest workforce varies from region to region, DEWR are advised that when a shortage of harvest labour occurs it is not critical in nature, nor ongoing. When a labour shortage does occur, the lack of labour is generally restricted to individual farms and does not affect entire harvest areas.

The experience of the NHLIS and HLS providers is that growers who make the most of the Government's current harvest employment policies and programs and typically adopt best-practice; offer an attractive workplace including good rates of pay; arrange transport for workers; and often offer subsidised accommodation or pay accommodation bonuses to workers tend to have little difficulty in attracting sufficient harvest labour to meet their needs.

On the other hand, growers who do little to attract a harvest labour workforce and suffer ongoing difficulty in attracting workers may benefit from the pool of labour available to them with the introduction of a guest worker scheme. Growers who do not offer an attractive workplace will inevitably miss out on securing labour even after the introduction of a guest worker scheme, as they continue to compete for labour with workplaces that are better equipped and offer more attractive conditions.

DEWR Harvest Labour Initiatives

- ***National Harvest Labour Information Service (NHLIS)***

As a result of the recommendations for the National Harvest Trail Working Group report 'Harvesting Australia' (2000), DEWR established the NHLIS in July 2003. The objective of the NHLIS is to facilitate the supply of harvest labour through national coordination and dissemination of information on harvest labour opportunities across Australia. The NHLIS is located in Mildura and is operated by MADEC Ltd.

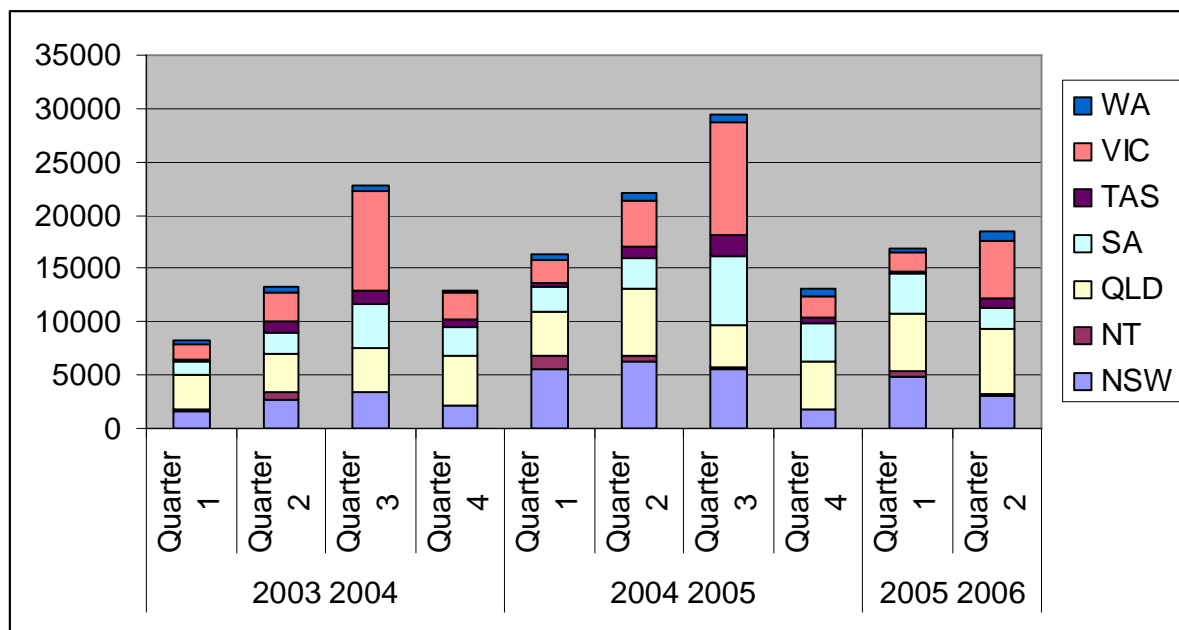
The NHLIS maintains the Harvest Trail website (www.jobsearch.gov.au/harvesttrail). Growers may advertise, free of charge, their vacancies directly on this site or utilise the DEWR Employer Hotline. Alternately, growers may utilise the services of the NHLIS, their local HLS provider or Job Network agency to list harvest vacancies. Job seekers responding to harvest vacancies on the website are able to contact the grower directly, or where the vacancy has been listed by a Job Network member or Job Placement organisation, are directed to contact the Job Network agency advertising the position. Growers who list their vacancies on the Harvest Trail website are tapping into one of Australia's largest online recruitment websites.

In the first year of the Harvest Trail website (2003-04), 57 047 harvest employment vacancies were advertised. It should be noted that the number of harvest vacancies does not equate to actual harvest jobs, the number of actual harvest jobs is much higher, and as a single harvest vacancy may have more than one position available.

The success of initiatives to encourage growers to advertise their vacancies and source their labour from the Harvest Trail website can be measured in the second year of the website (2004-05), where 81 008 vacancies were advertised. This represented an increase of 41 per cent on the 2003-04 vacancy figures. In the first quarter of 2005-06, 16 958 vacancies were advertised on the Harvest Trail website, this represented an increase of 4 per cent on the corresponding 2004-05 quarter.

In the second quarter of 2005-06, 18 461 vacancies were advertised on the Harvest Trail website, this represents a slight decrease on the corresponding quarter from 2004-05, however the major Victorian and South Australian December 2005 harvests were delayed. This slight decrease is expected to be corrected in the 2005-06 third quarter figures.

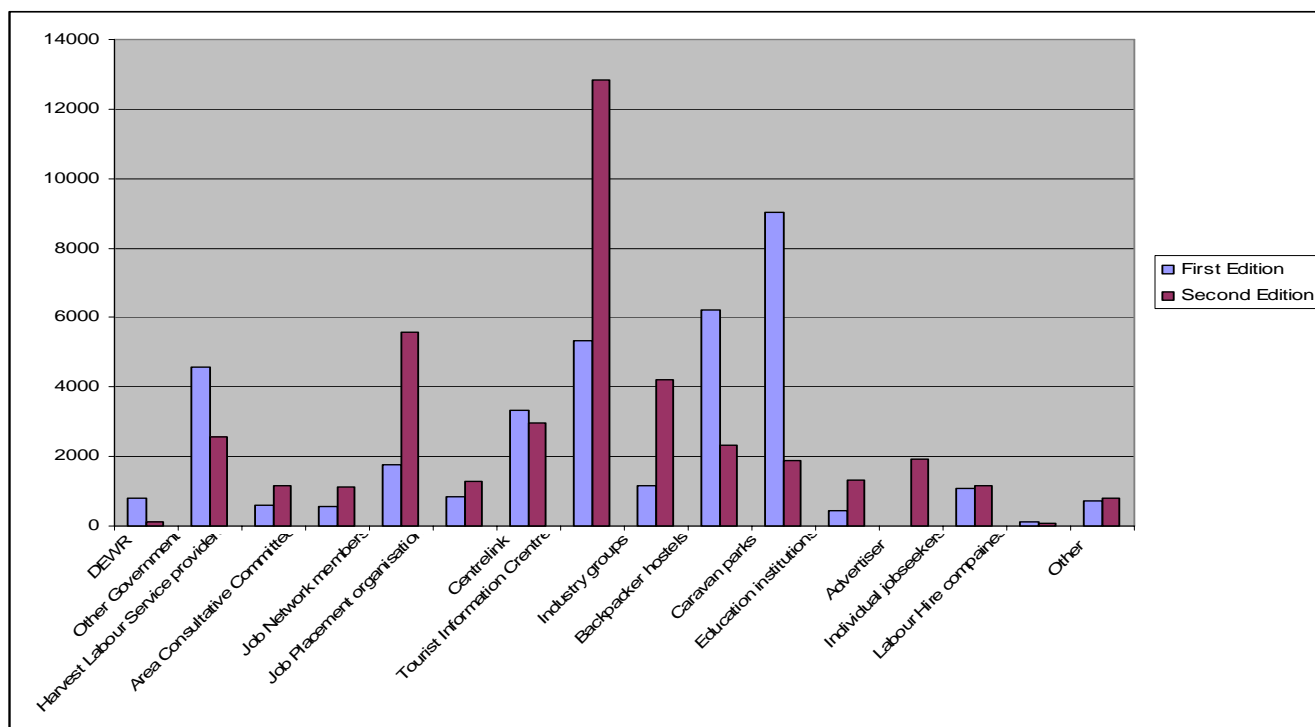
Figure C.1: Total vacancies advertised on the Harvest Trail website by State



The NHLIS produces and distributes a National Harvest Guide which is available free of charge to job seekers in both hard copy and via the internet. The guide provides job seekers with concise and comprehensive information about harvest-related work opportunities, working conditions, transport and accommodation.

The first edition of the National Harvest Guide was published by the NHLIS in December 2003. Over 46,500 hard copies of the first edition were distributed to job seekers. An expanded second edition of the National Harvest Guide was published in January 2005. Almost 50,000 copies of the second edition have been distributed. A third edition of the guide was published in February 2006, followed by an updated edition in August 2006 to coincide with an expansion of the HLS programme.

Figure C.2: Distribution of National Harvest Guides by the NHLIS December 2003 – 2005.



The NHLIS provides a free call national telephone service for information on the availability of seasonal harvest work across Australia (1800 062 332). Between 1 July 2003 and 31 December 2005 the NHLIS has received 104,000 calls from both job seekers and growers regarding harvest inquiries.

The NHLIS refers around 50 per cent of job seeker callers directly to growers or Job Placement organisations who have advertised harvest jobs on the Harvest Trail website. Around 30 per cent of job seeker callers are referred to HLS providers. Around 15 per cent of these callers are referred to Job Network members, and the remainder are referred to other sources of information including horticultural and grower associations and DIMA.

Table C.1: Calls to NHLIS 1800 062 332

	2003-04	2004-05	2005-06
Calls to NHLIS	35459	44299	24189*

* for the period 01/07/2005 – 31/12/2006

Due to the success of the NHLIS in providing coordination of information in order to minimise the risk of harvest labour shortages, DEWR is currently negotiating with MADEC Ltd to extend the provision of the NHLIS until 30 June 2009.

- **Harvest Labour Services (HLS)**

In July 2003 DEWR also began contracting specialist HLS providers to assist growers by mobilising labour in harvest areas where considerable numbers of out-of-area workers are required during peak harvest times. HLS providers offer a free service matching all job seekers eligible to work in Australia, including WHMs, with growers requiring out-of-area harvest labour. For the period 1 July 2003 to 30 June 2006 there are four contracted HLS providers located in 21 sites across 16 harvest areas. These harvest areas are listed at Attachment E.

Services delivered by HLS providers include recruiting and placing workers in harvest jobs, mobilising job seekers from locations outside harvest areas, liaising with growers and supporting their labour needs, and marketing harvest work opportunities. Since 1 July 2003, over 53 104 job seekers have been placed into harvest jobs by HLS providers.

DEWR has recently sought tenders for the provision of HLS from 1 July 2006 to 30 June 2009. Tenderers will be required to demonstrate the need for the HLS service in the harvest area for which they are tendering. The allocation of business to successful tenderers in late March 2006, may result in an expansion of the service into areas not currently serviced by HLS.

- **SMS**

DEWR uses SMS messaging to alert registered job seekers to harvest job opportunities across Australia. SMS campaigns are timed to coincide with peak harvest periods. Responses from job seekers are coordinated through the NHLIS free call telephone Hotline where jobseekers can be referred directly to relevant harvest jobs. Since March 2004, more than 255 000 SMS messages have been sent to registered job seekers notifying them of harvest job opportunities.

- **Job Network**

The mobilisation of out-of-area harvest labour by HLS providers is complimented by local Job Network members (JNMs) and Job Placement organisations that encourage job seekers living in harvest areas to take up harvest related employment. JNMs focus specifically on the long term unemployed and job seekers entering the labour market after a period of unemployment. JNMs may access Job Seeker Account funding to enable job seekers to participate in skills-based training that will enhance employment opportunities in harvest-related work.

Between 1 July 2003 and 30 September 2005, over 29 500 job seekers have been placed into harvest related employment by Job Network members and Job Placement organisations. This is in addition to the 11 289 job seekers receiving income support placed into harvest related employment by HLS providers. Harvest related employment is a significant path from welfare to work in rural and regional Australia.

ATTACHMENT D – Analysis of Media Reports of Harvest Labour Shortages

The media frequently reports stories of harvest labour shortages. These reports generally coincide with the start of major harvests. The most recent examples were in November 2005, March 2005 and January 2005. All three campaigns had similar themes and called for the introduction of a seasonal guest worker scheme. When DEWR investigated the claims reported in the media, there was little concrete evidence the growers mentioned or harvest areas reported had suffered significant harvest labour shortages.

While crop loss does occur, in recent years these losses cannot be attributed to a lack of harvest labour. When there is a low demand for a product, as is currently the case with some grape varieties for uncontracted growers, and was also the case with the last Western Victorian Valencia season, and the cost of production outweighs the market price, fruit is stripped and left on the ground.

It is important to consider why reports of harvest labour shortages are generally exaggerated. These stories can be generated by growers as a means of attracting more labour to a harvest area and are not necessarily indicative of actual shortages. With no concrete evidence of actual shortages, these stories might be generated by interested parties to strengthen support for the introduction of unskilled agricultural visas and guest worker schemes.

Case Study One – November 2005

An ABC Radio National segment on 25 November 2005 titled, *NFF wants workers from overseas*, highlighted orchardist Peter Hall's concerns about harvest labour shortages. The MJ Hall and Sons orchard is a large and long established orchard in Shepparton in Victoria's Goulburn Valley. This orchard employs around 100 harvest workers throughout the season and usually sources labour from harvest contractors. Last year 37 workers were referred and placed at the orchard by the local HLS provider, Worktrainers. The NHLIS is unaware of any recent crop losses due to labour shortages on this orchard or in the Goulburn Valley area. This segment went to air in November 2005, however the Goulburn Valley did not reach its peak harvest period until February 2006. Worktrainers has stated that as the segment went to air there was a labour surplus in the Goulburn Valley area. The labour needs of both harvesting and canning in the Goulburn Valley area are expected to be met in the 2005-06 harvest season.

In the same Radio National segment Duncan Fraser Chairman of the NFF's Workplace Relations Committee called for the introduction of a foreign guest worker scheme, he said 'We're looking at short-term stays only... small groups of workers, not large groups... going into particular regions or into a particular industry. They'd be sponsored by that industry or region. Feedback from overseas, countries including the United States and Canada where similar schemes operate is that farmers are actually willing to pay extra, because of the labour security that they gain, which they don't currently have.'

Another radio interview on Radio National on 25 November 2005 titled, *Costello shoots down seasonal worker scheme*, quotes the Treasurer, the Hon Peter Costello saying 'Guest worker schemes as they are operated overseas, generally are operated for people who are of very, very low skill and who are denied rights in the country to which they go... you ought to be very clear what a guest worker scheme is, you ship in cheap labour and then you ship it out... you round them up and then at the end of the period deport them, Now I'd actually prefer... to offer these jobs to Australians.' These comments have generated discussion on talkback radio over what work unemployed Australians are obligated to accept and whether unemployed Australians, including Work for the Dole participants, ought to be compelled to do harvest work.

An article titled, *Backpackers sticking around to ease labour crisis*, appeared in The Australian on 8 December 2005. This article refers to changes to the WHM visa designed to alleviate harvest labour shortages. The Minister for Immigration and Multicultural Affairs, Senator Amanda Vanstone is quoted saying 'The changes to the visa provide a big incentive to people to get out and pick crops. Hundreds of backpackers from throughout the world will pick fruit to stay longer in Australia.' The article is based on a press release of 28 November 2005 where Senator Vanstone announced that over 500 WHMs have applied for a second WHM visa under the new arrangements in the three weeks since the changes were introduced on 1 November 2005.

Case Study Two – March 2005

A story in the Australian newspaper on 5 March 2005 titled, *Guest workers prop up economy*, quoted the Chief Executive Officer of SPC Ardmona as saying that '...the fruit industry wanted the Government to issue visas to unskilled workers for four to six months to handle seasonal demand...unskilled workers were urgently needed for fruit picking and processing in Victoria's Goulburn Valley...' and that '...each year for the past three years fruit has been left on the trees because there aren't enough people to pick it.'

Subsequent advice from the local HLS provider, Worktrainers Ltd, the NHLIS and the local DEWR Contract Manager was that there were no major shortages of harvest labour in the Goulburn Valley during this period and that the labour needs for both harvesting and canning were met.

Case Study Three – January 2005

Press reports in January 2005, including talkback sessions on Radio 2UE, flagged plans by the Sunraysia Mallee Economic Development Board (SMEDB) to import up to 10 000 fruit pickers from China to assist with the harvest in the Sunraysia district. The Sunraysia grape harvest is one of the largest harvests in the seasonal calendar and runs from late February to mid April each year. DEWR's contracted HLS provider in the Sunraysia area is MADEC Jobs Australia. MADEC estimated that around 3 500 workers were required for the 2005 season.

The proposal and the objections raised by the Australian Workers Union (AWU), were the subject of discussions on Sydney Radio Station 2UE between Peter Fitzsimons (radio announcer) and John Irwin from the SMEDB on 30 December 2004 and Peter Fitzsimons and Bill Shorten from the AWU on 3 January 2005. Reference was also made to this issue in other media including the John Laws Program 2UE (28 and 31 December 2005 – George Moore compere for John Laws), ABC regional and city radio, Australian (newspaper) and Sunraysia Daily (Mildura). It should be noted that this publicity is itself designed to attract more labour to the area and is not necessarily indicative of actual shortages.

Subsequent advice from both MADEC and DEWR staff in Victoria was that no major difficulties were experienced in meeting Sunraysia growers' demand for harvest labour in the 2005 season.

ATTACHMENT E – Harvest Labour Services – Programme Harvest Areas

Harvest areas 01/07/2003 – 30/06/2006

Provider	Site Location	Harvest Area	State	Electorate	Labour Market Region
Forstaff OzJobs	Gayndah	Burnett	QLD	Hinkler	Southern Queensland
Forstaff OzJobs	Mundubbera	Burnett	QLD	Hinkler	Southern Queensland
Forstaff OzJobs	Darwin	Darwin	NT	Solomon	Northern Territory
Forstaff OzJobs	Emerald	Emerald	QLD	Maranoa	Central and Northern Queensland
Worktrainers	Cobram	Goulburn Valley	VIC	Murray	Eastern Victoria
Worktrainers	Echuca	Goulburn Valley	VIC	Murray	Eastern Victoria
Worktrainers	Shepparton	Goulburn Valley	VIC	Murray	Eastern Victoria
Forstaff OzJobs	Stanthorpe	Granite Belt	QLD	Maranoa	Southern Queensland
Joblink Plus	Moree	Gwydir Valley	NSW	Gwydir	Western NSW
Forstaff OzJobs	Young	Hilltops	NSW	Hume	Western NSW
Forstaff OzJobs	Katherine	Katherine	NT	Lingiari	Northern Territory
MADEC Jobs Australia	Wentworth	Lower Murray-Darling	NSW	Farrer	Riverina
Joblink Plus	Goondiwindi	Macintyre Valley	QLD	Maranoa	Southern Queensland
Joblink Plus	Dubbo	Macquarie Valley	NSW	Parkes	Western NSW
MADEC Jobs Australia	Mildura	Mallee	VIC	Mallee	Western Victoria
MADEC Jobs Australia	Robinvale	Mallee	VIC	Mallee	Western Victoria
MADEC Jobs Australia	Swan Hill	Murray	VIC	Mallee	Western Victoria
Joblink Plus	Narrabri	Namoi Valley	NSW	Gwydir	Western NSW
Joblink Plus	Tamworth	Namoi Valley	NSW	New England	Western NSW
Forstaff OzJobs	Griffith	Riverina	NSW	Riverina	Riverina
MADEC Jobs Australia	Berri	Riverland	SA	Barker	South Australia Country

ATTACHMENT F – Research on Remittances From Migrants

Global migration has economic and social affects on migrants, labour markets (of origin and host countries) and development processes. An important externality of global migration is the transfer of remittances. The magnitude and dynamics of global migration remittances is only captured in part when transfers are made through formal channels, so a significant proportion of remittance flows go unaccounted. Contributing factors underpinning remittance cultures, including political, financial and social systems continue to impact heavily on the level of remittances and immigration policies employed by countries. That said, migrant remittances are continuing to play a significant role in the context of global finance for both developing and developed nations.

Remittance Levels

According to the Global Commission on International Migration's (GCIM) October 2005 Report²¹, remittances play an essential role in the economic, financial and social structure of countries, given they are a direct financial benefit, which can be used for immediate consumption and investment needs. This is particularly relevant in the context of alleviating household level poverty in developing countries.

Global remittances are now more than double the value of Official Development Assistance (ODA) and are the second largest source of external funding for developing countries (behind Foreign Direct Investment (FDI)) according to the International Monetary Fund (IMF)²². Both the IMF and GCIM Report note that remittances tend to be more predictable and stable than FDI and ODA, operating counter-cyclical as migrants tend to transfer more when their homelands are in crisis.

The World Bank's Global Economic Prospects 2006 (GEP)²³ estimates that in 2005 in excess of \$232 billion was transferred globally in remittances, of which over 70 per cent (or \$167 billion) flowed to developing countries. The IMF believes that unrecorded remittances (flows through informal channels) could be at least 50 per cent higher than recorded flows and the GCIM reports that perhaps an additional \$300 billion is transferred informally per annum.

Table F.1 shows the leading recipient countries of remittances in 2004. Interestingly, these three countries accounted for around 27 per cent (or \$61.1 billion) of global remittances and around 40 per cent of the worlds' population (2.5 billion people of the worlds 6.3 billion population). As can be seen in both Table F.1 and F.2, remittances as a percentage of total GDP are quiet small for both recipient and sender countries.

²¹ *Migration is an interconnected world: New directions for action*, Global Commission on International Migration, October 2005. Available online at <http://www.gcim.org>.

²² *Sending Money Home: Trends in Migrant Remittances*, Finance and Development, International Monetary Fund, December 2005: 42(4). Available online at <http://www.imf.org/external/pubs/ft/fandd/2005/12/picture.htm> (accessed 19 January 2005).

²³ *Global Economic Prospects 2006*, The World Bank. Available online at <http://globaloutlook.worldbank.org> (accessed 19 January 2005).

Table F.1: Leading recipients of migration remittances in 2004

Country	Population (billion) ^a	Gross Domestic Product (\$billion) ^a	Remittance received (\$billion)	Remittance received per Capita	Remittance as a percentage of GDP
India	1.1	691.9	\$21.7	\$19	3.0
China	1.3	1600	\$21.3	\$16	1.3
Mexico	0.1038	676.5	\$18.1	\$174	2.7

Table F.2: Leading senders of migration remittances in 2004

Country	Population (million) ^a	Gross Domestic Product (\$billion) ^a	Remittance sent (billion)	Remittance sent per Capita ^a	Remittance as percentage of GDP ^a
United States	293.5	11700	\$39	\$133	0.3
Saudi Arabia	23.2	250.6	\$13.6	\$586	5.4

^a Data available from World Bank at www.worldbank.org

In 2004 women and low-income earners on average transferred a higher proportion of their individual income.

From a development aspect, when compared with other developing regions, sub-Saharan Africa receives the lowest level of remittances, with just over 3.5 per cent (or \$8.1 billion) of global remittances compared to East Asia and the Pacific with \$43.1 billion (or over 18 per cent of global remittances).

The data presents an interesting picture of remittance cultures and their economic impact on host and origin countries. Interestingly, the United Nations' World Economic and Social Survey 2004 ²⁴ discusses the economic impacts of international migration in the context of immigration policies of developing countries which primarily focus on skilled migration, the Survey suggests that '... the net overall impact of skilled and unskilled labour, while positive, is relatively minor in comparison with the national incomes of the host economies.' Hence, remittances are not considered as important to host countries as they are to homelands which are often developing and/or poorer nations.

How remittances work and characteristics of remitting migrants

The GCIM Report stresses that an important factor in realising economic and social benefits of remittances, is to understand how remittances (flows in and out of countries) are linked to economic development and poverty reduction.

The significant increase in the level of remittances transferred globally over the last few years is a result of several factors: better data capture on remittance flows; increases in the number of migrants; minimisation of transfer costs through the virtues of information technology; greater transparency in the financial services sectors; and increased financial literacy of migrants.

²⁴ *World Economic and Social Survey 2004*, Development Policy and Analysis Division, Department of Economic and Social Affairs, United Nations. Available online at <http://www.un.org/esa/policy/wess/past-issues.htm> (accessed 6 February 2006).

The level of remittance linked to an individual migrant is influenced by many factors, including:

- the level of income earned in the host country – this can be directly linked with the skill level of the migrant and particularly relevant in the context of national migration policies of many developed countries which employ often conservative and targeted immigration policies;
- the stability of financial systems in the country of origin – often poorer systems in developing countries can deter migrants from remitting home through formal channels, hence the remittance may go unrecorded;
- the migrant's socioeconomic situation – if married with dependents there is a higher likelihood of sending income to their family; and
- the migration status of the individual –temporary stay migrants are more likely to send income home given the length of their working right is limited and finite.

- ***PIC remittances***

To highlight the difficulty in estimating remittance levels of PICs, a survey conducted in 1994 by Brown investigated household remittances in Tonga and Western Samoa. The results showed on average total remittances per surveyed household were \$2 513, of which only \$1 083 (or 43 per cent) was received through official channels. Brown's survey showed that 57 per cent of remittances (or \$1 430) was transferred but unrecorded via the returning migrant in transit, as goods sent/carried back, or payments made by the migrant overseas.

The most advantageous aspect of these unrecorded remittances is the improvement in household welfare. Remittances transferred in this form bypassed traditional authority figures, who ordinarily would appropriate a portion of the household income. Communal ownership in PICs means that income derived from agricultural products or aid targeted at villages is used to benefit the 'community' and to a lesser extent individual household welfare.

ATTACHMENT G – International experience of temporary agricultural work schemes

The international experience of seasonal (guest worker) arrangements is well documented and illustrates mixed outcomes. Research suggests that while these seasonal (temporary) worker arrangements are generally successful in meeting the fluctuating unskilled labour demands of farm employers, their success is based on operational frameworks that require:

- employers to guarantee full time employment over a specified period, in addition to the provision of free (or subsidised) accommodation, food and travel (including visas) to the overseas worker; and
- the overseas worker is subjected to all domestic legislation and regulations applicable to a domestic worker, including wages, work conditions and non-discrimination.

International seasonal workers schemes operate within a carefully refined framework, designed to meet domestic seasonal demand, with a significant emphasis on the employer providing basic services and worker conditions for the overseas workers.

Analysis suggests the complexity of these seasonal (guest worker) arrangements is burdensome for employers where the time-critical nature of business impedes their ability to meet the schemes' necessary standards and reporting requirements. These shortcomings are compounded by the financial requirements of the scheme which a met by the employer in funding the overseas workers food, travel and accommodation expenses.

Moreover, the international experience shows that workers may be exploited through contractual arrangements with employers, removing their freedom to work in different jobs and locations. As the schemes specifically target low and unskilled workers, with limited (if any) homeland attachment, the risk of visa overstay is high.

The Caribbean and Mexican Agricultural Seasonal Workers Program

In the Global context, the most recognised and widely accepted as the world's best temporary worker scheme is the Caribbean and Mexican Agricultural Seasonal Workers Program (ASWP), which allows Canadian farmers to import foreign workers for up to eight months a year from the Caribbean since 1966, and from Mexico since 1974. About 80 per cent of the ASWP migrants are employed on fruit, vegetable and tobacco farms in Ontario, and their average stay in Canada is four months.

The number of ASWP workers has increased over the years from 264 Mexican workers in 1966 to 10 739 in 2002. While most Canadian provinces participate in the Program, Ontario and Quebec employ the majority of these workers. Migrants work in agricultural areas including tobacco, vegetables, fruit and greenhouses. It is estimated that Mexico received as much as \$80 million in remittances in 2002 from seasonal agricultural workers in Canada.

The ASWP enables labour reliability in peak times, so production and expansion planning can be undertaken. The predictability of the inflow of seasonal workers provides financial and economic benefits to regions and offers a legal route for farm labour, where employers are less fearful of being in breach of laws and regulations which arise from visa arrangements.

The Canadian Program operates under an umbrella of a bilateral agreement. A Memorandum of Understanding exists between the Canadian and Mexican governments that makes the Mexican Ministry of Labor responsible for recruiting workers and negotiating their wages with Human Resources Development Canada. The ASWP is reviewed annually, with updates made to address inadequacies identified in the system.

Key aspects of the ASWP include (but are not limited to):

- the maximum allowable period of stay under the scheme is eight months;
- farmers need approval from local employment centres to certify that no Canadian workers are available to fill the jobs;
- an employer-employee contract outlining wages, duties, and conditions related to the transportation, accommodation, health and occupational safety of the foreign worker;
- the provision of free housing (including meals or cooking facilities) approved by the appropriate authority by the employer;
- a guaranteed minimum of 240 hours work over six weeks at (or above) the prevailing minimum wage rates (C\$6.85 an hour in Ontario in 2002);
- the employers (farmers) meeting the costs of the migrant workers compensation insurance in the case of industrial accidents, the costs of international airfare (partially recoupable) and visa cost recovery fee;
- a provision that while working, migrants must pay local taxes and are covered by Canada's universal health care system; and
- a provision where employers can request the same workers year-on-year, building on the skills previously acquired with the employer (occurs in 70 per cent of cases).

The benefits and costs associated with the ASWP for migrant workers include:

- unemployed or underemployed workers can earn wages at pay rates well above those of their homeland;
- workers return home and use their savings and remittances for various consumption and investment purposes. Migrants tend to be isolated on farms, so they do not spend much money, and can save an average C\$1,000 a month from their C\$345 weekly pay for 50-hour weeks. The Caribbean migrants have 25 percent of their pay deducted in a forced savings program required by Caribbean governments;
- a correlation between schooling of migrants' children and remittances used for education expenses;
- a reduction in the risk of seeking employment abroad and working illegally;
- greater equity because recruitment can be targeted to impoverished regions and the unemployed;
- the protection of worker rights, including wages, health and safety and regulated work practices; and
- the possibility that migrants are 'bonded' to an employer so if the employer is 'disgruntled' for any reason they have the power to send employees home prior to their contract expiring.

The United Kingdom's Seasonal Agricultural Workers Scheme

Another popular seasonal workers scheme in operation is the United Kingdom's (UK) Seasonal Agricultural Workers Scheme (SAWS). The scheme allows workers from outside the European Economic Area to enter the United Kingdom to undertake seasonal agricultural work for farmers and growers. The scheme assists in meeting the shortfall in the supply of seasonal labour from within the UK and European Union.

The SAWS is managed by Work Permits (UK), part of the Home Office. Work Permits (UK) contracts with a number of organisations known as Operators to administer the scheme on its behalf. The number of people able to participate on the SAWS each year is limited by a quota. The quota for 2006 is currently set at 16 250 places.

The work undertaken through SAWS is low skilled and includes:

- planting and gathering crops;
- on-farm processing and packing of crops (for example, salad vegetables, soft fruit, and flowers); and
- handling livestock (for example, lambing and on-farm poultry processing).

Any farmer or grower within the UK is able to recruit seasonal labour through the SAWS provided:

- the work available is clearly seasonal and agricultural in nature;
- a minimum of 5 weeks work, including up to 40 hours of work per week, can be offered to each SAWS worker to be recruited, subject to the vagaries of weather;
- the employer must be able to provide clean and sanitary accommodation that is suitable for the number of SAWS workers to be recruited;
- any SAWS workers employed will be properly supervised particularly in relation to any Health and Safety Executive legislation and regulatory requirements relating to the safety of the working environment;
- the employer is able to demonstrate that the work placements on offer provide for a safe working environment and have been properly risk assessed; and
- the employers must not unfairly discriminate against any prospective SAWS workers, for example, on the grounds of sex, race or disability. Employers must also comply with equal opportunities legislation.

SAWS workers are subject to the same legislation and regulation as any other employee. Pay rates, deductions for accommodation and other conditions of employment must therefore comply with the appropriate Agricultural Wages Order and other relevant legislation. However, SAWS workers participating in the scheme are exempt from the payment of tax through Pay As You Earn provided their earnings do not exceed the exempted earnings levels. SAWS workers who are studying in an agricultural related subject in their home country may also be exempt from payment of National Insurance Contributions provided they meet the relevant Inland Revenue exempt criteria.

Farmers and growers participating in the SAWS are not permitted under any circumstances to loan out SAWS workers to other employers. The responsibility for placing and moving SAWS workers from farmer to farmer remains that of the Operator at all times. Like the ASWP, migrant workers are 'bonded' to an employer once allocated by the Operator and are not free to move and work. This raises legal, ethical and practical issues where migrants have little redress when employment problems arise.

A significant difference exists between the ASWP and the UK's SAWS, which is the eligibility criteria. Under the SAWS an individual must be over 18 years of age, live outside the European Economic Area, and **be a full time student**.

There has been recent debate on the application of the SAWS in the House of Commons, with regard to the UK Government's five year strategy on asylum and immigration²⁵. Debate in the Westminster Hall on 10 January 2006 centred on SAWS and its importance to the fruit industry. The Hansard noted that labour accounts for between 40 and 60 per cent of a farmer's costs and that almost all the labour comes through SAWS.

²⁵ *Seasonal Agricultural Workers Scheme*, House of Commons Hansard Debate for 10 January 2006, Westminster Hall, The United Kingdom Parliament. Available online at <http://www.publications.parliament.uk> (accessed 10 February 2006).

The Hansard of this debate further noted the success of the SAWS in meeting the seasonal labour demands of farmers and highlighted that supply of students applying to the program outstripped demand, with a less than one per cent absconding rate.

The Parliamentary Under-Secretary of the State for the Home Department, Andy Burnham, who is responsible SAWS noted however, the importance of the Scheme as an immigration tool and the need for it to be considered in the context of the Government's broader immigration policy.

According the Government's five-year strategy (as referred above), existing quota-based, low-skilled migration schemes would be phased out over time. The question apparent in relation to the expansion of the European Union (EU) is to ascertain whether SAWS would be needed given growers have access to a larger pool of workers who are free and willing to meet seasonal labour needs in the agricultural sector.

Mr Burnham also noted that temporary migration schemes are designed to meet the need for temporary workers in the agriculture industry, rather than any endemic labour need. He referred to research commissioned by the UK's Department of Environment, Food and Rural Affairs and the Home Office which suggests that demand for temporary workers, the majority of whom are engaged in packing and grading, peaks in the winter rather than in the picking season. If agriculture increasingly needs a year-round work force, it follows that that need is best met by relying on those with the freedom to enter the labour market rather than relying on seasonal immigration schemes. Mr Burnham suggested that immigration policy needed to realistically consider how far migration, or at least specific low-skilled, temporary migration schemes, can or should meet the labour needs of the industry.

The UK Government's view is that opening up its labour market to new member EU states should remove the need for temporary migration schemes to meet labour shortages at low-skill levels.