

Submission to the Senate Employment, Workplace Relations and Education References Committee Inquiry into Pacific Region Seasonal Contract Labour

September 2006

We welcome the opportunity to make a short technical submission to the Inquiry. This is supplementary to the recently published World Bank report *At Home and Away, Expanding Job Opportunities for Pacific Islanders through Labour Mobility*, which deals with many of the issues of interest to the Committee.

The World Bank's interest in seasonal unskilled labour mobility is based on its importance as a potential development opportunity for Pacific Island nations. This opportunity clearly depends on achieving a "win-win" situation, with Pacific workers meeting seasonal unskilled labour shortages in other countries – such as Australia and New Zealand. The extent to which such labour shortages exist is therefore a key issue.

Labour Shortages in the Australian Horticulture Sector

In reviewing the various submissions to the Inquiry, it is clear that there is an element of uncertainty regarding the scale, nature and timing of seasonal labour shortages in the horticulture industry in Australia.

Quoting from the Farm Sector Demography Analysis, both the The Australian Worker's Union and National Farmer's Federation (NFF) note in their submissions that 'there are no credible statistics as to the size nationally of the seasonal workforce.

While measuring the number of seasonal workers and vacancies is difficult due to inherent variability, the expanding use of working holiday makers in seasonal agriculture is a real indication of the number of jobs unfilled by Australian workers. Even though the primary intention of the working holiday makers visa arrangement is not to address labour shortages, it is in fact serving this purpose. The recent announcement of changes in the scheme, quoted in Department of Employment and Workplace Relations' submission, to allow longer stays and larger numbers of workers 'to better meet the seasonal labour needs' confirms that this is the case. Given that around 105,000 visas were issued last year for working holiday makers, many of whom work in seasonal agriculture, one must assume that shortages overall are at least of this order.

Despite this use of foreign workers, both the NFF and Horticulture Australia are of the view that significant shortages are still being experienced; although they note that there is a lack of national data to confirm this. Horticulture Australia points out the difficulty this lack of data creates in developing 'effective policy responses' to the shortages.

DEWR, in its submission, states that the National Harvest Labour Information Service (NHLIS) '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.'

The submission does not give any further details about the data used to support the NHLIS conclusions. DEWR also states that 'Data for the horticultural, fruit and other crop growing industry are not available at a more highly disaggregated level' and therefore all regional analysis of employment provided in that section of the submission is for the agriculture, forestry and fishing sector as a whole. In our view these factors limit the usefulness of the analysis and the extent to which valid conclusions can be drawn from it.

DEWR does, however, give details of a survey it commissioned in 2005, in which just over half of growers described having difficulty finding labour during the harvest period.

In the *At Home and Away* report by the World Bank, the authors review a range of estimates of losses as a result of seasonal labour shortages. For example, The Queensland Fruit and Vegetable Growers Association estimate that the shortage of casual rural workers has resulted in losses of approximately \$90 million in 2000. Also the Department of Business Industry and Resource Development projections from 2006 estimated that losses incurred by the mango industry due to undersupply of labour range between \$5.8 and \$26 million. Horticulture Australia gives an estimate of overall losses amounting to \$700 million in 2006.

In addition, a small study of growers in the Swan Hill/Mildura area was conducted as part of the report preparation and 49 percent of respondents reported difficulty in finding sufficient numbers of seasonal workers.

In the course of our research we found strong anecdotal evidence of labour shortages, but we also noted that there have been few if any attempts to quantify the extent of that shortage.

Given the importance of this issue in considering the case for seasonal migration for unskilled workers, it would seem to be a priority to gather this data as quickly as possible. The Australian Bureau of Statistics may be ideally placed to do this – for example through quarterly collection of information on seasonal employment and labour shortages. Ideally this should be disaggregated by region, harvest season, crop and employee residency status. Additionally it may be possible to ascertain the reasons why vacancies remain unfilled and the level of response to those that are filled. If this idea is adopted, the World Bank would be prepared to offer advice from the perspective of labour mobility as a development issue for the Pacific.

This information could then be used to determine more effectively where there is a seasonal need for labour currently unfilled by the existing pool of workers, and why. This in turn would clarify the basis and context for consideration of seasonal employment for Pacific Islanders.

Better data on unfilled labour demand is important for well informed consideration of migration policies. However our experience is that once an appropriate enabling environment is in place (should Australia decide to go down path), actual labour shortages are best be dealt with by individual farmers and growers, who can best determine if, and where, these exist, and how to fill them.

The World Bank proposal to begin a pilot scheme involving a small number of farmers and Pacific workers, would complement this broader information gathering exercise, in showing how the operational aspects of seasonal unskilled labour migration can be managed effectively.