

# Chapter 13

## Australia's response to unemployment

13.1 In its 2009–10 Budget, the Australian Government recognised the problem of unemployment in Pacific island countries. Among the initiatives to help the region with this problem, it indicated that it would expand its support for technical and vocational training.<sup>1</sup> The committee has already discussed these measures.<sup>2</sup> In this chapter, it considers the newly established Pacific Seasonal Labour Pilot Scheme as another means of addressing the unemployment problem in the region.

### Pacific Seasonal Labour Pilot Scheme

13.2 After a number of years of lobbying from some Pacific island countries and from sectors within Australia, the Australian Government announced on 18 August 2008 the establishment of the Pacific Seasonal Labour Pilot Scheme (hereafter 'scheme').<sup>3</sup> The Memoranda of Understanding (MOU) between the governments of Australia and Kiribati, Tonga and Vanuatu were signed on 24 November 2008. It is expected that an MOU with the Government of Papua New Guinea will be signed in the course of 2009.<sup>4</sup>

13.3 As stated in the MOUs, the scheme aims to stimulate economic development in Pacific partner countries by 'providing employment opportunities, remittances and options for up-skilling'.<sup>5</sup> The Hon Duncan Kerr MP, Parliamentary Secretary for Pacific Island Affairs, explained that the scheme was also intended 'to complement the Pacific island nations' own integrated development planning', deepen Australia's bilateral partnerships and strengthen its overall engagement with the region.<sup>6</sup> The

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1 The Hon Stephen Smith MP, Minister for Foreign Affairs, and the Hon Bob McMullan MP, Parliamentary Secretary for International Development Assistance, *Budget Statement 2009-10: Australia's International Development Assistance Program*, p. 13.

2 AusAID summarised some of these measures: Australia's aid program focuses on improving employment opportunities through skilling to increase workforce competitiveness. The objective is to 'create employment opportunities, supporting and maintaining reliable infrastructure, increasing opportunities for education and skills development including through the Pacific Seasonal Worker Pilot Scheme'. *Submission 65*, p. 10.

3 The Hon Stephen Smith MP, Minister for Foreign Affairs, 'Seasonal Worker Pilot Scheme', Media release, 18 August 2008.

4 The Hon Duncan Kerr SC MP, Parliamentary Secretary for Pacific Island Affairs, 'Pacific Seasonal Worker Pilot Scheme MOUs Signed', Media release, 25 November 2008.

5 Australian Government, Pacific Seasonal Labour Scheme: About the Pilot, <http://www.workplace.gov.au/workplace/Individual/Migrant/PacificSeasonalWorkerPilotScheme.htm> (accessed 20 January 2009); see also Mr Graham Carters, FADT *Committee Hansard*, 20 November 2008, p. 90 and Pacific Seasonal Labour Scheme, Memoranda of Understanding, [http://www.workplace.gov.au/NR/rdonlyres/BB0F5513-76E4-4A55-9C67-5C6BC262BBE2/0/PSWPSMOU\\_Vanuatu\\_textonly.pdf](http://www.workplace.gov.au/NR/rdonlyres/BB0F5513-76E4-4A55-9C67-5C6BC262BBE2/0/PSWPSMOU_Vanuatu_textonly.pdf) (accessed 20 April 2009).

6 The Hon Duncan Kerr MP, Parliamentary Secretary for Pacific Island Affairs, 'Pacific Seasonal Worker Pilot Scheme, Memorandum of Understanding Signing Ceremony and Participant Briefing Session', Speech, 24 November 2008.

scheme is also a response to the requests by some Australian growers and is expected to 'provide long-term benefits' for Australia and the horticultural industry.<sup>7</sup>

### **Progress**

13.4 The scheme commenced in mid-February 2009 as a six-month pilot, bringing approximately 100 Pacific islanders to Australia.<sup>8</sup> Estimated to cost \$23.6 million, it provides for up to 2,500 workers from four Pacific island countries—Kiribati, Tonga, Vanuatu, each 'with a proven track record of sending labour' to work in the Australian horticulture industry, and Papua New Guinea.<sup>9</sup> Each country has been allocated a number of visas.<sup>10</sup>

13.5 The scheme is confined to the Australian horticulture industry, which was chosen because of its seasonal and labour-intensive nature and limited requirement for mechanical harvesting.<sup>11</sup> Workers are allowed to stay and work in Australia for a minimum of six and maximum of seven months within a 12-month period. They have an opportunity to return to Australia provided they have complied with the

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7 Australian Government, Pacific Seasonal Worker Pilot Scheme, Questions and answers, [http://www.workplace.gov.au/NR/rdonlyres/59BA854A-F64F-4E33-8596-14857836B49A/0/PSWPSFactSheetsQandA\\_04.pdf](http://www.workplace.gov.au/NR/rdonlyres/59BA854A-F64F-4E33-8596-14857836B49A/0/PSWPSFactSheetsQandA_04.pdf) (accessed 11 February 2009).

8 Mr Graham Carters, *Committee Hansard*, 20 November 2008, p. 85. In February, 50 Tongan guest workers arrived in Robinvale, Victoria, and mid-April further six workers arrived from Vanuatu to work in the Griffith region. Australian Government, Pacific Seasonal Worker Pilot Scheme, <http://www.workplace.gov.au/workplace/Individual/Migrant/LabourHireCompanies.htm> (accessed 16 April 2009).

9 Ms Louise McSorley, *Committee Hansard*, 20 November 2008, p. 88. This covers set up and monitoring of the scheme, airfares for Pacific government representatives to fly to Australia, evaluation, visa assessments and costs of the Workplace Ombudsman. See p. 90 of the same Hansard for the breakdown of the cost between government agencies. The Hon Stephen Smith MP, Minister for Foreign Affairs, 'Seasonal Worker Pilot Scheme', Media release, 18 August 2008.

10 Australian Government, Pacific Seasonal Labour Scheme, Information for labour hire companies, [http://www.workplace.gov.au/NR/rdonlyres/E1D57FAA-2AD4-4355-A867-3B8E8C4DE401/0/PSWPSFactSheetsLabourHirecompanies\\_04.pdf](http://www.workplace.gov.au/NR/rdonlyres/E1D57FAA-2AD4-4355-A867-3B8E8C4DE401/0/PSWPSFactSheetsLabourHirecompanies_04.pdf) (accessed 20 January 2009). Tonga and Vanuatu are eligible for 800 visas each; Kiribati for 250; and PNG for 650 for the duration of the scheme.

11 The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, p. 4. See also Sunraysia Mallee, *Submission 19*, p. 4.

regulations.<sup>12</sup> Mr Kerr expressed a hope that Australia could achieve New Zealand's 80 per cent rate of returned seasonal workers.<sup>13</sup>

13.6 The pilot scheme is in its early stages and it would be premature of the committee to assess its success or otherwise. Existing studies on similar types of schemes and preliminary comments by those interested in the scheme, however, provide some insight into the potential advantages and disadvantages of the scheme.

## **Benefits of the scheme**

### ***Remittances***

13.7 According to DEEWR, 'the main aim [of the scheme] is to enable seasonal workers to contribute to economic development in home countries through remittances'.<sup>14</sup> In this regard, many submissions noted the importance of remittances as a source of income in the Pacific island countries. Through remittances, seasonal workers have the opportunity to contribute financially to the welfare of their families but also towards small business development, which has led some island governments to promote the emigration of labour.<sup>15</sup>

### ***Training***

13.8 The National Farmers' Federation noted that the horticulture industry is 'ideal' for those without experience to build their skills and advance from basic tasks to the semi-skilled level.<sup>16</sup> Skilling has long-term effects on the individuals, as the Institute for International Trade observed:

Appropriate training will increase the skills of domestic labour on their return home and can increase individual capacity to start and manage new small and medium enterprises in their local communities.<sup>17</sup>

13.9 The Maritime Union of Australia (MUA) noted similarly that training not only benefits workers at home but can enhance their career options in the international labour market.<sup>18</sup> According to a Lowy Institute report, growers are interested in

12 Australian Government, Pacific Seasonal Worker Pilot Scheme: Information for labour hire companies [http://www.workplace.gov.au/NR/rdonlyres/E1D57FAA-2AD4-4355-A867-3B8E8C4DE401/0/PSWPSFactSheetsLabourHirecompanies\\_04.pdf](http://www.workplace.gov.au/NR/rdonlyres/E1D57FAA-2AD4-4355-A867-3B8E8C4DE401/0/PSWPSFactSheetsLabourHirecompanies_04.pdf) (accessed 20 January 2009).

13 The Hon Duncan Kerr MP, Parliamentary Secretary for Pacific Island Affairs, 'Pacific Seasonal Worker Pilot Scheme, Memorandum of Understanding Signing Ceremony and Participant Briefing Session', Speech, 24 November 2008. Further details on the scheme are available at <http://www.workplace.gov.au/workplace/Individual/Migrant/PacificSeasonalWorkerPilotScheme.htm>.

14 *Submission 64*, p. 15.

15 Foundation for Development Cooperation, *Submission 53*, p. 7.

16 National Farmers' Federation, *Workforce from abroad employment scheme*, April 2008, p. 14.

17 Institute for International Trade, *Research study on the benefits, challenges and ways forward for Pacer Plus*, Final Report, June 2008, pp. 43 and 50; see also The Lowy Institute, *Submission 14*, p. 3.

18 *Submission 52*, paragraphs 5.18 and 5.19.

investing in training and building the capacity of guest workers, with packing and book-keeping identified as possible topics for training.<sup>19</sup>

13.10 AusAID explained that the scheme incorporates vocational and technical training in areas such as rural and business skills.<sup>20</sup> The government also provides additional training in financial literacy and enterprise development to improve the workers' skill base.<sup>21</sup> It recognised that:

For many Pacific seasonal workers, waged employment will be a new experience and they will need to learn skills like budgeting and saving. Some will not have owned a bank account before coming to Australia.<sup>22</sup>

13.11 The provision of training to seasonal workers has caused concern, however, about sending countries potentially ignoring their own responsibility to train their people.<sup>23</sup> In this regard, Pacific island governments are said to have recognised their responsibility to have a pool of 'work ready' workers with trade skills and qualifications.<sup>24</sup>

### ***People-to-people links***

13.12 Labour schemes provide opportunities to develop relationships between the sending and receiving communities—to build personal and communal relationships, even sister city relationships.<sup>25</sup> The Lowy Institute noted that these effects 'far outweighed the social and economic costs of administering a scheme'.<sup>26</sup> As demonstrated by the New Zealand scheme, community projects, training and joint ventures could be a feature of the scheme.<sup>27</sup> Such exchanges:

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19 The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, p. 5.

20 Answer to question on notice 12, *Supplementary Budget Estimates*, Foreign Affairs, Defence and Trade Portfolio, 23 October 2008.

21 AusAID, *Submission 65*, p. 11.

22 Australian Government, Pacific Seasonal Worker Pilot Scheme, Managing money and remittances fact sheet, [http://www.workplace.gov.au/NR/rdonlyres/086A9549-CD98-4FFB-BA07-E1F09D3734AA/0/PSWPSFactSheets\\_money\\_01.pdf](http://www.workplace.gov.au/NR/rdonlyres/086A9549-CD98-4FFB-BA07-E1F09D3734AA/0/PSWPSFactSheets_money_01.pdf) (accessed 11 February 2009).

23 The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, p. 7.

24 Pacific Islands Forum Secretariat, *2008 Pacific Plan Annual Progress Report*, Annex A, p. 36.

25 See for example, Nic Maclellan, 'Seasonal Workers for Australia—Lessons from New Zealand', *Farm Policy Journal*, Vol 5, No 3, August Quarter 2008, pp. 50–51; The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, p. 6; the Hon Duncan Kerr MP, Parliamentary Secretary for Pacific Island Affairs, 'Pacific Seasonal Worker Pilot Scheme, Memorandum of Understanding Signing Ceremony and Participant Briefing Session', Speech, 24 November 2008.

26 The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, p. 2.

27 Nic Maclellan, *Workers for All Seasons? Issues from New Zealand's recognised Seasonal Employer (RSE) program*, Swinburne Institute for Social Research, May 2008, p. 17.

...can maximise the positive social and economic outcomes of a seasonal labour scheme and begin to address the social impacts for overseas workers and their families.<sup>28</sup>

13.13 Sunraysia Citrus Growers Inc. described how having guest workers from the Pacific islands had developed new friendships and relationships through 'the influence of a range of Pacific cultures which has brought enjoyment through song, food and community engagement'.<sup>29</sup>

#### ***Additional advantages***

13.14 Evidence suggested that the 'gains to the Pacific economies come unequivocally from the movement of unskilled labour', including in terms of equity of opportunity, income distribution and social stability.<sup>30</sup> Long-term benefits include a potential for change in governance and administration, with returned workers demanding better services and improvements to the business environment.<sup>31</sup>

13.15 While encouraging economic development in Pacific island countries, the pilot scheme is also expected to generate gains for Australia. The pilot was established to 'examine the benefits to the Australian economy and to employers who can demonstrate that they cannot source suitable Australian labour'.<sup>32</sup> These could range from increased production in the horticulture sector to greater taxation revenue.<sup>33</sup> For example, the pilot scheme was established in the horticulture industry due to its demand for unskilled labour. According to the National Farmers' Federation, the lack of workers has caused up to \$700 million worth of produce being left unpicked annually.<sup>34</sup> There are claims that the cost of not establishing the labour scheme could have exceeded \$1.1 billion in foregone taxation revenue.<sup>35</sup> Bringing in guest workers for a longer period of time provides growers 'access to reliable and trained labour in the peak time of their harvest' (June–December) as opposed to training backpackers or grey nomads who stay in the job for a few weeks.<sup>36</sup>

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28 Nic Maclellan, *Workers for All Seasons? Issues from New Zealand's recognised Seasonal Employer (RSE) program*, Swinburne Institute for Social Research, May 2008, p. 19.

29 *Submission 9*, p. 1.

30 Majula Luthria, 'Seasonal migration for development? Evaluating New Zealand's RSE program—Overview', *Pacific Economic Bulletin*, Volume 23, Number 3, 2008, p. 166.

31 The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, p. 10.

32 Pacific Seasonal Labour Scheme, Memoranda of Understanding, [http://www.workplace.gov.au/NR/rdonlyres/BB0F5513-76E4-4A55-9C67-5C6BC262BBE2/0/PSWPSMOU\\_Vanuatu\\_textonly.pdf](http://www.workplace.gov.au/NR/rdonlyres/BB0F5513-76E4-4A55-9C67-5C6BC262BBE2/0/PSWPSMOU_Vanuatu_textonly.pdf) (accessed 20 April 2009).

33 The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, p. 2.

34 National Farmers' Federation, *Workforce from abroad employment scheme*, April 2008, p. 14.

35 The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, p. 2.

36 Sunraysia Citrus Growers Inc, *Submission 9*, p. 1.





*The Pacific Seasonal Labour Scheme pilot has welcomed guest workers from Tonga and Vanuatu. This ni-Vanuatu worker has found employment on a fig plantation in Griffith, NSW (image courtesy of DEEWR).*



*As part of the Pacific Seasonal Labour Scheme, Tongan workers underwent a recognition of prior learning assessment for a Certificate II in horticulture at Sunraysia TAFE, which included a First Aid, Literacy, and IT skills component (image courtesy of DEEWR).*

## Concerns about the scheme

13.16 A number of studies and witnesses raised concerns about the scheme. They are considered below.

### *Brain drain*

13.17 The problem of brain drain was discussed in previous chapters. The Construction, Forestry, Mining and Energy Union (CFMEU) was concerned about skilled workers from the region taking up lower-skilled jobs and using the scheme to migrate to Australia. It said this would only 'add to the skills shortages amongst those poor countries in an attempt to address labour market difficulties in a rich country'.<sup>37</sup>

### *Breaches of visa conditions*

13.18 A particular concern centred on workers overstaying their visa.<sup>38</sup> For example, one study noted that the horticultural sector is said to be one of the biggest offenders in relation to employing undocumented or illegal workers. Another study found that more than 1 in 4 growers admitted to having employed illegal immigrants.<sup>39</sup> The Lowy Institute report noted the importance of resolving the status of illegal workers. It proposed that government administrative costs cover dedicated staff in DIAC and DEEWR 'to manage the implementation, monitoring and compliance of the scheme' and related matters.<sup>40</sup>

13.19 To minimise the risk of seasonal workers overstaying their visas, AusAID is assisting relevant countries to manage the immigration process and build capacity regarding the selection and management of the seasonal workers. It is also helping to put in place training programs.<sup>41</sup> In addition, the Australian scheme has in-built incentives for compliance, including the opportunity for seasonal employees to return

37 *Submission 55*, p. 7.

38 Parliament of Australia, 'A seasonal guest-worker program for Australia?', Parliamentary Library, Research Brief, 5 May 2006, no. 16, 2005–06, ISSN 1832-2883, p. 14. It suggested, 'As 'structural demand' for foreign workers grows in a particular sector, links may develop between guest-worker programs and the 'informal economy', as employers and 'illegals' collude to circumvent the rules of the program.'

39 The Institute for International Trade noted that 'It would be naïve not to expect problems with overstays and illegal immigration'. Institute for International Trade, *Research study on the benefits, challenges and ways forward for Pacer Plus*, Final Report, June 2008, p. 43. Nic Maclellan and Peter Mares, *Labour mobility in the Pacific: creating seasonal work programs in Australia*, Paper for conference on Globalisation, Governance and the Pacific Islands, State, Society and Governance in Melanesia Project, Australian National University, 25–27 October 2005, p. 14. Peter Mares, *Labour shortages in Murray Valley horticulture: A survey of growers' needs and attitudes*, Institute for Social Research, Swinburne University of Technology, March 2006, pp. 3–4.

40 The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, pp. 6–7.

41 Dr Jane Lake, *Supplementary Estimates Hansard*, Foreign Affairs and Trade Portfolio, 23 October 2008, p. 93.

to Australia for subsequent harvest seasons and not allowing families to accompany the workers to Australia.<sup>42</sup>

#### *Family welfare*

13.20 A number of submissions raised concerns about possible adverse effects on close relatives, particularly children, of a family member working overseas for extended periods of time. These consequences include psychological stress on children and negative impacts on educational standards.<sup>43</sup> Suicide rates are also said to be high among Pacific youth, partly due to the migration of parents and relatives.<sup>44</sup> In New Zealand, some guest workers had resorted to substance abuse and gambling.<sup>45</sup> Infidelity and new relationships overseas may cause disintegration of families or the spreading of sexually transmitted diseases.<sup>46</sup> Migrant work is also said to affect gender roles in rural villages, with a loss of male role models. The population is also ageing, which may burden the 'already stressed health services' of the participating country.<sup>47</sup>

#### *Administration of scheme*

13.21 The concerns about guest workers overstaying their visas or the effect of their absence on family members raises the importance of having sound selection and preparation procedures in place before migrant workers leave their home country.

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42 Australian Government, Pacific Seasonal Worker Pilot Scheme, Overstaying the visa, [http://www.workplace.gov.au/NR/rdonlyres/14C8D5F0-CB0E-4FC1-9F06-76B1C5C6931F/0/PSWPSFactSheetoverstayvisa\\_04.pdf](http://www.workplace.gov.au/NR/rdonlyres/14C8D5F0-CB0E-4FC1-9F06-76B1C5C6931F/0/PSWPSFactSheetoverstayvisa_04.pdf) (accessed 11 February 2009).

43 MADEC, *Submission 5*, p. 4.

44 Nic Maclellan and Peter Mares, *Labour mobility in the Pacific: creating seasonal work programs in Australia*, Paper for conference on Globalisation, Governance and the Pacific Islands, State, Society and Governance in Melanesia Project, Australian National University, 25–27 October 2005, pp. 10–11. As Maclellan pointed out, while 'Workers may wish to stay as long as possible to maximise their earnings[,] this may not be in the best interests of family at home'. Nic Maclellan, 'Seasonal Workers for Australia—Lessons from New Zealand', *Farm Policy Journal*, Vol 5, No 3, August Quarter 2008, p. 49.

45 LHMU, *Submission 17*, p. 4.

46 Nic Maclellan and Peter Mares, *Labour mobility in the Pacific: creating seasonal work programs in Australia*, Paper for conference on Globalisation, Governance and the Pacific Islands, State, Society and Governance in Melanesia Project, Australian National University, 25–27 October 2005, pp. 10–11.

47 Nic Maclellan and Peter Mares, *Labour mobility in the Pacific: creating seasonal work programs in Australia*, Paper for conference on Globalisation, Governance and the Pacific Islands, State, Society and Governance in Melanesia Project, Australian National University, 25–27 October 2005, pp. 10–11.



Evaluations of overseas seasonal labour schemes, however, have pointed to a lack of resources in some countries to administer the pre-departure stage effectively.<sup>48</sup>

13.22 As noted earlier, AusAID is assisting relevant countries to manage the immigration process and build capacity regarding the selection and management of the seasonal workers. This is an important aspect of the scheme and should be monitored closely.

### *Training*

13.23 In order to improve the skills of guest workers, Australian employers are required to provide on-the-job training. However, some submitters pointed out that the administrative costs for employers may be too high. For example, Mildura and District Educational Council (MADEC) noted that many growers may not be willing to provide this level of support, or that the associated cost may 'exclude many from participating' in the scheme.<sup>49</sup>

### *Ensuring continuity of work*

13.24 At the moment, labour hire companies and growers have to guarantee an average of 30 hours of work per week for six months.<sup>50</sup> According to MADEC, 'the nature of harvest work, inclement weather and unfavourable market conditions' can lead to significant periods without work.<sup>51</sup> The Australian scheme has taken this into consideration, stipulating that while 'Workers should not move between growers on a daily or weekly basis to make up the 30 hours work per week [they] may move between growers to ensure six months' work'.<sup>52</sup>

### *Worker exploitation*

13.25 A number of submitters expressed concerns about the potential exploitation of seasonal workers as a result of their low level or lack of language, literacy and other

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48 Veena Verma, *Canada's Seasonal Agricultural Workers Program as a Model of Best Practices in Migrant Worker Participation in the Benefits of Economic Globalization, The Mexican and Caribbean Seasonal Agricultural Workers Program: Regulatory and Policy Framework, Farm Industry Level Employment Practices, and the Future of the Program under Unionization*, Executive Summary, paragraph 13, pp. 7–8; The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, p. 10.

49 *Submission 5*, pp. 3–4.

50 Pacific Seasonal Labour Scheme: Phase 1 information, PowerPoint presentation, <http://www.workplace.gov.au/workplace/Individual/Migrant/LabourHireCompanies.htm> (accessed 20 April 2009).

51 *Submission 5*, p. 3.

52 Pacific Seasonal Labour Scheme: Phase 1 information, PowerPoint presentation, <http://www.workplace.gov.au/workplace/Individual/Migrant/LabourHireCompanies.htm> (accessed 20 April 2009).

skills and their poor bargaining position.<sup>53</sup> CFMEU explained that the lower the skills, the higher the likelihood of exploitation.<sup>54</sup> The Australian Fair Trade and Investment Network (AFTINET) argued that due to the lack of language skills, many seasonal workers may be 'too afraid to speak up or change jobs' and might be unaware of their rights.<sup>55</sup>

13.26 Nic Maclellan and Peter Mares, research fellows, Institute for Social Research, Swinburne University of Technology, argued that, to avoid exploitation, it was important to allow seasonal workers to organise collectively. They called for built-in safeguards 'to protect workers' rights, and guarantee freedom of association'.<sup>56</sup> The Hon Duncan Kerr MP, Parliamentary Secretary for Pacific Island Affairs, noted the challenge in developing a fair and efficient regulatory framework that protects the interests of those involved.<sup>57</sup>

#### *Pastoral care*

13.27 According to a Lowy Institute report, growers consider their duty of care responsibilities as 'extremely important' and would have good quality accommodation and sufficient transport available.<sup>58</sup> However, concerns have been raised in this regard.<sup>59</sup> Local community support for the scheme is considered essential and there have been calls for employers, religious groups and community organisations to interact with the guest workers.<sup>60</sup> Pacific communities in Australia could play an important part in this process.<sup>61</sup> Ms McSorley, Department of Education, Employment

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53 AMWU, *Submission 15*, p. 3. It considered that 'the direct link between the employment relationship with a single employer and the right to stay in Australia to work' has the potential to make guest workers 'highly vulnerable to exploitation' and that employers would not see a 'need to pay the rates required to maintain the employment relationship'.

54 *Submission 55*, p. 8.

55 *Submission 12*, p. 11.

56 Nic Maclellan and Peter Mares, *Labour mobility in the Pacific: creating seasonal work programs in Australia*, Paper for conference on Globalisation, Governance and the Pacific Islands, State, Society and Governance in Melanesia Project, Australian National University, 25–27 October 2005, p. 20. Their work drew on the 'Pacific Labour and Australian Horticulture' project, which was funded through the Australian Research Council Industry Linkage scheme (see <http://www.sisr.net/cag/projects/pacific.htm>). As part of the research, Mr Mares also travelled to Canada with funding from the Canadian government's Faculty Research Program. Nic Maclellan works as Senior Policy Adviser for the Pacific with Oxfam International.

57 The Hon Duncan Kerr MP, Parliamentary Secretary for Pacific Island Affairs, 'Pacific Seasonal Worker Pilot Scheme, Memorandum of Understanding Signing Ceremony and Participant Briefing Session', Speech, 24 November 2008.

58 The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, p. 6.

59 See for example MADEC, *Submission 5*, p. 2.

60 MADEC, *Submission 5*, p. 3.

61 Nic Maclellan, *Workers for All Seasons? Issues from New Zealand's recognised Seasonal Employer (RSE) program*, Swinburne Institute for Social Research, May 2008, p. 22. The Lowy Institute, *Submission 14*, p. 3.

and Workplace Relations, acknowledged the existing interest in the communities to get involved and the 'hope that we can set up a framework that allows that to develop and be appropriate for the circumstances in each region'.<sup>62</sup>

13.28 A review of the New Zealand scheme outlined a number of ways in which the well-being of guest workers could be enhanced. A local doctor had become the doctor for all guest workers, and one culturally-aware police officer had been appointed as contact officer for the scheme.<sup>63</sup> Employers could also facilitate communication between seasonal workers and their families for example by providing telephones and computer terminals.<sup>64</sup>

13.29 DFAT explained that 'the Australian Government is deliberately starting with a modest-sized scheme to trial and prove suitable approaches to the challenges that such schemes can present in terms of pastoral care and protection of worker rights'.<sup>65</sup>

#### *Cost of sending remittances home*

13.30 The AMWU was concerned that workers may not have the capacity to return substantial amounts of money as remittances after paying expenses.<sup>66</sup> Mr Maclellan urged community organisations in both countries to cooperate to:

...develop ways for remittances to contribute to general development activities, through community trust funds, micro-finance schemes, small business programs, and the education of young women.<sup>67</sup>

13.31 The cost of sending remittances to the Pacific islands is reportedly high. Australia and New Zealand have jointly developed and funded a *Reducing the Cost of Remittances Program* which enables workers to compare the costs of remittance service providers online.<sup>68</sup> Ms Amanda Rishworth MP, Chair of Australian Pacific Parliamentary Friendship Group, stated that the initiative would:

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62 *Committee Hansard*, 20 November 2008, p. 87.

63 One employer had put in a pool, table tennis table and sky television connection for the guest workers; and a hostel owner had made improvements to the building to increase the comforts of the long-stay visitors. National Farmers' Federation, *Industry Perspective: New Zealand's Recognised Seasonal Employer Policy*, May 2008, pp. 13–14.

64 Nic Maclellan, 'Seasonal Workers for Australia—Lessons from New Zealand', *Farm Policy Journal*, Vol 5, No 3, August Quarter 2008, p. 50.

65 *Submission 68*, p. 18.

66 *Submission 15*, p. 4, paragraph 19.

67 Nic Maclellan, 'Seasonal Workers for Australia—Lessons from New Zealand', *Farm Policy Journal*, Vol 5, No 3, August Quarter 2008, p. 51.

68 Ms Amanda Rishworth MP, 'Remittance website to help Pacific Islanders', Media release, 27 March 2009, [http://www.ausaid.gov.au/media/release.cfm?BC=MediaandID=5409\\_6262\\_8387\\_3545\\_1745](http://www.ausaid.gov.au/media/release.cfm?BC=MediaandID=5409_6262_8387_3545_1745) (accessed 6 May 2009); [www.sendmoneypacific.org](http://www.sendmoneypacific.org).

...improve transparency and promote competition in the money transfer service sector, all of which will help drive down the cost of sending money to the Pacific.<sup>69</sup>

13.32 The website also provides a news service, financial information and notice boards. It is 'available in hard copy for distribution to community groups'.<sup>70</sup> The Australian Government 'will continue to work with money transfer service providers and other partners to help lower the cost of remittances'.<sup>71</sup>

13.33 Despite good intentions, online information may be out of reach for most seasonal workers due to their lack of literacy skills, including computer literacy. A study noted that while 'Internet access was increasing dramatically, these cheaper but technologically complex forms of communications were underutilised [by ni-Vanuatu workers in New Zealand] since most workers were under-educated'.<sup>72</sup>

13.34 In order to use the online information service, seasonal workers require access to, and the skills to use, computer terminals and internet.<sup>73</sup> The committee therefore believes that for seasonal workers to be able to make use of the website, they may have to learn basic computing skills in addition to financial literacy skills.

#### *Relationship with Australian workers*

13.35 A common concern is linked to the assumption that seasonal workers take jobs away from locals.<sup>74</sup> For example, according to the Federation of Ethnic Communities' Councils of Australia (FECCA), a perception could develop that foreign

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69 Ms Amanda Rishworth MP, 'Remittance website to help Pacific Islanders', Media release, 27 March 2009, [http://www.aisaid.gov.au/media/release.cfm?BC=MediaandID=5409\\_6262\\_8387\\_3545\\_1745](http://www.aisaid.gov.au/media/release.cfm?BC=MediaandID=5409_6262_8387_3545_1745) (accessed 6 May 2009).

70 Ms Amanda Rishworth MP, 'Remittance website to help Pacific Islanders', Media release, 27 March 2009, [http://www.aisaid.gov.au/media/release.cfm?BC=MediaandID=5409\\_6262\\_8387\\_3545\\_1745](http://www.aisaid.gov.au/media/release.cfm?BC=MediaandID=5409_6262_8387_3545_1745) (accessed 6 May 2009).

71 Australian Government, Pacific Seasonal Worker Pilot Scheme, Managing money and remittances fact sheet, [http://www.workplace.gov.au/NR/rdonlyres/086A9549-CD98-4FFB-BA07-E1F09D3734AA/0/PSWPSFactSheets\\_money\\_01.pdf](http://www.workplace.gov.au/NR/rdonlyres/086A9549-CD98-4FFB-BA07-E1F09D3734AA/0/PSWPSFactSheets_money_01.pdf) (accessed 11 February 2009).

72 John Connell and Jeremy Hammond, 'Iso Iso: the first ni-Vanuatu guest workers in New Zealand', *Pacific Economic Bulletin*, Volume 24, Number 1, 2009, Crawford School of Economics and Government, Australian National University, p. 88.

73 Foundation for Development Cooperation, *Submission 53*, p. 8.

74 Parliament of Australia, 'A seasonal guest-worker program for Australia?', Parliamentary Library, Research Brief, 5 May 2006, no. 16, 2005–06, ISSN 1832-2883, p. 14. It suggested 'Immigrant sectors' with low wages and inferior conditions emerge and grow, leading to social exclusion and marginalisation and fuelling intolerance and anti-immigrant and anti-immigration sentiments among the broader population.

workers were 'undermining Australian wages and conditions', potentially leading to 'community backlash against migrants'.<sup>75</sup>

13.36 There are indications, however, that guest workers help create employment opportunities.<sup>76</sup> In addition, while work has been available in the horticulture industry for many years, it has not attracted Australian workers.<sup>77</sup> The committee has already noted the shortage of workers in this sector. The shortfall in the workforce is expected to worsen, with estimates that 'up to 100,000 additional agricultural workers will be needed over the next five years', many for jobs involving low skills.<sup>78</sup> More recently, the National Farmers' Federation estimated that the number of jobs available in the horticulture industry would be 22,000.<sup>79</sup>

13.37 Even so, the committee recognises that developments in Australia due to events such as the economic downturn could affect attitudes towards guest workers and that they require close monitoring.

#### *Local community*

13.38 MADEC was of the view that the encouragement to send remittances could be 'financially devastating' to the local Australian community business and tourism providers if guest workers did not spend their monies in their employment communities.<sup>80</sup> In contrast, the Foundation for Development Cooperation (FDC) pointed to the increased benefits for local towns and regions through seasonal workers spending for daily necessities, housing, etc.<sup>81</sup>

#### *Complacency*

13.39 According to a Parliamentary Library research brief, the potential exists for such a scheme to act as a disincentive for improvement. For example:

- an assumption may arise that migrants will continue to be available and consequently growers resist innovation and change or investment in labour-saving technology; and

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75 Federation of Ethnic Communities' Councils of Australia, *The Australian Government's Pacific Seasonal Worker Pilot Scheme: FECCA Policy 2008*, p. 1, [http://www.fecca.org.au/Policies/Pacific\\_Workers\\_Scheme.pdf](http://www.fecca.org.au/Policies/Pacific_Workers_Scheme.pdf) (accessed 20 January 2009).

76 The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, p. 8.

77 Mr Anthony Melville, *Committee Hansard*, 24 March 2009, p. 46; Mr James Redden, *Committee Hansard*, 25 March 2009, p. 32.

78 Australian Industry Group, *Submission 33*, p. 1; National Farmers' Federation, *Workforce from abroad employment scheme*, April 2008, p. 9.

79 National Farmers' Federation, *Pacific Island labour solution to roll out nationally*, 3 August 2009, <http://www.nff.org.au/read/2471619190.html> (accessed 10 August 2009).

80 *Submission 5*, p. 3.

81 *Submission 53*, p. 7.



- dependence may grow as migrant workers, their families, communities and home governments come to depend on foreign earnings and remittances and home governments may resist the sorts of policy changes that would reduce this dependence.<sup>82</sup>

13.40 The committee heard suggestions from some witnesses on how the scheme could be improved. They are noted below.

### **Suggested improvements**

#### *Extending scope*

13.41 A number of witnesses suggested extending the scope of the scheme to encompass other sectors such as support for manufacturing and services, particularly aged care, transport and hospitality services.<sup>83</sup>

#### *Increasing number of participating countries*

13.42 Some witnesses would like to see the scheme include other countries. The Australia Pacific Islands Business Council suggested the inclusion of all Melanesian countries; the Sunraysia Mallee Economic Development Board noted the lost opportunity to test Pacific workers against those from other regions; and the Government of Fiji wanted a review of the decision to exclude Fiji.<sup>84</sup>

13.43 The committee notes that Australia is in the process of negotiating a reciprocal Work and Holiday arrangement with PNG. Under the arrangement, a limited number of young (18–30 years) PNG citizens could apply for temporary visas with work rights. The Immigration department advised that a draft MOU has been provided to PNG but that PNG 'may require assistance to draft legislative amendments permitting reciprocal work rights for Australians'.<sup>85</sup>

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82 Parliament of Australia, 'A seasonal guest-worker program for Australia?', Parliamentary Library, Research Brief, 5 May 2006, no. 16, 2005–06, p. 14.

83 Pacific Asia Tourism Pty Ltd, *Submission 31*, p. 6. Also see Palms Australia, *Submission 44*, p. 7; and Australia Fiji Business Council, *Submission 58*, p. 6. Institute for International Trade, *Research study on the benefits, challenges and ways forward for Pacer Plus*, Final Report, June 2008, p. 79 (Appendix D).

84 Australia Pacific Islands Business Council, *Submission 60*, p. 5; Sunraysia Mallee, *Submission 19*, p. 3; Government of Fiji, *Submission 28*, p. 3.

85 DIAC, *Submission 36*, p. 13.

### *Monitoring*

13.44 A study of the New Zealand scheme recognised the importance of continuous monitoring and evaluation of the remittance saving, spending and investment activities of seasonal workers in their home countries.<sup>86</sup>

### *Coordination*

13.45 The review of the New Zealand scheme also noted advantages to be gained from Australia and New Zealand coordinating 'development aid and investment programs in areas where seasonal workers are returning and investing in community development projects'.<sup>87</sup> In this regard, the Lowy Institute suggested that both countries 'cooperate in accessing the available labour pool in Pacific island countries to maximise opportunities for workers and reduce administrative costs for sending countries'. The cooperation could encourage balanced recruitment to avoid drawing 'too many workers from one area and thereby lessening the social impact on Pacific Island communities'.<sup>88</sup>

### **Evaluation**

13.46 Mr Majula Luthria, Senior Regional Economist Pacific Islands, World Bank, noted that no temporary migration program has systematically collected information on what makes a program a success for the sending and the receiving countries. One of the critical questions is whether the employment opportunities target the poorest and the unskilled workers.<sup>89</sup> The Foundation for Development Cooperation (FDC) recommended that Australia provide funding 'to conduct ongoing studies and reviews of the pilot seasonal worker program to ensure the benchmarking of appropriate standards and monitoring of outcomes'. The FDC maintained that the selection process of migrant workers 'must be equitable' and be provided to those most in need of it.<sup>90</sup>

13.47 It should be noted that, as part of the pilot scheme, information is collected from workers for statistical and research purposes, which is then used to modify the agreement and the policy. The MOUs are to be reviewed annually to 'discuss issues

86 Nic Maclellan, *Workers for All Seasons? Issues from New Zealand's recognised Seasonal Employer (RSE) program*, Swinburne Institute for Social Research, May 2008, p. 6. According to John Connell and Jeremy Hammond, estimates of the first group of ni-Vanuatu seasonal workers to New Zealand returned with about NZ\$3,000. John Connell and Jeremy Hammond, 'Iso Iso: the first ni-Vanuatu guest workers in New Zealand', *Pacific Economic Bulletin*, Volume 24, Number 1, 2009, Crawford School of Economics and Government, The Australian National University, pp. 86–87 and 91.

87 Nic Maclellan, *Workers for All Seasons? Issues form New Zealand's recognised Seasonal Employer (RSE) program*, Swinburne Institute for Social Research, May 2008, p. 19.

88 The Lowy Institute, *Labour mobility: an Australian seasonal work visa scheme for Pacific Islands labour*, June 2008, pages 2 and 5.

89 Majula Luthria, 'Seasonal migration for development? Evaluating New Zealand's RSE program—Overview', *Pacific Economic Bulletin*, Volume 23, Number 3, 2008, p. 168.

90 *Submission 53*, p. 3.

and consider changes', including 'the degree to which the facilitative arrangements are being implemented'.<sup>91</sup> DEEWR stated that the government reviews its labour market programs and migration arrangements to ensure that they provide a balance between economic, social and environmental objectives. Further, that one of the objectives is integration of migrants into the labour market and society.<sup>92</sup>

13.48 Also, the pilot scheme, which is to operate for three years, is to be reviewed after 18 and 30 months to 'ensure it is meeting the needs of rural communities, rural industries and workers'.<sup>93</sup> As part of the evaluation, AusAID is involved in coordinating the development of impact assessments with academics and the World Bank to determine the economic development benefits to workers' home countries and communities:<sup>94</sup>

Part of the work which we will be contributing a whole-of-government approach to on this issue is around the assessment of impact, including development impact, of the scheme. So the evaluation of the scheme from a development impact point of view is something which we will be doing.<sup>95</sup>

13.49 Mr Graham Carters, DEEWR, explained that while DEEWR has responsibility for conducting the evaluation of the scheme, it will most likely use external expertise to assist the department to undertake the evaluation.<sup>96</sup> He stated that the evaluations would be 'very important in terms of assessing whether or not [the scheme] goes further than the three years'.<sup>97</sup>

### ***Committee view***

13.50 The committee believes that while it is too early to pass judgment on the scheme, it can make some general remarks.

13.51 The scheme has potential to generate benefits beyond remittances or filling vacancies in Australia. As noted earlier, it provides opportunities for guest workers to acquire skills and for people-to-people links between communities in Australia and the islands to strengthen. Should this scheme continue beyond the pilot, it is essential that it retain a training component for the seasonal workers and indeed even expand its scope. The scheme should also form part of Australia's overseas development

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91 Pacific Seasonal Labour Scheme, Memoranda of Understanding, Vanuatu, p. 5, [http://www.workplace.gov.au/NR/rdonlyres/BB0F5513-76E4-4A55-9C67-5C6BC262BBE2/0/PSWPSMOU\\_Vanuatu\\_textonly.pdf](http://www.workplace.gov.au/NR/rdonlyres/BB0F5513-76E4-4A55-9C67-5C6BC262BBE2/0/PSWPSMOU_Vanuatu_textonly.pdf) (accessed 3 July 2009).

92 DEEWR, *Submission 64*, p. 13.

93 Mr Graham Carters, *Committee Hansard*, 20 November 2008, p. 90; Senator the Hon Chris Evans, Minister for Immigration and Citizenship, 'Visa for Pacific Island seasonal worker scheme', Media release, 23 September 2008.

94 AusAID, answer to a question on notice 12, *Supplementary Budget Estimates*, Foreign Affairs, Defence and Trade Portfolio, 23 October 2008.

95 Mr Scott Dawson, *Supplementary Estimates Hansard*, Foreign Affairs and Trade Portfolio, 23 October 2008, p. 94.

96 *Committee Hansard*, 20 November 2008, p. 90.

97 *Committee Hansard*, 20 November 2008, p. 90.

assistance to the region, with AusAID being closely involved in its future development.

13.52 While noting that some Pacific island countries have previous experience of an overseas labour scheme and that the Australian Government is working with Papua New Guinea and assisting other countries in this regard, the committee is concerned that the pre-departure process for the Australian scheme is robust. It urges the government to continue its work with its island counterparts to build their capacity to administer the scheme. The committee also sees benefits in Australia establishing and conducting regular stakeholders' meetings to address any issues as soon as they arise and to build relationships between the stakeholders.

13.53 The committee urges the government to monitor the pilot program and any disputes closely. The committee believes that the dispute resolution mechanism of the scheme should be strong and easily accessible for the workers. Impressed by the Canadian and New Zealand initiatives, the committee sees significant benefits in establishing a database to monitor employer behaviour and compliance and seasonal workers' employment, employment conditions and complaints to assist policy making and evaluation.

13.54 The committee recommends that in its review of the scheme, the government take account of the main concerns expressed in this chapter.

### **Recommendation 11**

**13.55 The committee recommends that the review of the Pacific Seasonal Labour Pilot Scheme to be undertaken 18 months and 30 months after its commencement state explicitly in its terms of reference that the review is to consider the following aspects of the scheme:**

- **the adequacy of pre-departure and on-arrival briefings;**
- **the cost-sharing arrangements between employers and workers, the costs of sending remittances home, and the effectiveness of the *Reducing the Cost of Remittances Program*;**
- **the success of the training component and the transfer of skills and how these aspects of the scheme could be enhanced—the skills attained in Australia and their relevance to the workforce of the guest workers' home countries;**
- **the economic and social implications for the workers, their families and home countries;**
- **the effect on brain drain from Pacific island countries;**
- **the mechanisms used to monitor employer compliance, guest workers' employment, employment conditions and complaints, their overall effectiveness and their role in policy making and evaluation of the scheme;**

- **the extent to which the scheme is integrated into Australia's official development assistance program for the region and the Pacific Partnerships for Development;**
- **the potential to expand the guest worker scheme to other sectors such as the tourism/hospitality industry; and**
- **the level of cooperation and coordination between Australia and New Zealand in implementing their labour mobility schemes for Pacific islanders and whether they could be improved.**

### **Conclusion**

13.56 Having considered education, training and employment in Pacific island countries, the committee now turns to a range of governance issues and the implications they have for economic development in the region.