



AMWU Submission to the

**Inquiry into the Main Economic and Security
Challenges Facing Papua New Guinea and the
Island States of the Southwest Pacific**

August 2008

Introduction

1. The Australian Manufacturing Workers' Union (AMWU) welcomes the opportunity to make a submission to the Inquiry into the main economic and security challenges facing Papua New Guinea and the Island States of the Southwest Pacific.
2. The full name of the AMWU is the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union.
3. The AMWU represents approximately 125,000 workers in a broad range of industry sectors and occupations within Australia's manufacturing industries, including almost 10,000 workers in the food preserving and confectionery industries, many of whom work in rural and regional areas.
4. Our submission is confined to addressing the inquiry's investigation of "employment opportunities, labour mobility, education and skilling".
5. This submission is made in context of the Rudd governments August 17th announcement of a three-year pilot seasonal worker scheme in the horticulture industry. Under the trial, up to 2,500 visas will be available over three years for workers from Kiribati, Tonga, Vanuatu and Papua New Guinea to work in Australia for up to seven months in any 12 month period.

Labour mobility

6. The current public discussion about labour mobility has focused on temporary or seasonal migrant worker programs in which workers are afforded limited work rights. The primary limitations on work rights relate to the period of employment and the employer/industry of employment.
7. It is important to make a distinction between limited work rights programs and labour mobility programs that allow workers from other countries to enter the Australian labour market with no restrictions on their work rights. One example of this type of labour mobility program is that which exists for Australian and New Zealand workers. This agreement allows workers the right to work in the other country, in any position they are successful in gaining, for an unlimited period of time. Other examples of labour mobility programs may afford full work rights for a limited period of time.
8. The AMWU's criticism of labour mobility programs, as they are being discussed in relation to the Pacific Island nations, centres on the diminished rights afforded to temporary migrant workers. We are specifically critical of the direct link between the employment relationship with a single employer and the right to stay in Australia to work. This condition necessarily makes the workers highly vulnerable to exploitation, abuse and can assist employers in deflating the market rates of labour.
9. From our point of view the question is one of having rights based approach – workers must have equal rights and conditions regardless of their origin and an expanded reliance on temporary migration schemes can't secure this.

Labour shortages

10. Seasonal migrant work schemes have been justified as necessary to address a labour shortage in agricultural industries, particularly fruit growing.
11. The AMWU submits that there is little or no reliable evidence of widespread labour shortages in rural and regional Australia. Where reasonable wages are paid and appropriate facilities provided, workers are available.
12. The Australian Bureau of Statistics (ABS) annual survey in September 2007 found that 472,000 workers employed part-time, wanted significantly more work – mostly full-time jobs. A further 46,000 people in full-time jobs had been put on short hours due to lack of work. In total the bureau estimates that just under a million workers were "under-utilised", (9.8% of the workforce).

13. The July 2008 ABS figures show 481,100 people unemployment with 325,800 people looking for full time work and a further 155,300 people looking for part-time work. These figures demonstrate definitively that a labour shortage does not exist in Australia.

Low paid work

14. Agricultural workers, and in particular fruit pickers, are poorly paid for physically demanding work in regional and remote areas, where accommodation, transport and other services are often limited. The median weekly earnings for full-time paid employees in agriculture in 2003 was \$575. This was around one third lower than the median weekly income for all full-time employees (\$769), making agriculture workers the lowest paid workers in the economy.¹
15. There is clearly a relationship between the capacity of employers to attract workers, and their willingness to pay competitive rates. That is, the inability to attract workers at specific wages and conditions does not prove the existence of a generalised “labour shortage”. It proves that the wages offered are not sufficient either to attract currently employed workers, or unemployed workers.

Limited work rights and market rates

16. The limited work rights proposed to be afforded to seasonal and temporary migrant workers enables employers to disregard normal market mechanisms in relation to labour. That is, because the proposed scheme does not allow migrant workers to seek any available work, employers do not need to pay the rates required to maintain the employment relationship.
17. This “limited work rights” approach is contrasted with a program that would allowed workers from Pacific Island nations to work in Australia with the full rights and labour mobility (within the Australian economy). This supply of workers would address any “absolute” labour shortage as is claimed by employers to exist. Those migrant workers would seek the highest pay and best conditions available within their skills range. In order to attract those workers to agriculture and fruit picking employers would be forced to pay attractive rates, as they would be with any permanent resident worker.

¹ Productivity Commission *Trends in Australian Agriculture* Research Paper, Canberra, June 2005, p.107

Remittances and economic development

18. A number of organisations have expressed support for a seasonal migrant worker program based on the economic benefits to Pacific Island nations resulting from remittances from migrant workers.
19. There is evidence that remittances have some capacity to alleviate poverty by providing an injection of funds to family members at home. However there is also concern about the capacity of workers to return substantial amounts of money after paying expenses and the long term ability of remittances to contribute to sustainable economic development.
20. We also note the potential negative impacts of a seasonal migrant worker program on communities and families in Pacific Island countries due to the extended absences of family members.
21. The AMWU submits that permanent and temporary migrant workers with full work rights are equally likely to send remittances to their home country.
22. The linking of programs that afford limited worker rights to migrant workers, to the economic development of Pacific Island nations, serves to justify the creation of a “second class” of low paid workers in Australia.
23. The AMWU believes that the focus of discussion should be on directly assisting Pacific Island nations to address poverty and unemployment through the development of sustainable local economies.

Conclusions

24. The AMWU believes that the experiences of seasonal migrant labour programs in Canada and New Zealand have been a disaster for workers. Further our experience of the abuses and exploitation of workers under the temporary skilled 457 visa program provides greater reason for concern.
25. The AMWU opposes the introduction of a temporary or seasonal migration programs for semi and low skilled workers. We specifically oppose the introduction of a program that provides limited work right for migrant workers.
26. The AMWU supports permanent migration programs that afford full work rights to all migrant workers.