



9<sup>th</sup> September 2008

The Secretary  
Senate Foreign Affairs, Defence and Trade Committee  
PO Box 6100  
Parliament House  
**CANBERRA ACT 2600**

**H M Ridout**  
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**Inquiry into the main economic and security challenges facing  
Papua New Guinea and the Island States of the Southwest Pacific**

Dear Ms Dermody

Given the significant shortages of labour in the horticulture industry in regional Australia, Ai Group strongly supports the examination of schemes that could potentially contribute to addressing the shortages. It welcomes the recent announcement by the Federal Government to establish the Pacific Seasonal Pilot Worker Scheme, which will see up to 2,500 workers from four Pacific countries participate in a three-year pilot program. We also support suggestions from some community groups that in parallel with the scheme further efforts should be made to develop new programs to encourage greater use of labour from indigenous communities to work in rural areas.

The shortage of seasonal workers in this sector continues to be a major problem, with indications that up to 100,000 additional agricultural workers will be needed over the next five years, with many of these jobs involving low skills. Another problem is the high turnover rate of seasonal workers placed by one company at 300%. These workers represent a substantial investment in resources by employers. Unfortunately backpackers – who represent a substantial proportion of these workers - are limited by their visas to three months work.

Given the high rates of unemployment involving unskilled workers in many Pacific Island countries, there would appear to be a complementarity in needs that could help address Australia's current shortages in these areas.

It is instructive to note that most developed countries, including Canada, Japan, New Zealand and the United States already have "guest worker" schemes to address seasonal labour shortages, which in Canada's case has been running since 1966. Drawing from the experience of these programs will be critical in the development of any similar permanent scheme in Australia.

Ai Group has and continues to work closely with the Federal Government in the establishment and reform of the Class 457 temporary business entry visa program, a Program that has made a substantial difference to the ongoing shortage of skilled workers and professionals in Australia. Through this process of dialogue with the Government, Ai Group has supported strong sanctions against a small minority of visa holders and employers who have failed to comply with the obligations and requirements of the Program.

Ai Group has become increasingly concerned that the highly-publicised excesses of a very small minority of visa holders and employers have produced a response by Government to introduce increasingly tight controls over all aspects of the Scheme, controls which in some cases result in overly onerous requirements on employers. An example of this is the requirement under the 457 Visa Program that employers are liable for some of the expenses (currently \$10,000) involved should a visa holder apply for a Protection Visa in Australia.

It is Ai Group's view that provisions such as these represent an unjustified shift in responsibility from the Government, which is qualified and resourced to make such decisions, to businesses, which usually do not have the expertise, and often lack the resources. We would urge the Government to ensure that the pilot scheme minimises the liability of and costs to employers in areas such as these.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Heather Ridout', with a long horizontal flourish extending to the right.

**Heather Ridout**  
**Chief Executive**