



Australian Government

Department of Foreign Affairs and Trade

Joint Standing Committee on Migration
Inquiry into the Seasonal Worker Programme

Submission of the
Department of Foreign Affairs and Trade

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List of Acronyms

ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
APTC	Australia-Pacific Technical College
DFAT	Department of Foreign Affairs and Trade
PACER	Pacific Agreement on Closer Economic Relations
PSWPS	Pacific Seasonal Worker Pilot Scheme
RSE	Recognised Seasonal Employer Scheme (New Zealand)
SWP	Seasonal Worker Programme

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1. Introduction

- 1.1 This submission has been prepared by the Department of Foreign Affairs and Trade (DFAT) in response to a request from the Chair of the Joint Standing Committee on Migration, Mrs Louise Markus MP, to the Minister for Foreign Affairs and Trade, the Hon Julie Bishop MP regarding the Inquiry into the Seasonal Worker Programme.
- 1.2 This submission addresses elements of the Committee's terms of reference that are of specific relevance to DFAT, namely:
 - expanding the Seasonal Worker Programme to other countries and sectors;
 - the merits and challenges of increased recruitment of overseas workers, in particular providing increased access for women and youth workers; and
 - the role of the Seasonal Worker Programme in supporting development assistance in the Pacific.
- 1.3 DFAT strongly supports the July 1 2015 expansion of the Seasonal Worker Programme to additional sectors as announced in *Our North, Our Future: White Paper on Developing Northern Australia*. DFAT also strongly supports the expansion of the Programme to include additional Pacific Island countries, pending the successful conclusion of PACER Plus negotiations.
- 1.4 DFAT is working to increase the number of workers participating in the Seasonal Worker Programme by helping participating countries to improve their ability to manage international labour sending arrangements. This assistance will include increased support to benefit women, both as participants and as members of sending communities. Youth employment is a potential area for future attention.
- 1.5 DFAT is funding an evaluation of the Seasonal Worker Programme to assess the development impact of the program on workers, labour sending communities and countries, with a particular focus on gender aspects. Evidence collected through research to date suggests that participants have used remittances to invest in children's schooling, better quality housing, and to finance small businesses, all of which contribute strongly to meeting Australia's development priorities for the Pacific.

Rationale for the Seasonal Worker Programme

- 1.6 The Seasonal Worker Programme (SWP) commenced on 1 July 2012. It provides citizens from nine Pacific countries (Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and

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Vanuatu) and Timor-Leste the opportunity to undertake low and unskilled seasonal work in Australia. The SWP builds on the Pacific Seasonal Worker Pilot Scheme (PSWPS), a three-and-a-half year pilot which concluded on 30 June 2012.

- 1.7 Visa grants for seasonal workers under the SWP have grown from 1,473 in 2012-13 to 2,801 in 2014-15 (as at 31 May 2015), demonstrating a growing demand from Australian employers.
- 1.8 The Department of Foreign Affairs and Trade (DFAT) strongly supports the SWP. In addition to benefitting own economy – as the Departments of Employment, Immigration and Border Protection, Agriculture, the Fair Work Ombudsman and Austrade set out in their parallel submissions - the program benefits our foreign policy, trade and development interests.
- 1.9 The SWP complements our development assistance programs in participating countries by providing seasonal employment opportunities for workers from the Pacific Islands and Timor-Leste. This employment provides income and remittances to home countries, and increases the skill base of participants.
- 1.10 Remittances are key to the development impact of the SWP. Remittances are a significant driver of economic growth in the Pacific, equivalent to around 5 percent of Gross National Income in Fiji, 22 percent in Samoa and 25 percent in Tonga (World Bank, 2015). A 2011 analysis of the development impact of the PSWPS found that, on average, workers remitted around AU\$5000 over a six-month period, increasing household income by almost 40 percent. Remittances from the program help individuals invest in better health, housing and schooling as well as small scale businesses that can sustain development over the longer term (University of Waikato, 2011).
- 1.11 The SWP has strengthened people-to-people ties between Australia and communities in the Pacific, increasing mutual understanding and goodwill. Pacific Island governments strongly support the SWP as a driver of regional integration, alongside the Pacific Agreement on Closer Economic Relations (PACER) Plus trade agreement, currently under negotiation.
- 1.12 DFAT's Official Development Assistance helps countries participating in the SWP to improve the supply and quality of seasonal workers, strengthen linkages with Australian employers and maximise development impacts of the program. This assistance also aims to increase the participation of women and disadvantaged groups.

2. Expanding the Seasonal Worker Programme

Expanding the SWP to other countries

- 2.1 In *Our North, Our Future: White Paper on Developing Northern Australia* (the *White Paper*), the Australian Government announced that it would expand the SWP to include Cook Islands, Federated States of Micronesia, Niue, Palau and Republic of Marshall Islands pending the successful conclusion of the PACER Plus trade agreement. PACER Plus negotiations are progressing well, with more than half the text provisionally agreed.
- 2.2 This expansion of the SWP will see all Forum Island Countries potentially benefit from the income earning and work experience opportunities the program provides. Involving all Forum Island Countries reinforces the goodwill toward Australia that the SWP generates.

Expanding the SWP to other sectors

- 2.3 DFAT supports proposals set out in the *White Paper* to expand the SWP into the broader agriculture industry, to include the accommodation sector on an ongoing basis and to invite the Northern Australia tourism industry to apply to join on a trial basis.
- 2.4 DFAT supported a 2014 pilot expansion of the SWP into tourism accommodation. Feedback to date confirms that the program helped meet labour demand that was constraining growth in the sector, as well as helping to meet the development goals of participating countries.

Role of the Australia-Pacific Technical College

- 2.5 DFAT assesses that countries participating in the SWP are also well placed to help meet the labour and skills shortages identified in the *White Paper* in the aged and disability care sectors. The DFAT-funded Australia-Pacific Technical College (APTC) has been providing technical and vocational training to Australian standards in the construction, tourism, hospitality, health and community sectors across 14 Pacific Island Countries since 2007. While in some cases APTC qualifications have not satisfied skilled work visa (457) requirements, they suit positions that require a lower level of certification, including aged and disability care and childcare.
- 2.6 DFAT is working with the APTC to ensure its courses respond to identified labour market demand, both within the Pacific Islands and Australia.

Pacific Microstates – Northern Australia Worker Pilot Program

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- 2.7 The *White Paper* announced a new pilot program for workers from the Pacific microstates of Kiribati, Nauru and Tuvalu to help address labour demands in Northern Australia. This program will also support our interest in development in these countries.
- 2.8 This new five year pilot program will provide up to 250 citizens from the Pacific microstates access to a multi-year visa (up to two years in the first instance with the possibility of a third year) to work in lower skilled occupations in Northern Australia. The program will target non-seasonal occupations with identified labour shortages.

3. The merits and challenges of increased recruitment of overseas workers, in particular providing increased access for women and youth workers

Merits and challenges of increased recruitment

- 3.1 DFAT is funding a study led by the Department of Employment of the productivity of seasonal workers relative to other foreign labour. The study will be completed in the coming year. A 2013 case study by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) found that seasonal workers were, on average, 20 percent more productive than Working Holiday Makers (subclass 417 visas), a cohort drawn from other countries.
- 3.2 Our experience with the SWP has shown that labour-sending countries need assistance to meet the demands of employers and the challenge of recruiting increasing numbers of high-quality workers able to meet employers' expectations.
- 3.3 As of 1 June 2015, DFAT has contracted Cardno Emerging Markets (Australia) Pty Ltd to deliver a Labour Mobility Assistance Program to support countries participating in the SWP. The Program will:
- increase the number of workers from participating countries taking up seasonal work opportunities;
 - improve communities' effective use of remittances;
 - increase the work readiness of participants, especially women; and
 - improve the ability of partner governments to manage international labour-sending arrangements.
- 3.4 DFAT is providing funding to the World Bank to facilitate the Pacific Islands Labour Sending (PaILS) Forum, a biannual forum that brings together labour sending ministries from Pacific Island countries to share information and identify opportunities for cooperation and collective action.

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Women

- 3.5 Despite a strong intention to offer equal opportunities for women's participation, women account for only 13 percent of all SWP participants (as at 31 May 2015). A number of social and cultural factors may contribute to the low participation rates for women, including possible gender bias by both employers and sending countries. Attitudes in sending countries appear to contribute to participation outcomes: a 2011 analysis of the development impact of the Pacific Seasonal Worker Pilot Scheme (PSWPS, the precursor to the SWP) found the majority of seasonal workers from Tonga felt that seasonal work in Australia suited men more than women; at the same time, the analysis found that all I-Kiribati workers felt that seasonal work was equally suited for men and women.
- 3.6 DFAT has commissioned the World Bank to undertake a study on the development impact of the SWP (see paragraph 4.1 below), which will include an in-depth look at the impact on women, both as SWP workers and as household members remaining at home. These findings will help DFAT strengthen the benefits to women, both as participants and as members of sending communities.
- 3.7 In advance of these results, DFAT has tasked the Labour Mobility Assistance Program to include pilot activities to increase the benefits of the SWP for women.

Youth

- 3.8 The Pacific region, including Timor-Leste, is characterised by a rapidly growing population and rapid urbanisation. Demographically, a "youth bulge" is leading to chronic un-employment and under-employment for many young people, especially those with fewer skills. The current design of the Labour Mobility Assistance Program prioritises increased benefits from the SWP for women and disadvantaged groups. Youth employment is a potential area for future attention.

4. The role of the Seasonal Worker Programme in supporting development assistance in the Pacific

Development impacts

- 4.1 In 2014, DFAT commissioned the World Bank to undertake a development impact evaluation of the SWP. This is expected to be completed in 2016. The evaluation will assess the development impact of the program on Pacific seasonal workers, as well as on labour-sending households, communities and countries, with a particular focus on gender impacts. The World Bank has surveyed households and communities in Tonga prior to workers leaving for Australia, and will

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undertake similar surveys in Vanuatu. It is also conducting on-site surveys of workers from all countries during their placements in Australia.

- 4.2 Studies of the New Zealand and Canadian seasonal migration schemes show that they provide a 'triple-win:' benefitting the migrant, the sending country and the receiving country (see for example Review of Economics and Statistics, May 2014). Benefits are also evident at the community/village level.

Remittances

- 4.3 Remittances provide a key development benefit of seasonal migration schemes. Their role in the growth of developing economies is well-established: in 2014, remittances to developing countries totalled around US\$400 billion, about three times foreign aid. Remittances are already a significant driver of economic growth in the Pacific, as noted in paragraph 1.7.
- 4.4 The 2011 analysis of the development impact of the PSWPS (the precursor program to the SWP) found that, on average, workers remitted around AU\$5000 over a six-month period, increasing incomes for their households by almost 40 percent. Participants used remittances to invest in children's schooling and in better quality housing and thereby supporting the priorities of the Australian aid program.
- 4.5 Evidence suggests that SWP participants have used remittances to finance small businesses in their home countries. DFAT is currently working through the Labour Mobility Assistance Program with governments and private sector organisations in labour sending countries to help workers capitalise on these investment and business opportunities. The Labour Mobility Assistance Program is also exploring ways to create stronger links between SWP workers and further education, training and employment opportunities, such as those offered by the Australia-Pacific Technical College.
- 4.6 The 2011 analysis of the development impact of the PSWPS development noted that, while the overall development impact of the PSWPS had been relatively small at that time, a scaled-up program could have a significantly larger aggregate impact. The study estimated the net benefit to Tonga during the first two years of New Zealand's Recognised Seasonal Employer (RSE) scheme at AU\$4 million, which was equivalent to 40 percent of New Zealand's annual bilateral aid and 44 percent of Tonga's total annual export earnings at that time. We assess that an expanded SWP will have a similar positive impact on Pacific Island Countries and Timor-Leste.

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5. References

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