



6 June 2015

JOINT STANDING COMMITTEE ON MIGRATION

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NEW INQUIRY INTO THE SEASONAL WORKER PROGRAMME

I am an approved employer under the Seasonal Worker Program. I have been operating for 3 years and I bring about 200 workers per year to Australia from Tonga and Vanuatu, about half female and half male.

This positive and important program has developed and now requires some changes to allow it to mature into its full potential. Some red tape that was probably necessary whilst government and approved employers learned by experience how the program would work in practice is now redundant and should be removed to allow the program to develop to its true potential.

I have been advised of this enquiry and so I respectfully offer the attached recommendations for the consideration of the committee.

This program is a wonderful boon to those Australian farmers who have embraced it, and is a very constructive way to provide direct financial assistance to our Pacific neighbours.

Thank you for considering my submission.

Yours faithfully,
OWEN PACIFIC WORKFORCE

Grant Owen



Submission by Grant Owen Director, Owen Pacific Workforce Pty Ltd

1...The role of seasonal workers in the horticulture industry

Seasonal workers now fill a vital role in Australian horticulture by providing a reliable, professional, efficient, skilled returning harvest labour force that enables farmers to plan with confidence the harvest phase of the production cycle, instead of the continuous recruitment that is necessary with backpackers

2...Expanding the Seasonal Worker Programme to other countries and sectors

I have no comment on this subject

3...The current and projected future workforce requirements for sectors that may benefit from seasonal workers

I have no comment on this subject

4...The impact on the Australian labour force of the current and projected seasonal worker programme;

Since the lack of a reliable Australian harvest labour force lead to the adoption of the Seasonal Worker Program its seems self evident that Australians by and large are absent from this segment of the labour market. Therefore the impact of Seasonal Workers on Australian workers is likely to be minimal.

5...The merits and challenges of increased recruitment of overseas workers/ in particular providing increased access for women and youth workers;

I have no comment on this subject other than that I recruit women equally with men.

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

I have interviewed all of my workers and asked them what they plan to do with the money earned and I have visited my workers in their homes in Vanuatu and Tonga and found a vast difference between countries and their use of the funds earned in Australia. Tongan workers typically tell me they are sending their money home to their families. They seem to feel little control over, or have no plans for what happens to the money. In contrast workers from Vanuatu always have very specific and personal plans for their money, such as building a house, paying for school fees or starting a business. I believe this gives Ni-Vanuatu workers a greater focus and reliability than those who have a vague unformed intentions for their earnings.

7...Any legislative and other impediments in attracting seasonal workers and

8...The visa regime for seasonal workers/ including compliance and related issues.

I wish to treat these topics together as I believe the impediments to attracting and rewarding SWs and the compliance and related issues are related.



There are significant legislative and regulatory obstacles that restrain or impede the success of the seasonal worker program. My recommendations to remove or mitigate these obstacles follow.

Suggested Improvements for the Seasonal Worker Program

A. Recommendation - Remove requirement to pay superannuation – the rationale for super just does not apply to seasonal workers (SWs).

- i. Super is a provision for retirement which is entirely inappropriate for SWs. There are provisions in the Superannuation Guarantee Act that exempt employers from having to make super payments such as when an employee earns less than \$450 per month or for certain age groups. An exemption should be extended to all workers under the SWP. This will reduce compliance costs, making the scheme more financially viable by off-setting visa and airfare costs that must be passed on to the client.
- ii. Alternatively allow super for SWs to be accrued in the payroll like annual leave and paid out upon termination.
- iii. Super for SWs is frequently wasted as SWs are unable to collect their super after they return to their home country as they find the compliance requirements too challenging. I have one worker who died and the super company continues to resist paying out the life insurance payment to the widow because of how she has filled out the application. They are completely oblivious to the fact that the widow has no formal education, does not speak or read English and lives in a village in Tonga without electricity, let alone email or Internet.
- iv. When workers do claim their super they find the government has taken over 50% in tax as they are subject to the same early retirement rules as Australian citizens, as ridiculous and mean-spirited as that may seem.

B. Recommendation - Remove the requirement for the Approved Employer (AE) to pay the first \$500 of the airfares

- i. This greatly inflates the cost of SWs. I was told the decision to require AEs to pay the first \$500 of the airfare was to “be fair to SWs”. The focus of this program should be on commercial viability, not altruism by the government with AE’s money.
- ii. The AE is already accepting significant risk by paying for the airfares and visa costs up front without any guarantee of repayment. The crop might fail, or the worker might abscond and the investment is lost. Surely that is sufficient burden of risk?

C. Remove the requirement for AEs to pay for all internal travel over \$100.

- i. Again this mitigates against the SW program being competitive.

- ii. This can be hundreds of dollars per person. Often the internal flights and bus or train travel amount to much more than the international flights.
- iii. An example of how this works: Lets say an international return flight from Tonga to Perth is \$1250. If the flight only stops in Auckland and Perth then Perth is the “point of entry” into Australia and the whole fare is the “international leg”. The AE has to pay \$500 of that. However if the particular flight booked stops in Auckland and Melbourne then Melbourne is the “point of entry” and the AE has to pay the first \$500 of the Tonga-Melb return trip, and the entire cost of the Melbourne – Perth leg, less the \$100 internal transfer deduction. This is ridiculous, and mitigates against the scheme.

D. Change the 416 visa so that the 7 months duration is triggered by the arrival at the port of entry, not on the date of the granting of the visa.

- i. This allows the AE to plan ahead and secure cheap airfares for the workers.

E. Remove the requirement for the AE to do market testing.

- i. Proposal A.....I think the farmer's request should be sufficient evidence that a genuine need exists and that there are insufficient reliable workers to fill the need. Market testing is an onerous and time consuming process and I request it be removed from the program.
- ii. Proposal B.....If Proposal A is too large a step then certainly the requirement should not be imposed after the first year for a "repeat" client. I think having to do market testing in the second and subsequent seasons places a perpetual question mark over the scheme. The biggest selling point of the program is continuity of labour supply and accumulation of skill. Yet the program rules require the AE to try each year to recruit Australians and put an end to the SWP! I request that market testing be done away with. If not then at the very least the rules be changed to require market testing only for the first recruitment plan. Subsequent recruitment plans for the same client should not require market testing, even if the plan calls for an increase in workers and/or new locations.

F. Require Workers Compensation insurers to generate accurate industry rates for SWs that reflect their enormously reduced liability.

- i. Workers Compensation actuarial tables are based on Australian residents who, if injured seriously may need to be supported with medical treatment and wages for 30 years at the cost of hundreds of thousands of dollars. Seasonal workers are only permitted to remain in Australia for 6 months but the rates applied to calculate premiums are based on them living here for the rest of their lives. Since this is impossible applying the same actuarial tables is grossly inaccurate. The rate for SWs should be one-twentieth the rate for a comparable Australian worker.