

Development outcomes in the Pacific

- 8.1 Assisting with Pacific island economic development is among the key objectives of the Seasonal Worker Programme (SWP). Governments, Australian industry groups and employers all agreed that this is a valuable attribute of the Programme.
- 8.2 The SWP was acknowledged as being life-changing for people who are selected to come to Australia for seasonal work. Three main benefits were identified during the inquiry:
- contributing to the economic development of participating SWP countries;
 - remittances to households and communities, including for mitigating effects of natural disasters;
 - new skills development and training options.
- 8.3 These themes are discussed throughout this chapter.

Support from Australian employers and industry for the Seasonal Worker Programme

- 8.4 Evidence from Australian employers and industry groups suggested that the SWP's role as a form of development assistance was a factor attracting them to the Programme.

8.5 Growcom submitted:

Stories of the return on investment back into Pacific Island communities from remittances are particularly positive, and are at the heart of this program. ... In many ways the program is one that keeps on giving long after the worker has returned home.¹

8.6 The National Farmers' Federation said:

It is an important scheme because it is not just a labour solution but also an aid based program, so it has a win-win outcome for Australia and for Pacific nations.²

8.7 Another approved employer, Abbotsleigh Citrus, submitted that the benefits are being shared:

All of our Seasonal Workers are so grateful for the opportunity to work with us in Australia. They tell us that they earn more money with us in 6 months than they can in 2 years at home, if they can get a job at home. They come back each year with stories of how they have improved the lives of their families and their communities and goals for what they want to do with the funds they earn in the current season.³

8.8 Approved employer the Big Berry said:

The people that come to my farm go back with a pocketful of money and they have had the opportunity to work. I think that is a very important experience for them. In their own country, they have not got much industry. They have not got much work opportunity. They learn from working on my farm. ...I think it is a very important contribution that Australia makes to these Pacific Islanders.⁴

8.9 The State, Society and Governance in Melanesia Program (SSGMP) said that models such as the SWP are leading to deeper connections between workers, employers and communities:

It goes further than the employment relationship. These collaborations aid in local development, economic and social welfare of communities not just in the Pacific but also back here in Australia and New Zealand. They are creating future possibilities and pathways.⁵

1 Growcom, *Submission 16*, p. 4.

2 Ms McKinnon, National Farmers' Federation, *Transcript*, 16 September 2015, p. 1.

3 Abbotsleigh Citrus, *Submission 15*, p.2.

4 Mr Casey, the Big Berry, *Transcript*, 29 October 2015, p. 14.

5 Dr Bailey, State, Society and Governance in Melanesia Program, *Transcript*, 13 November 2015, p. 40.

Australia's approach to Pacific development assistance and the role of the Seasonal Worker Programme

8.10 There are a range of geographic and economic challenges inhibiting the development of countries in the Pacific region. The SWP has allowed income to transfer back to communities and improve standards of living and investment in community-level projects. Many workers sent to Australia as part of SWP arrangements are poor by global standards.⁶

8.11 According to the Department of Foreign Affairs and Trade's (DFAT) aid investment plan for the Pacific region:

While extreme poverty... is rare in the Pacific, poverty remains a big challenge for many countries. Over 20 per cent of people in most Pacific island countries live in hardship and are unable to meet their basic needs. Many people not currently in severe hardship remain vulnerable to falling into hardship due to economic and environmental shocks. The region is particularly prone to disasters including cyclones, severe storms, flooding and earthquakes.⁷

8.12 Additionally:

Distance and weak infrastructure makes international trade expensive, but small domestic markets and narrow production bases mean countries rely on it for income and consumption. Narrow production bases and imported fuel supplies also make most Pacific island countries particularly vulnerable to commodity price fluctuations. Inefficient and burdensome regulation, weak contract enforcement, limited access to finance, and low skilled and unhealthy workers make the business environment challenging.⁸

8.13 The table below compares the economic wealth of SWP participating countries relative to Australia and New Zealand.

6 Department of Employment, Department of Immigration and Border Protection, Department of Agriculture and Fair Work Ombudsman, *Supplementary Submission 2.1*, p. 7.

7 Department of Foreign Affairs and Trade, *Aid Investment Plan – Pacific Regional 2015-16 to 2018-19*, p. 2.

8 Department of Foreign Affairs and Trade, *Aid Investment Plan – Pacific Regional 2015-16 to 2018-19*, pp. 2-3.

Table 8.1 Seasonal Worker Programme participating countries GDP comparison

	GDP (purchasing power parity) Per Capita (\$US 2014 est.)	Global GDP ranking (2014)
Australia	\$46,600	25
New Zealand	\$35,300	49
...		
Fiji	\$8,400	144
Kiribati	\$1,700	211
Nauru	\$14,800	107
Papua New Guinea	\$2,500	197
Samoa	\$5,200	164
Solomon Islands	\$1,900	204
Timor-Leste (East Timor)	\$5,500	163
Tonga	\$4,900	169
Tuvalu	\$3,300	184
Vanuatu	\$2,600	194

Source CIA World Factbook

8.14 Economic development of participating countries is a core objective of the Seasonal Worker Programme (SWP). The Department of Employment (DoE) said:

There are two key objectives of the Seasonal Worker Program: firstly, to contribute to the economic development of participating countries through the provision of employment experience, skills and knowledge transfer, and being able to send money back to their home country through remittances; and, secondly, to assist Australian producers and employers...⁹

8.15 A media release issued jointly by the Minister for Foreign Affairs and the Minister for Trade and Investment reiterated the development benefits of the Programme:

The programme provides much needed income and skills development for seasonal workers from our Pacific neighbours and Timor-Leste, which they can use to invest in both their own and their families' economic futures.¹⁰

9 Ms Durbin, Department of Employment, *Transcript*, 24 June 2015, p. 1.

10 The Hon Julie Bishop MP, Minister for Foreign Affairs and The Hon Andrew Robb MP, Minister for Trade and Investment, 'Expanding the Seasonal Worker Programme', Joint Media Release, 25 June 2015.

8.16 DFAT's aid investment plan for the Pacific region stated that it was important to 'the Pacific region's development and economic prosperity.'¹¹

8.17 DFAT, in this plan, stated:

Through Australia's Seasonal Worker Programme and other regional labour mobility initiatives, we will increase the quantity and capacity of workers coming to Australia, thereby increasing opportunities for remittances.¹²

Views on development outcomes and the Seasonal Worker Programme's objectives

8.18 A submission from Dr Joanna Howe and Associate Professor Alexander Reilly (Public Law and Policy Research Unit, University of Adelaide) argued that the SWP's dual priorities of foreign aid and labour supply are an unreconciled source of tension:

There are tensions between the objectives of the SWP which need to be reconciled. On the one hand, the SWP is aimed as a foreign aid initiative but on the other hand it is intended to meet labour shortages in the horticulture industry. In its present form, the SWP inadequately meets the latter objective because of compromises made to achieve the former. For example, the 6 month time limit in the SWP program does not meet employer needs, although we recognise the rationale being that it allows Pacific workers to return to their families and remain a part of their communities.¹³

8.19 The submission continued:

Although some horticulture work is genuinely seasonal, most employers require a stable and long term low skilled work force. This is because whilst some operations are for a season, or some sites only require workers for a defined period, in order to be profitable, most horticulture employers operate throughout the seasons across their various sites.¹⁴

8.20 DFAT cited research into Canadian and New Zealand seasonal labour schemes:

11 Department of Foreign Affairs and Trade, 'Aid Investment Plan – Pacific Regional 2015-16 to 2018-19', p. 1.

12 Department of Foreign Affairs and Trade, 'Aid Investment Plan – Pacific Regional 2015-16 to 2018-19', p. 3.

13 Dr Howe, *Submission 36*, p. 2.

14 Dr Howe, *Submission 36*, p. 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.¹⁵

- 8.21 Other witnesses noted research into the NZ Recognised Seasonal Employer scheme (RSE) to demonstrate the benefits of seasonal labour migration in the Pacific region. Some witnesses also commented upon aspects of the NZ RSE relevant to operation of the SWP.¹⁶
- 8.22 New Zealand’s Deputy High Commissioner told the Committee:
 Since 2007, 44,400 RSE workers have made the trip to New Zealand – Pacific workers, that is. We estimate that each worker takes home \$5,500 on average, which makes \$38 to \$41 million in RSE remittances into the Pacific each year. So it is a triple win.¹⁷
- 8.23 He added:
 In a sense, both New Zealand and Australia have at a high level a shared interest in supporting Pacific economic development... To facilitate that, New Zealand and Australian officials meet on a reasonably regular basis to work through how our two RSE schemes are working. We are always very keen to continue to share knowledge and expertise in that space.¹⁸
- 8.24 The DoE said the SWP’s objectives were complementary:
 When it was set up the foreign economic element was taking precedence, but you do not have one without the other. If you do not have employers taking on the seasonal workers from overseas then you do not have any economic benefit, so it really does have to have that twin aim to succeed.¹⁹
- 8.25 The DFAT said the SWP is beneficial for the participating countries:
 We see the program as a key element of our overall strategies for advancing sustainable economic development in the Pacific region and Timor-Leste, providing economic opportunities for Pacific

15 Department of Foreign Affairs and Trade, *Submission 37*, p. 8.

16 New Zealand Government, *Submission 10*, p. 4; Development Policy Centre and World Bank, *Submission 22*, pp. 2-3; Professor Howes, Development Policy Centre, *Transcript*, 9 September 2015, p. 3 and p. 6; and Dr Bailey, State, Society and Governance in Melanesia Program, *Transcript*, 13 November 2015, pp. 37-39.

17 Deputy High Commissioner Roberts, Ministry of Foreign Affairs and Trade, Ministry of Business, Innovation and Employment, New Zealand, *Transcript*, 13 November 2015, p. 30.

18 Deputy High Commissioner Roberts, Ministry of Foreign Affairs and Trade, Ministry of Business, Innovation and Employment, New Zealand, *Transcript*, 13 November 2015, p. 30.

19 Mr Roddam, Department of Employment, *Transcript*, 24 June 2015, p. 6.

Islands that in turn can have a multiplier effect on these developing economies.²⁰

8.26 The Department added:

In addition to providing opportunities for gaining skills and experience that will support development, increased capital flows in the form of worker remittances offer potential for multiplier impacts that will stimulate economic growth over the longer term. In this way, we aim to maximise the prospects of sustainable economic development in the Pacific.²¹

8.27 A submission from the International Labour Organization (ILO) noted that seasonal workers are likely to enjoy a higher standard of living:

An ILO case study of the seasonal workers in two provinces in Vanuatu in 2012 showed that economic and social changes brought about by seasonal migration, included:

- An increase in permanent housing;
- Better education;
- Healthier lifestyles;
- Newly acquired skills and attitudes;
- Improvement in rural infrastructure; [and]
- An increase in business ventures/micro-enterprises.²²

8.28 The Committee was also informed that seasonal workers were using their savings to mitigate the effects of natural disasters on their community. A witness from the State Society and Governance in Melanesia Program said:

I am currently working with the Vanuatu seasonal workers who actually intend to use their earnings to relocate their village because their village is located in a vulnerable area where the cyclones come in. This year their goal is to earn enough money to help relocate their village. Workers are considering to use their earnings to mitigate and prepare for future disasters in the region. I witnessed evidence of this while I was in Samoa and Vanuatu this year.²³

8.29 A submission from the Office of the Chief Trade Adviser (OCTA) (formed by Pacific Island countries to provide independent advice on PACER-Plus

20 Ms Cawte, Department of Foreign Affairs and Trade, *Transcript*, 13 November 2015, p. 7.

21 Ms Cawte, Department of Foreign Affairs and Trade, *Transcript*, 13 November 2015, p. 7.

22 International Labour Organization, *Submission 31*, p.2.

23 Dr Bailey, State, Society and Governance in Melanesia Program, *Transcript*, 13 November 2015, p. 40.

negotiations²⁴) noted the importance of trade and migration for the development of the Pacific:

Given that both trade and migration issues are central to the long-term development prospects of FICs [forum island countries], it would be advisable for these issues to feature prominently in the development assistance strategy of Australia for the Pacific.²⁵

8.30 The OCTA submitted that the SWP should supplement traditional forms of development assistance:

Improvements in the SWP that would lead to increased labour mobility opportunities for FIC workers in Australia are complementary to – not substitutes for – Australia development assistance to the FICs through other channels, for example aid spending.²⁶

8.31 DFAT's submission indicated that the Australian Government intends to expand the SWP to all forum island countries.²⁷ The OCTA viewed the SWP as being positive overall for both workers and participating countries:

FIC [forum island country] workers (and often their families) benefit from earnings, remittances, and skills development. Indeed, the SWP contributes to the transfer of useful skills to FICs' domestic labour markets and economies. The funds earned by workers permit obtaining better education, housing, and health services for families, and provide the opportunities for the development of small new businesses, often in rural communities.²⁸

8.32 A submission from the Labour Mobility Unit of the Solomon Islands' Ministry of Foreign Affairs and External Trade agreed that the SWP has positive outcomes:

24 The OCTA's submission stated (p. 2): 'The Office of the Chief Trade Adviser (OCTA) was established on 29 March 2009 after Forum Leaders agreed to launch negotiations for a reciprocal trade arrangement with Australia and New Zealand – PACER Plus [Pacific Agreement on Closer Economic Relations]. PACER Plus is oriented towards the economic growth and sustainable development of Forum Island Countries (FICs).' The OCTA has fourteen members: Cook Islands, Federated States of Micronesia, Kiribati, Nauru, Niue, Palau, Papua New Guinea, Fiji, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

25 Office of the Chief Trade Adviser, *Submission 6*, p. 11.

26 Office of the Chief Trade Adviser, *Submission 6*, p. 11.

27 Department of Foreign Affairs and Trade, *Submission 37*, p. 5.

28 Office of the Chief Trade Adviser, *Submission 6*, p. 3.

In our view, this program is a wonderful opportunity for unskilled and unemployed Solomon Islanders to gain meaningful and rewarding work that has a significant positive economic impact on their lives, their families and their communities. We believe that labour mobility through the SWP has the potential to contribute to the sustainable growth and economic stability of Solomon Islands in the near future.²⁹

8.33 Similarly, the Papua New Guinea (PNG) Department of Labour and Industrial Relations agreed that the SWP 'is creating positive outcomes as well as social and economic benefits to the seasonal workers and the communities they come from'.³⁰

8.34 The OTCA submitted:

...development assistance and the SWP are complementary in achieving Australia's objective of advancing the economic development of the Pacific region. ... Increased access by the FICs to the Australian labour market will, to a large degree, compensate for the reduction in Australian development aid to these countries. This is particularly important because aid and remittances are the major sources of foreign exchange in a number of FICs countries.³¹

8.35 DFAT's submission concurred that seasonal worker remittances 'are key to the development impact of the SWP.'³² Further, DFAT's submission stated that an expanded SWP would 'continue to have a similar positive impact on Pacific Island Countries and Timor-Leste.'³³ DFAT said:

In June, DFAT launched a Labour Mobility Assistance Program, representing an investment of \$5.8 million over two years to assist countries participating in the Seasonal Worker Program. This labour mobility program aims to improve the quality and supply of workers taking up seasonal work opportunities with a particular aim of seeing more women participate. It also aims to improve communities' effective use of remittances, and it aims to improve the ability of partner governments to manage international labour arrangements.³⁴

8.36 In contrast, the Australian Council of Trade Unions (ACTU) submitted that the development benefits may be limited:

29 Solomon Islands' Ministry of Foreign Affairs and External Trade, *Submission 7*, p. 1.

30 Papua New Guinea Department of Labour and Industrial Relations, *Submission 29*, p. 2.

31 Office of the Chief Trade Adviser, *Submission 6*, p. 5.

32 Department of Foreign Affairs and Trade, *Submission 37*, p. 8.

33 Department of Foreign Affairs and Trade, *Submission 37*, p. 8.

34 Ms Cawte, *Transcript*, 13 November 2015, p. 7.

In terms of aggregate impacts, the evidence, at least during the pilot phase of the program, was that the overall development impact was quite small. For example, the total contribution to Tonga over two years was \$343 000, just 2% of annual bilateral aid to Tonga. The contribution to Kiribati was less than 0.25% of its aid going to that country. Even if the program expands, seasonal work opportunities are still likely to be limited to a few.³⁵

- 8.37 The ACTU submission stated that the 'greatest benefit to the most people is through the creation of decent work opportunities' in the Pacific region.³⁶ The International Labour Organisation's submission noted that 'migration should be a choice and not a necessity driven by decent work deficits'. The ILO submitted that labour migration benefits both origin and destination countries by contributing to employment, economic growth and the alleviation of poverty.³⁷
- 8.38 The OCTA submitted that although the SWP has 'contributed positively', three factors have limited development benefits in the Pacific region:
- (a) it has been open to a limited number of FICs [forum island countries], namely Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu;
 - (b) the benefiting countries have not been able to fully utilise the development potential of the scheme because the scheme has been subjected to a cap whilst at the same time encountering cumbersome administration procedures and limited knowledge of the programme by farmers;
 - (c) the schemes failed to operate at optimum level because of competition from other existing cheaper sources of labour such as illegal workers and backpackers.³⁸

Workers' remittances and Pacific economic development

- 8.39 The value of seasonal worker remittances is a key element of whether the SWP contributes to Pacific island development. The OCTA submission referred to data showing that personal remittances (from all sources) contribute around 20 per cent of GDP in Samoa and Tonga; around 10 per cent in Tuvalu, between 5 and 7 per cent in Fiji and Kiribati; and smaller percentages in PNG, the Solomon Islands and Vanuatu.³⁹

35 Australian Council of Trade Unions, *Submission 19*, p. 17.

36 Australian Council of Trade Unions, *Submission 19*, p. 17.

37 International Labour Organization, *Submission 31*, p. 2.

38 Office of the Chief Trade Adviser, *Submission 6*, p. 3.

39 Office of the Chief Trade Adviser, *Submission 6*, p. 4.

8.40 The value of remittances, the OCTA submitted, 'highlights that the SWP has the potential to provide important and long-lasting development benefits to the Pacific region.'⁴⁰ The OCTA submitted:

At the national level, remittances have also in some instances been a significant source for financing trade deficits and bolstering financial reserves at the macroeconomic level and financing health and education programmes.⁴¹

8.41 The OCTA submitted the following data:

Table 8.2 Personal remittances as a percentage of total trade in goods and services

Country	2009	2010	2011	2012	2013
Fiji	12.05	9.55	7.19	7.83	8.68
Papua New Guinea	0.10	0.06	0.23	0.21	0.25
Samoa	74.94	67.63	71.08	70.84	66.25
Solomon Islands	1.06	0.51	0.34	2.70	3.14
Tonga	159.59	128.64	88.14	64.37	64.94
Vanuatu	3.77	3.59	6.16	5.85	5.91

Source Office of the Chief Trade Advisor, Submission 5, p. 4.

Table 8.3 Personal remittances as a percentage of GDP – individual Forum Island Countries

Country	2009	2010	2011	2012	2013
Fiji	5.97	5.53	4.40	4.95	5.28
Federated States of Micronesia	6.25	6.14	6.26	6.38	6.97
Kiribati	8.34	7.77	7.20	7.30	No data
Republic of Marshal Islands	15.51	13.55	12.80	11.83	12.28
Palau	0.85	0.91	0.98	1.09	1.03
Papua New Guinea	0.06	0.04	0.13	0.09	No data
Samoa	20.39	18.59	18.26	19.61	19.85
Solomon Islands	2.09	1.89	1.62	1.68	1.56
Tonga	22.45	20.54	15.83	24.56	No data
Tuvalu	17.81	12.32	11.66	9.62	10.59
Vanuatu	1.88	1.68	2.75	2.89	2.96

Source Office of the Chief Trade Advisor, Submission 5, p. 4.

40 Office of the Chief Trade Advisor, Submission 6, p. 6.

41 Office of the Chief Trade Advisor, Submission 6, p. 4.

8.42 How the remittances are used when seasonal workers return to their home communities is also an important consideration. Some witnesses were concerned that SWP remittances have been disproportionately flowing to selected countries, communities or individuals.

8.43 Analysis completed during the pilot phase of the Seasonal Worker Programme (2008 to 2012) found that workers' remittances were increasing household incomes in their home countries by almost 40 per cent.⁴² Workers who returned home were also able to transfer skills acquired through on-the-job training or external courses attended whilst in Australia. Workers interviewed and surveyed in 2011 reported that 'the general skills gained would make them more employable when returning home.'⁴³

8.44 During this inquiry, evidence suggested that (notwithstanding reductions to gross pay for living expenses, taxes and other costs), the money workers were earning in Australia was substantially more than they could expect to earn from employment in their home countries.⁴⁴ Analysis of the pilot SWP found:

A typical worker earned A\$12,000-13,000 in Australia, of which we estimate approximately A\$5,000 gets remitted, and the net gain is around A\$2,600 after taking account of opportunity costs of what the workers would have contributed to household production in their home countries.⁴⁵

8.45 A witness from the SSGMP said that for Pacific Island countries, the net gain of remittances derived from the SWP would be around \$15 million per year, based on 3,100 workers remitting \$5,000 each.⁴⁶ The SSGMP noted:

The Seasonal Worker Program allows money to be remitted to households and communities. ... Our aid money would go to NGOs and to governments.⁴⁷

42 John Gibson and David McKenzie, *Pacific Seasonal Worker Pilot Scheme: Development Impacts in the First Two Years*, June 2011, p. 19; Department of Foreign Affairs and Trade, *Submission 37*, p. 8.

43 TNS Australia, 'Final Evaluation of the Pacific Seasonal Worker Pilot Scheme', September 2011, p. 40.

44 Mr Peterson, Golden Mile No. 1 Pty Ltd, *Transcript*, 13 November 2015, p.4; Ms Finger, Vernview Pty Ltd, *Transcript*, 28 October 2015, p. 26.

45 John Gibson and David McKenzie, *Pacific Seasonal Worker Pilot Scheme: Development Impacts in the First Two Years*, June 2011, p. 4.

46 Dr Ball and Dr Bailey, *State, Society and Governance in Melanesia Program*, *Transcript*, 14 October 2015, p. 9.

47 Dr Ball, *State, Society and Governance in Melanesia Program*, *Transcript*, 14 October 2015, p. 10.

8.46 DFAT submitted:

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.⁴⁸

8.47 A submission from the SSGMP stated that the SWP has a positive development impact:

...it enables broader opportunities for education, providing start-up funds for local business ventures (this has also enabled new employment opportunities for non-participating seasonal workers), incomes from the program afford the opportunity to participate in community development projects such as building new water supply systems, health clinics and repairing or building new infrastructures.⁴⁹

8.48 Approved employers indicated to the Committee that the personal financial returns for seasonal workers could be significant and is usually spent in ways benefiting their home communities.

8.49 A submission from Deep Creek Organics, an approved employer from Victoria, provided a first-hand account of how income from the SWP was improving lives:

...the money the seasonal workers earn while in Australia is taken home and put back into their villages and community to better their way of living, improving their children's education which in itself helps the children better themselves which carries through to better jobs and opportunity. The amount of times I have travelled to Vanuatu I have seen the difference in the villages, the money earned here has given them the chance to build concrete homes instead of tin; solar panels, tanks for fresh water, generators, power tools the list goes on. They spend money in their home islands which helps with future development there.⁵⁰

48 Department of Foreign Affairs and Trade, *Submission 37*, p. 3.

49 State, Society and Governance in Melanesia Program, *Submission 38*, p. 27.

50 Deep Creek Organics, *Submission 12*, p. 2.

8.50 Vernview Pty Ltd provided a similar view:

The workers save a considerable amount of funds to take home but we also offer skills that they can then use back home. ... This is in addition to formal add-on training offered by the Australian Government. Our workers have built more robust accommodation for their families on return, taken back tools to construct accommodation and have opened small businesses using funds, in addition to paying school fees. Some have purchased solar water pumps to provide clean water.⁵¹

8.51 MADEC Australia, an approved employer, submitted that based on discussions with its seasonal workers, money saved is used for:

- Building a house or improving existing housing for their immediate or extended family;
- Educating their own children, siblings or those of extended family; [and]
- Investing in a business or income producing venture.⁵²

8.52 The high cost of sending remittances to countries in the Pacific may diminish the value of funds reaching these communities, particularly for people living on outer islands.⁵³ DFAT informed the Committee that this issue was being addressed:

The Australian government is working, where we can, to address the issues which have increased the cost of remittances globally. That includes work through the G20. Specifically in the Pacific, we have funded a website that provides a comparison of remittance costs, with the aim that knowing the competition should help lower the cost of remittances.⁵⁴

8.53 DFAT noted that Australia and Pacific Island governments were seeking to improve the diversity of providers in the remittance transfer market.⁵⁵

8.54 Based on the research of seasonal workers in Tonga and Vanuatu, the SSGMP noted that tithing practices may oblige seasonal workers to share their income:

51 Vernview Pty Ltd, *Submission 13*, p. 4.

52 MADEC Australia, *Submission 17*, p. 3; see also Mr Hayes, *Transcript*, 28 October 2015, p. 58.

53 Dr Bowman, Department of Foreign Affairs and Trade, *Transcript*, 13 November 2015, p. 11.

54 Ms Cawte, Department of Foreign Affairs and Trade, *Transcript*, 13 November 2015, p. 9.

55 Dr Bowman, Department of Foreign Affairs and Trade, *Transcript*, 13 November 2015, pp. 11-12.

Initial research findings for both countries clearly indicates that the type of recruitment model used by sending governments and the degree of community involvement in worker selection has been critical to initial development outcomes, both at the household and community levels. Communal remittances and tithing obligations of migrants to their sending communities were found to be in place in some cases, which were used for building community-level capacities. This is consistent with earlier research that found that communal remittances in the Pacific are of greater significance than in other world regions.⁵⁶

- 8.55 The SSGMP informed the Committee that workers from Samoa selected for the SWP may be based upon ‘some cultural attitudes around who has the right, who is going to behave the best and so forth.’⁵⁷ The SSGMP said that while the SWP has been ‘dominated’ by workers from Tonga, participation by other Pacific countries has ‘expanded rapidly, and they are adopting a very professional approach to labour mobility.’⁵⁸ In addition to financial remittances, a witness from the SSGMP said that she was aware of goods being sent home:

When I was talking to SWP participants three months ago, they said they all intend to organise shipping containers from Australia to send goods home. They have realised the potential of sending material goods and how they can provide opportunities for businesses at home. ... We are all looking at how much money is going back, but we forget that these workers are investing in goods to take home to build businesses as well.⁵⁹

- 8.56 In contrast, however, the ACTU argued that the impact of SWP remittances on Pacific island economic development may be limited:

56 State, Society and Governance in Melanesia Program, *Submission 38*, pp. 27-28.

57 Dr Ball, State, Society and Governance in Melanesia Program, *Transcript*, 13 November 2013, p. 37.

58 Dr Ball, State, Society and Governance in Melanesia Program, *Transcript*, 13 November 2015, p. 36.

59 Dr Bailey, State, Society and Governance in Melanesia Program, *Transcript*, 13 November 2015, p. 38.

There are always going to be limits on the benefits that such a program can provide, particularly if it is relatively small scale, and whether the benefits can be extended beyond the participating households. As the literature suggests, there is no guarantee that the program by itself, and the fact that a certain number of individuals are returning with funds in their pocket, will in turn promote wider economic development across the host country.⁶⁰

- 8.57 The DoE advised the Committee that it ‘does not assess’ the extent to which these benefits may be equitably shared within communities and that ‘this is the role of the participating countries.’⁶¹

Special arrangements for seasonal workers from Pacific microstates

- 8.58 A joint submission from the Development Policy Centre (DPC) and World Bank questioned whether SWP utilisation was translating into development benefits for the Pacific region generally or only a few countries. Their submission noted that the SWP is dominated by Tonga and Fiji, countries that receive ‘significant remittances’, whereas ‘focus should really be on Melanesia and the isolated or orphan microstates of Kiribati, Nauru and Tuvalu.’⁶² Professor Howes said:

About 80 per cent of the workers come from Tonga ... but it is meant to be a Pacific scheme. Tonga was already a highly remittance dependent economy with a lot of access to labour markets, and this scheme is needed much more by countries that are more isolated, such as Vanuatu or Kiribati.⁶³

- 8.59 Professor Howes added that diversifying the SWP should not be achieved by implementing quotas of workers from participating countries.⁶⁴
- 8.60 A submission from the ILO noted that few seasonal workers are arriving from Tuvalu, Kiribati and Nauru. To increase participation by microstates, the ILO recommended:

60 Australian Council of Trade Unions, *Submission 19*, p. 16.

61 Department of Employment, *Supplementary Submission 2.2*, response to Question 20.

62 Development Policy Centre and World Bank, *Submission 22*, p. 9. See also Department of Employment, Department of Immigration and Border Protection, Department of Agriculture and Fair Work Ombudsman, *Supplementary Submission 2.1*, p.5.

63 Professor Howes, Development Policy Centre, *Transcript*, 9 September 2015, p. 1.

64 Professor Howes, Development Policy Centre, *Transcript*, 9 September 2015, p. 3.

...the government should consider providing more 'hands-on' support in helping the three countries to identify potential employers in Northern Australia and gathering information and data on the skills and aptitudes required by employers, to make sure that there is a good match between the worker and the job required.⁶⁵

8.61 In addition:

Supporting a liaison officer who is based in Australia could also be considered, as the size of the diaspora from both countries in Northern Australia is small and there are no consular offices or embassies in Australia that can provide this support.⁶⁶

8.62 Professor Howes noted in his evidence that a challenge to greater participation by Kiribati, Nauru and Tuvalu could be the absence of a domestic workforce associated with agriculture, given their physical geography as coral atolls.⁶⁷

Seasonal workers and natural disasters

8.63 Some evidence was received outlining how the SWP could assist people affected by natural disasters, including by:

- Allowing workers to return home immediately if their community is affected by a natural disaster;
- Following a natural disaster, recruiting workers from affected areas so remittances can assist with the recovery; or
- Using remittances to mitigate against future natural disasters.

8.64 A submission from the National Farmers' Federation stated that flexible arrangements should be permitted due to events such as natural disasters:

Flexibility is crucial in Programs designed to support industries affected by seasonal conditions, including the ability to vary start and finish dates in the event of natural disasters (floods and cyclones or to repatriate a worker who is found to be unsuitable on arrival in Australia).⁶⁸

8.65 The Labour Mobility Unit of the Solomon Islands' Ministry of Foreign Affairs and External Trade submitted:

65 International Labour Organization, *Submission 31*, p. 5.

66 International Labour Organization, *Submission 31*, p. 5.

67 Professor Howes, Development Policy Centre, *Transcript*, 9 September 2015, p. 4.

68 National Farmers' Federation, *Submission 21*, p. 15.

Pacific islands are vulnerable and prone to natural disasters; including cyclones, tsunamis, flooding and earthquakes. ...

Seasonal workers from Vanuatu that were affected by Cyclone Pam were given free visas to participate in the NZ RSE. Australia could provide similar support, including;

- Automatically extend visas for seasonal workers in Australia affected by natural disaster in their home country/province.
- Provide free visa and/or airplane fares so seasonal workers can either (a) return home to comfort family and their community or (b) leave home to provide financial support for the rebuilding effort.
- Offer some form of priority employment to individuals from disaster affected areas.⁶⁹

8.66 The SSGMP said that remittances contribute to long-term disaster mitigation:

As we know, the Pacific is susceptible and vulnerable to environmental disasters. Seasonal workers' incomes have always been rebuilding infrastructure to withstand cyclones, earthquakes and acid rain from volcanoes... Remittances can provide immediate and long-term relief to disasters. Continuing Pacific labour schemes is vital as they provide direct aid to island countries. Seasonal employers, employees, businesses and communities have responded in positive ways to natural disasters. It has been documented in Samoa's tsunami in 2009, the Solomon Islands 2014 and recently Cyclone Pam – and no doubt there have been other undocumented accounts for the Pacific.⁷⁰

New skills and training for seasonal workers

8.67 In addition to the direct financial benefits discussed above, seasonal workers have been acquiring new skills. Seasonal workers may access 'add-on' training. This includes English literacy and numeracy, basic information technology skills and first aid training. Returning workers may have their prior learning recognised and receive a vocational certificate.⁷¹

69 Solomon Islands' Ministry of Foreign Affairs and External Trade, *Submission 7*, pp. 2-3.

70 Dr Bailey, State, Society and Governance in Melanesia Program, *Transcript*, 13 November 2015, p. 40.

71 Department of Employment, 'Seasonal Worker Programme Add-on Skills Training' at <<http://www.employment.gov.au/seasonal-worker-programme-add-skills-training>> (viewed 13 April 2016); see also Red Cross Training Services, *Submission 23*.

- 8.68 Gracekate Farms, an approved employer, submitted that seasonal workers tend to use these skills to help other people:

We know the difference that this program has made to our workers, their families and their futures. ... They return home proud of their achievements and a sense of self-worth. They learn work skills, social skills and life skills, returning home to pass these skills onto their community.⁷²

- 8.69 TAFE Queensland's submission noted the potential for training undertaken in Australia to grow workforce capacity in SWP participating countries:

The skilling of the workers and the encouragement to share their skills when they return to their source country could be highly beneficial in raising the level of agricultural output and subsequent economic opportunity for the workers and their families.⁷³

- 8.70 The ACTU submitted that while the SWP had benefited households by alleviating poverty and covering the cost of school fees, the extent to which skills were being transferred has yet to be established:

The evidence is less clear on whether there has been a demonstrable return on the skills that workers have developed or upgraded during their employment on the program, in terms of new business and new job opportunities in the Pacific. To start with, there may be a limit on the transferability of skills back to the home country but again the evidence is mixed on this point.⁷⁴

- 8.71 Golden Nile No. 1 Pty Ltd submitted that skills training may be producing mixed results:

The add-on skill funding is great, however some of the courses offered are not very conducive for our employees' learning; e.g. eight hours of numeracy and literacy. It provides them with a meal and the course providers with an income but I would say no lasting benefits for the person attending the course. The First Aid course on the other hand is helpful – hands on and applicable in the work place and at home.⁷⁵

- 8.72 The ACTU suggested that workers should be supported when they return home:

72 Gracekate Farms, *Submission 14*, p. 2.

73 TAFE Queensland, *Submission 27*, pp. 11-12.

74 Australian Council of Trade Unions, *Submission 19*, p. 16.

75 Golden Mile No. 1 Pty Ltd, *Submission 20*, p. 2.

... greater attention needs to be placed on 're-integration' services. Much of the focus, naturally enough, has been on pre-departure preparation and the work itself under the program. However, the post-program or 're-integration' phase is critical to realising the full development potential of the program. This includes attention to financial literacy and advice, further complementary skills training and business development advice.⁷⁶

- 8.73 The ILO submitted that the development assistance aspect of the SWP could be strengthened, particularly through supporting workers after they return to their home countries:

Some of the initiatives which the Australian Government could look at implementing, particularly through the DFAT, include providing technical and financial support directly to returning workers; or building the capacity in sending countries to provide returning workers with access to:

- business advisory support and training;
- employment matching and career services;
- savings and credit facility for business start-ups;
- financial literacy programs;
- assistance in negotiating lower remittance transfer rates with banks; [and]
- linking start-up businesses to markets.⁷⁷

- 8.74 TAFE Queensland said training for seasonal workers would improve their productivity:

If they received the training when they were in their own countries, as a requirement of the visa application, then they would be a lot more productive when they arrive. ... If people were trained in their own countries before they came here, it would not only impact the agricultural sector in their own country but also enable them to arrive here being a lot more productive.⁷⁸

Australia Pacific Technical College

- 8.75 The Australia Pacific Technical College (APTC) offers vocational training in accordance with Australian standards to people in the Pacific Islands. DFAT's submission stated:

76 Australian Council of Trade Unions, *Submission 19*, p. 16; Mr Shipstone, ACTU, *Transcript*, 28 October 2015, p. 52.

77 International Labour Organization, *Submission 31*, p. 3.

78 Mrs Berkhout, TAFE Queensland, *Transcript*, 13 November 2015, p. 20.

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 2007.⁷⁹

8.76 The APTC's annual report and plan for 2014-15 stated:

APTC's priority is providing skills for work by ensuring the Training Profile responds to the specific labour requirements of participating Pacific Island Countries. The report confirms that the APTC is on track to deliver to an increased target of 4,200 graduates with a range of internationally recognised Australian qualifications that equip men and women for paid employment now and into the future.⁸⁰

8.77 The report also stated that graduates were highly employable:

Feedback from APTC Student Tracer surveys report that 97% of graduates were satisfied with their course and that graduates continue to have high employability with 89% in employment at the time of the survey. Ninety-four percent of employers surveyed reported that graduates had improved the work standards of other employees or improved the productivity of their organisations.⁸¹

8.78 The report noted that courses were being targeted at sectors with a skills shortage in Australia:

It is estimated that by 2050 there will only be 2.7 people of working age to support each Australian over sixty-five years of age, compared to five working aged people per person in 2012 and 7.5 in 1970. Given these statistics there is a strong case for increased immigration to expand the workforce of the aged care sector in Australia. In response, APTC has implemented an aged care training pilot program delivering the dual Certificate III in Aged Care / Certificate III in Home and Community Care in Tonga.⁸²

8.79 The PNG Department of Labour and Industrial Relations submitted that there should be an 'integrated training program regime for seasonal workers'⁸³ and suggested:

Utilizing the existing Australian-PNG TVET [technical and vocational education and training] training arrangement through

79 Department of Foreign Affairs and Trade, *Submission 37*, p. 5.

80 Australia Pacific Technical College, *Annual Report and Plan 2014-15*, p.2

81 Australia Pacific Technical College, *Annual Report and Plan 2014-15*, p.10

82 Australia Pacific Technical College, *Annual Report and Plan 2014-15*, p.12

83 PNG Department of Labour and Industrial Relations, *Submission 29*, p. 2.

the Australia-Pacific Technical College to develop and streamline career pathways through seasonal employers into the agriculture, tourism and hospitality sectors.⁸⁴

8.80 TAFE Queensland said training through the APTC could be expanded:

At the moment, we have a relationship with the Australia-Pacific Technical College. Through that college, we provide training throughout the Pacific region. The recommendation is that we would probably use that as the mechanism to deliver what amounts to our horticultural training in Australia.⁸⁵

8.81 The DPC said the APTC had been offering certificates in aged care, creating groups of people qualified to work in this area. However, the DPC said there is an absence of migration pathways:

...they are building up a stock of people who could come but there is no migration pathway. We need to get different policy instruments working together. We have not had enough of a coherent approach so far, whether it is backpackers versus seasonal workers or whether it is having the mismatched qualifications on migration pathways.⁸⁶

8.82 DFAT added:

DFAT is working with the APTC to ensure its courses respond to identified labour market demand, both within the Pacific Islands and Australia.⁸⁷

Committee comment

8.83 Economic development is a central element of the Seasonal Worker Programme's objectives. Industry and employers gain satisfaction from knowing wages are being spent on improving standards of living in the Pacific region.

8.84 While the quantum of remittances derived directly from the Seasonal Worker Programme is currently unquantified, and there was some debate surrounding the equity of remittance benefits and suggestions a few countries receive a disproportionate share of remittances derived from the Programme, there is likely to be a sizeable economic benefit.

84 PNG Department of Labour and Industrial Relations, *Submission 29*, p. 2.

85 Mrs Berkhout, TAFE Queensland, *Transcript*, 13 November 2015, p. 20.

86 Professor Howes, Development Policy Centre, *Transcript*, 9 September 2015, p. 8.

87 Department of Foreign Affairs and Trade, *Submission 37*, p. 5.

- 8.85 At the time of preparing this report, no verified empirical data was available showing specific linkage between Seasonal Worker Programme remittances and economic development in Pacific communities. Nevertheless, anecdotal evidence suggested the remittance impact has been positive.
- 8.86 As noted in Chapter 7, the Department of Foreign Affairs and Trade has commissioned the World Bank to evaluate the development benefits of the Seasonal Worker Programme. This study is due to be completed during 2016.⁸⁸
- 8.87 Some factors may limit development outcomes, for example:
- low participation among microstates
 - women are underutilised and increasing the participation of women could improve Seasonal Worker Programme development benefits
 - the high cost of remitting funds back home.
- 8.88 Additional benefits of the Programme were also noted during the inquiry:
- workers using their income to mitigate against the effects of natural disasters
 - new skills and training opportunities arising from participation in the Programme.
- 8.89 There were proposals to improve the benefit of skills and training by ensuring workers' training is continued, updated or completed to a higher level once workers return home. The Committee believes there is scope to improve this aspect of the Programme. Seasonal workers should be provided long-term training and skills development pathways.
- 8.90 The Committee has recommended expanding the Seasonal Worker Program to include sectors projected to have significant growth and long-term labour shortages including: aged care; child care; disability care; and dairy. A broader range of qualified workers could then be utilised.
- 8.91 The Australia Pacific Technical College currently offers Australian qualifications to Pacific Islanders from 14 Pacific Island Countries in the automotive, manufacturing, construction, electrical, tourism, hospitality, education, management, and health and community services industry sectors.⁸⁹
- 8.92 However, employment pathways are not necessarily available to graduates of the Australia Pacific Technical College.

88 Department of Foreign Affairs and Trade, *Submission 37*, p. 7; Department of Employment, *Supplementary Submission 2.2*, response to Question 20.

89 Australian Pacific Technical College, 'Courses', viewed on 14 April 2016, <<http://www.aptc.edu.au/index.php/courses>>.

- 8.93 As noted in Chapter 5, the Seasonal Worker Programme could advance beyond the level of an unskilled labour migration scheme to address long-term labour shortages in these sectors.
- 8.94 The Committee therefore recommends that the Seasonal Worker Programme provide an employment pathway for Australia Pacific Technical College graduates, particularly in identified areas of long-term labour shortage in Australia.

Recommendation 6

The Committee recommends that the Seasonal Worker Programme provide an employment pathway for Australia Pacific Technical College health and community services industry sector graduates.