



**Submission to the
Joint Standing Committee on
Migration Inquiry into the Seasonal
Worker Program**

10 July 2015





The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

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Statistics on Australian Agriculture

Australian agriculture makes an important contribution to Australia's social, economic and environmental sustainability.

Social >

There are approximately 115,000 farm businesses in Australia, 99 percent of which are family owned and operated.

Each Australian farmer produces enough food each year to feed 600 people, 150 at home and 450 overseas. Australian farms produce around 93 percent of the total volume of food consumed in Australia.

Economic >

The agricultural sector, at farm-gate, contributes 2.4 percent to Australia's total Gross Domestic Product (GDP). The gross value of Australian farm production in 2013-14 was \$51 billion – a 6 percent increase from the previous financial year.

Yet this is only part of the picture. When the vital value-adding processes that food and fibre go through once they leave the farm are added in, along with the value of all economic activities supporting farm production through farm inputs, agriculture's contribution to GDP averages out at around 12 percent (over \$155 billion).

Workplace >

The agriculture, forestry and fishing sector employs approximately 323,000 employees, including owner managers (174,800) and non-managerial employees (148,300).

Seasonal conditions affect the sector's capacity to employ. Permanent employment is the main form of employment in the sector, but more than 40 per cent of the employed workforce is casual. Almost 10 per cent of all workers are independent contractors and more than 50 per cent of farmers are self-employed owner-managers.

Approximately 60 per cent of farm businesses are small businesses. More than 50 per cent of farm businesses have no employees at all.

Environmental >

Australian farmers are environmental stewards, owning, managing and caring for 52 percent of Australia's land mass.

Farmers are at the frontline of delivering environmental outcomes on behalf of the Australian community, with 94 percent of Australian farmers actively undertaking natural resource management.

The NFF was a founding partner of the Landcare movement, which in 2014, celebrated its 25th anniversary.

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Executive Summary

Overseas workers make an important contribution to the Australian agriculture sector. Many agricultural industries are characterised by seasonal work and are commonly located in regional or remote areas where demand for labour is high during peak seasons but labour supply is limited. Closing the gap from the local workforce is unlikely to ever be fully realised, and employment of overseas workers goes a long way to redressing this imbalance.

Australia needs policies and programs that seek to boost on-farm profitability and competitiveness. Migration intake should reflect immediate and future skills and labour shortage needs, and be flexible and responsive enough to fill actual and projected gaps in labour market activity. Migration programs should be accessible and affordable for Australian farmers and should complement domestic skills policies aimed at developing the Australian agricultural workforce.

The Seasonal Worker Program is built on the premise of a mutually beneficial relationship between Australia and poorer countries in the region. It can fill unmet demand for seasonal workers and provide a consistent, reliable, returning workforce that improves workforce planning and increases productivity, while also making a significant contribution to the economic development of participating nations.

The Program has significant potential to lift productivity in the agriculture sector. This submission supports the expansion of the Seasonal Worker Program to all agricultural industries, proposes options to reduce red tape and regulatory costs and suggests ways to increase flexibility to better match supply with demand.

The NFF looks forward to working with the Government on the implementation of ongoing reforms to ensure migration programs are flexible, adaptable and designed to promote a competitive, prosperous and vibrant agriculture sector over the long term.

1. Introduction

The Australian agriculture sector is a critical contributor to the Australian economy. There are approximately 136,000 farm businesses in Australia, 95 percent of which are family owned and operated. In 2013, Australian farms exported almost two-thirds of their food and fibre to the world. Recent data from the Australian Bureau of Statistics indicates that farm and fisheries production and processing accounts for approximately two per cent of Australia's GDP and 16 per cent of the total value of merchandise trade exports. The value of Australian agricultural commodities currently sits at almost \$51 billion.

Overseas workers make an important contribution to the Australian agriculture sector. Many agricultural industries are characterised by seasonal work, harvesting perishable goods destined for domestic and international markets. These industries are commonly located in regional or remote areas where demand for labour is high during peak seasons but labour supply is limited. Recent experience with the mining boom confirms that Australian agriculture also faces strong domestic competition for labour with other sectors of the economy. Redressing this imbalance through use of foreign workers is hugely important: it means that what is grown can be harvested and sold, not left to perish.

Australian agriculture needs policies and programs that drive growth and boost on-farm profitability and competitiveness. The Coalition's Policy for Foreign Affairs committed to examining the case for expansion of the Seasonal Worker Program, stating that "the goodwill this Program creates in the region should not be underestimated." The NFF agrees. In a submission to the Agricultural Competitiveness White Paper, the NFF called for expansion of the Program to the broader agriculture sector so that it is more flexible and demand driven. This paper reiterates that call, supporting the recent announcement in the *Developing Northern Australia White Paper* to expand and streamline the Seasonal Worker Program to better align with the seasonal nature of Australian agriculture and accommodate the long term, ever-changing needs of farm businesses across Australia. The measure will boost the availability of foreign labour in regional areas and supplement existing and important migration policy solutions to agricultural labour shortages, including the working holiday and 457 visa programs.

While the sector invests in programs to recruit, train and retain Australian workers, closing the gap from the local workforce is unlikely to ever be fully realised. High rates of youth unemployment in areas where tourism and agriculture are key industries, such as Cairns, suggest that availability to undertake entry-level work is not enough on its own to address labour shortages.

Initiatives to boost participation of Australian workers in the agriculture sector, including greater investment in education and skills and incentives to increase student uptake of agricultural work should be a core focus for government. In the meantime, we need to recognise that overseas workers will always play an integral part in the Australian agricultural workforce. Delivering a skilled and productive agricultural workforce for Australia means, among other things, ensuring that migration policy settings promote ongoing access for the sector to workers with the necessary skills, when and where they are needed, and without undue cost or red tape.

2. Overview of the Seasonal Worker Program

In March 2006, the NFF recommended that the Australian Government establish a seasonal worker visa program to address chronic labour shortages in the horticulture industry. The proposal was made on the basis that many farmers have difficulty attracting seasonal workers because seasonal work is not an acceptable employment option for many Australians.

Analysis by the NFF in 2008 revealed:

- 22 000 fruit-picking positions were going unfilled in horticulture – costing horticultural farms, on average, \$100 000 per year in unpicked, rotting fruit while another 80 000 jobs were needed in skilled areas; and
- In the most extreme cases, farmers were losing \$250 000 per season in rotting produce due to the inability to find labour.

Key elements of the NFF proposal were:

- an emphasis on employment of entry level workers, not catered for by other existing migration solutions for skilled and semi-skilled labour;
- the opportunity for entry-level workers to build skills as a pathway toward technical training;
- reciprocal benefits for employers and workers;
- reciprocal benefits for Australia and participating nations;
- pay and conditions set by the relevant industrial instrument;
- pre-departure briefings and community and cultural engagement while in Australia;
- placement of workers in areas where there is a demonstrated shortage of entry-level workers;
- access to approved employers with sound workplace relations, safety and migration practices;
- workers to be of ‘good character’, with a command of English, physically fit and able to do the work required;
- workers able to return in subsequent seasons;
- provision of training to workers;
- minimum visa period of three months;
- travel costs met by employers for visas of six months or more;
- comfortable accommodation provided as in-kind reward or arranged on behalf of workers at market or discount rates; and
- minimal red tape.

The Seasonal Worker Program, which initially commenced as a three year pilot scheme, draws on many of the elements of the NFF’s 2006 proposal. It aims to assist Australian

employers who are unable to find local Australian workers to meet their seasonal labour needs, while contributing to the economic development of Timor-Leste, Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. The program is ongoing for the horticulture, aquaculture, cotton and cane sectors as well as the accommodation sector.

The first workers arrived under the scheme in February 2009. Labour sending arrangements include eligibility criteria for workers, pre-departure briefings on living and working in Australia, on-arrival briefing for workers in Australia and employment in accordance with Australian workplace standards. The program has an “Australian jobseeker first” approach, requiring employers to advertise and offer work to Australian jobseekers before seeking to recruit seasonal workers. Employers of seasonal workers must be “approved employers” and may be direct employers or labour hire companies.

Recent announcements in the *Developing Northern Australia White Paper* will further enhance the Seasonal Worker Program. Extending access to the Program to all agricultural industries, and removing the national cap on the number of workers participating in the program will allow more overseas workers to access well paid work in Australia, to the benefit of their families and villages. It will also ensure that as demand for workers under the program grows, artificial constraints do not limit the capacity of farmers to access productive, returning workers. The minimum stay requirement of 14 weeks has been removed to boost flexibility, provided workers receive the net financial benefit of at least \$1 000 during their stay. Workers can come to Australia for a maximum six months, with the ability to return in following seasons (workers from Kiribati, Tuvalu and Nauru may stay for up to nine months). Further, cost sharing arrangements have been simplified by combining the employer’s contribution to each seasonal worker’s international and domestic travel costs to a total of \$500.

A more recent initiative is the “Add-on skills” training program, funded by government and providing training for workers in English literacy and numeracy, first aid, and information and communication technology. In addition, workers can gain recognition of prior learning toward Certificate I or II qualifications in their field of work.

3. Addressing Workforce Shortages in Australian Agriculture

Almost 3500 seasonal workers have been placed in the horticulture sector under the Program in 50 local government areas since its commencement, and this number continues to grow. Seasonal workers have been employed to undertake a range of work, including picking, packing, pruning, draining, grading and thinning. Some seasonal workers have been promoted into supervisory roles.

In 2013-2014, 99 per cent of places allocated to the horticulture sector were filled. During the same period, of the places available to the four trial sectors of accommodation, aquaculture, cotton and cane, 51 places were filled in total (the majority in the accommodation sector).

An evaluation of the Program in 2011 found that it can fill unmet demand for seasonal workers and provide a consistent, reliable, returning workforce that improves workforce planning and increases productivity.¹ Anecdotal evidence also suggests that the Program is working well. Employers have continued to report efficiencies through access to a returning workforce with low levels of absenteeism, staff turnover and need for supervision and training.

One grower, who halved the number of employees required to pick the same amount of fruit over a five year period through the use of seasonal workers, recently described the Program as an “excellent solution to the problem of labour shortages.”² An ABARES study in December 2013 found that seasonal workers were, on average, significantly more efficient than working holiday makers. Seasonal workers earned on average 22 per cent more than working holiday makers and returning seasonal workers earned \$2.80 an hour (12 per cent) more on average than new workers. A 2015 survey by Doyle found that participating employer’s perceptions of Seasonal Workers were higher than those of locals and backpackers across three categories: ‘dependability’, ‘enthusiasm while working’, and ‘productivity.’³ Unsurprisingly, seasonal workers who returned for another season were more efficient than new workers.⁴

The Seasonal Worker Program provides a reliable source of labour, with reduced staff turnover attributable to the capacity for workers to return in subsequent years. This reduces costs associated with hiring and inducting new workers, an important consideration for farmers in weighing up the benefits of the program is against its higher ‘set up’ costs.⁵

To date, there has been a low level of participation by women in the Program. A 2011 survey by Gibson and McKenzie found that the majority of respondents considered the Program more suitable for men.⁶ While the total number of women joining the scheme

¹ TNS Social Research *Final evaluation of the Pacific Seasonal Worker Pilot Scheme* September 2011

² Ironbark Citrus, Presentation to the Seasonal Worker Conference, Gold Coast, 7-8 August 2014.

³ Doyle, J

⁴ Leith, R and Davidson, A *Measuring the efficiency of horticultural labour: Case study on seasonal workers and working holiday makers* Department of Agriculture, December 2013.

⁵ Ibid.

⁶ Gibson, J and McKenzie, D. *Australia’s Pacific Seasonal Worker Pilot Scheme (PSWPS): Development Impacts in the First Two Years*, 2011.

increased between 2012 and 2014, the relative percentage in comparison to the male population declined.⁷ An extensive study on the barriers to female participation has not been undertaken, however participant feedback from the equivalent New Zealand Recognised Seasonal Employer Program may provide some insight. Research in 2013 by Rochelle Bailey identified that women often do not volunteer for the scheme because they are required to stay on the island and ‘take care of things’ as ‘is their role.’⁸ Cultural reasons have been identified that require women to remain in the villages to look after the children, the garden and the livestock.⁹ Improving communication between workers and families may improve uptake of the Program by women.

While some aspects of the Program require reform, as will be discussed below, overall it has made a valuable contribution to addressing agricultural workforce shortages in Australia. Current predictions indicate that agricultural exports could increase twofold over the next 15 years. Having enough workers to meet growing global demand for food and fibre is vital and expansion of the Seasonal Worker Program to the broader agricultural sector is an important step toward ensuring that the agriculture sector is well positioned to meet this need.

⁷ Chattier, P, ‘Putting Gender into the Equation: Impact Evaluation of Seasonal Worker Program,’ *In Brief*, Australian National University, 2015 (22),

⁸ Bailey, R ‘Ni-Vanuatu in the Recognised Seasonal Employer Scheme: Impacts at Home and Away’ *SSGM Discussion Paper* 2013/4, Australian National University.

⁹ *Ibid.*

4. Benefits for Participating Nations

The Seasonal Worker Program has positive implications for participating nations. As Foreign Minister Julie Bishop noted, ‘some seasonal workers have earned up to \$12 000 in Australia, and have been able to remit about \$6 000 over a six month placement The scheme is having flow on benefits. Some workers have used their income to pay for school fees for their children, to purchase tractors, to invest in small business, and the like.’¹⁰

The World Bank is undertaking a two year study of the development impacts of the program over 2015 to 2016. Previous independent evaluations of the Seasonal Worker Program have found an overall positive impact on the development of participating nations. For example, a 2011 analysis by Gibson and McKenzie¹¹ noted that while the small scale of the Program in its early stages meant that it did not have a very large impact on the overall economy of participating countries, there is potential for a scaled up scheme to have a large aggregate effect. Such an effect can be observed through the impacts of the New Zealand Recognised Seasonal Employer Program, an equivalent program that commenced in 2007 and has operated on a larger scale.¹² Evidence from the New Zealand Recognised Seasonal Employer program shows broader positive impacts on household durable asset acquisition, subjective standard of living and secondary schooling attendance.¹³

A survey undertaken by Gibson and McKenzie on the overall level of satisfaction of participating workers found that 100% of surveyed workers wanted to return for the following year.¹⁴ Many of the workers surveyed after the completion of the program indicated that they had learnt additional skills to those expected such as budgeting and improving their English. Importantly, entry level work across the agriculture sector enhances opportunities for seasonal workers to gain skills that they can take with them when they return home. In addition to on-the-job learning, seasonal workers also have an opportunity to participate in add-on skills training which includes training in basic English literacy and numeracy, basic information technology skills and first aid. There are also opportunities for returning seasonal workers to complete a Recognition of Prior Learning assessment against competencies at a Certificate I or II level in the sector that they have been working in.

Evidence of participant satisfaction and the contribution that the Program is making to welfare in participant’s home communities indicates that this program has important aid value and facilitates a mutually beneficial relationship between Australia and other countries in the region. This program provides a small, but valuable contribution to overall aid provision.

¹⁰ Chatter, P, ‘Putting Gender into the Equation: Impact Evaluation of Seasonal Worker Program,’ *In Brief*, Australian National University, 2015 (22); referring to Bishop J, 2014 *State of the Pacific Conference*, State, Society and Governance in Melanesia Program.

¹¹ Gibson, D. and McKenzie, D. *Australia’s Pacific Seasonal Worker Pilot Scheme (PSWPS): Development Impacts in the First Two Years*, 2011.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

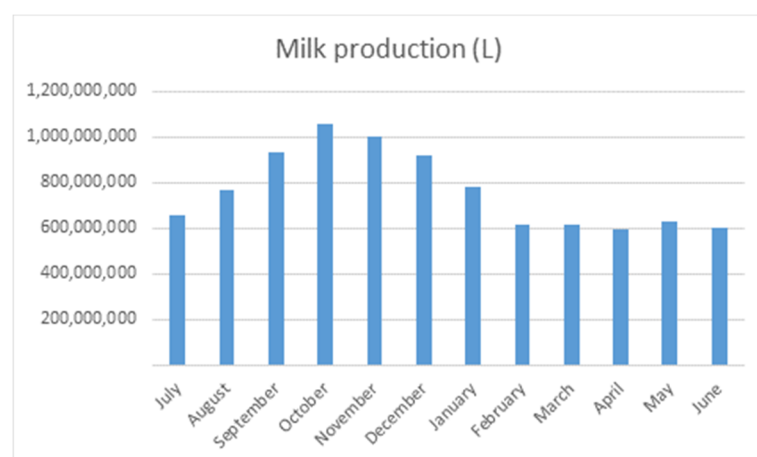
5. Expanding Access to the Seasonal Worker Program

The NFF supports an expansion of the Seasonal Worker Program to cover all industries within the agriculture sector in a way that supplements existing access to overseas workers in regional areas, for the reasons discussed above. Extending the Program will also reduce the burden on government in dealing with individual requests for access to the Program from within the sector.

Extensive labour market testing in a number of agricultural and related industries, including pork, dairy and meat, in connection with labour agreement negotiations with the Department of Immigration and Border Protection, continues to demonstrate that for much of agriculture, there is a demand for workers that cannot be met domestically. There is capacity for uptake of the Program within all industries in the agriculture sector, who each face the dilemma of how to meet labour shortages at peak times of the year, every year.

Seasonality is an ever present feature of the sector. For example, the beef industry has varying seasons depending on the location of the property and would benefit from access to workers under the Seasonal Worker Program during peak times. The northern beef industry targets the Asian market through live exports while typically, cattle are fattened and processed in southern regions. The wet season dictates operational decisions and peak labour requirements in the north, while in the south, autumn and spring rains are the determining factors.¹⁵

Similarly, many dairy farmers have a seasonal calving pattern, when the whole herd calves at the same time once a year. The southern Australian dairy industry is geared towards the export market. Milk is produced on a seasonal basis, with peak production occurring in late spring. This is predominantly in Tasmania and Victoria, with South Australia showing some seasonal characteristics as well. There is a 6 month window for workers in the Seasonal Worker Program that aligns well with calving patterns which tend to begin in mid-late August, through to the tapering off of milk production in February. The milk production data below demonstrates seasonality in the dairy industry.



¹⁵ PriceWaterhouseCoopers *The Australian beef industry: the basics*
<http://www.pwc.com.au/industry/agribusiness/assets/Australian-Beef-Industry-Nov11.pdf>

Farm management cycles in the sheep industry vary according to the prevailing environmental conditions. For example, in the Eastern Wheat/Sheep region of Australia, a typical farm management cycle would be as follows¹⁶:

- A summer joining with a winter lambing.
- Weaning in spring with culling of rams, ewes and hoggets.
- Ram purchases about the same time as weaning.
- Lambs/weaner sales vary with climate & season and are usually in spring or autumn.
- Most of the larger annual ram sales occur in the spring.
- Shearing tends to be clustered around autumn and spring but can occur at any time.

In the broadacre farm sector, seasonal work is a given. A 2009 report confirmed that the seasonal nature of cropping means more labour is required at certain times of the year than others, particularly at seeding and harvest. The report concluded that seasonal labour is the most profitable use of labour in broadacre crop dominant farms.¹⁷

The capacity to bring seasonal workers to Australia for periods of up to six or nine months (depending on the country of origin) offers a solution for employers in the agriculture sector struggling to meet their labour needs at peak times of the year. This would be enhanced by greater flexibility to accommodate natural disasters by, for example, delaying commencement dates in the event of a cyclone. Use of the Program may initially remain more prevalent in horticulture because of growing familiarity with the Program in that industry. However, the NFF anticipates that seasonal workers will become a sought after addition to the broader agriculture workforce in Australia as awareness of the Program grows.

The NFF also considers that further expansion of the Program should be considered in a careful and consultative fashion. While we support ongoing initiatives to facilitate ongoing and reliable access to overseas workers, a key objective of any reform should be to ensure that the Program is accessible to those countries who can derive a mutual benefit from its operation, without diluting its existing aid-based foundations.

¹⁶ Hassall & Associates Pty Ltd *Structure and dynamics of Australia's sheep population*
http://www.daff.gov.au/__data/assets/pdf_file/0006/723849/sheep-movement-ead.pdf

¹⁷ Rose G & Kingwell R *Seasonal labour is the most profitable use of labour in broadacre crop dominant farms*

6. Program Impediments

The Program needs some fine tuning to fully achieve its potential. Costs have been a major disincentive to greater uptake of the program, as is the fact that some costs are payable upfront on a ‘buy before you try’ basis. Commentary at the 2014 Seasonal Worker Program Conference suggested these initial costs were in the order of \$2000 per worker, once set-up costs, regulatory compliance and travel and accommodation arrangements were taken into account. There is the risk that costs will not be recovered if workers choose to leave the Program. A review of these costs associated with seasonal employment is recommended to improve the relative attractiveness of the Program in comparison with other solutions, including the working holiday visa program. The recent announcement in the *Developing Northern Australia White Paper* to combine the employer’s contribution to each seasonal worker’s international and domestic airfare to a total of \$500 is a welcome initiative.

The high administrative requirements are detrimental to the reputation of the Program. Reporting requirements are too cumbersome and time consuming, and streamlining administrative requirements in relation to superannuation is likely to increase efficiency. Decreasing the processing time for Seasonal Worker applications and streamlining reporting requirements to government would also be beneficial to the efficacy of the Program.

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.

The effectiveness of the Program could be strengthened through improved promotion. In 2011, a survey of growers and related ‘approved employers’ revealed that only half of those surveyed had heard of the Seasonal Worker Program.¹⁸ Only a marginal increase in awareness has been found in 2015.¹⁹ Further, differing perceptions of the Program have been found between participating employers and non-participating employers. In 2015, a survey by Doyle found that the majority of non-participating growers thought the reputation of the scheme was ‘average’ or ‘below average,’ with some even suggesting that it was ‘poor.’²⁰ By contrast, the majority of participating employers thought the reputation of the scheme was ‘above average’ or ‘excellent.’²¹

There is an opportunity to promote the benefits of the program through greater access to empirical data. Recommendations 3 and 4 of the *Final evaluation of the Pacific Seasonal Worker Pilot Scheme*²² sought to make available more qualitative data on how

¹⁸ Hay and Howes, *Australia’s Pacific Seasonal Worker Pilot Scheme*, 2011.

¹⁹ Doyle J *Australia’s Seasonal Worker Program: Demand-side constraints and suggested reforms*, The World Bank, 2015.

²⁰ Ibid.

²¹ Ibid.

²² TNS Social Research, September 2011.

the Program delivers returns on investment and proposed a strategic communications campaign to market the Program. Key messages should encompass the benefits of lower staff turnover, an incrementally upskilled workforce and the potential for significant productivity improvements and in turn, better farm gate returns.

While the NFF supports an ‘Australian jobs first’ approach, the current labour market testing requirement for businesses to advertise and offer work to Australian jobseekers before seeking to recruit seasonal workers represents a large commitment for little return. Firstly, the requirement only applies to job offers for Australian workers, but specifying this in a job advertisement would breach discrimination laws. This means that jobs are advertised much more broadly than intended, resulting in a large field of mostly foreign applicants. The reality is that most Australians are not looking for jobs that involve hard, physical work in rural, regional and remote areas.

7. Summary of Recommendations

Despite the issues identified above, in our view the Program has potential to deliver increased productivity for the agriculture sector, and is a unique and valuable scheme that brings together foreign aid and labour market policy for the economic benefit of Australia and participating nations.

To improve its effectiveness, the NFF recommends:

- Expansion of the Program to all agricultural industries without delay;
- Consultation on options to expand the Program to countries other than those in the Pacific region or East Timor, with a commitment to preserve the aid-based foundations of the Program;
- Further consideration of measures to reduce initial costs associated with the Program;
- A review of the regulatory burden associated with applications to sponsor workers under the Program;
- Flexible periods of commitment, including capacity to vary start and finish dates to accommodate natural disasters and other environmental events;
- Resourcing of a comprehensive strategy to promote the Program and its potential the benefits for the agriculture sector; and
- An exemption from labour market testing requirements in regions that have a demonstrated labour shortage.