

# ACTU Submission to Parliamentary Inquiry into the Seasonal Worker Program

10 July 2015

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## Introduction

The ACTU welcomes the opportunity to make a submission to this inquiry into the Seasonal Worker Program.

The ACTU is the peak body for Australian unions, made up of 46 affiliated unions. We represent almost two million working Australians and their families.

In the context of this Inquiry, we note too that in our region the ACTU and affiliated unions have had a long tradition of supporting trade unions, workers and sustainable development across the Pacific Islands. In 1989, the South Pacific and Oceanic Council of Trade Unions was established with support from Australia and New Zealand to give collective expression to the demands and aspirations of trade unions as the representatives of working people throughout the region.

We continue to work closely with the peak union councils and industry unions across the Pacific Islands to strengthen their capacity to effectively support workers' rights, encourage employment and economic development, and work for the improved economic security of workers and their families.

The ACTU and unions supported, and were closely involved in, the establishment of the Seasonal Workers Program, initially as a pilot scheme. We believe it has been and can continue to be an important part of a suite of measures to support workers and communities in Pacific Island countries. There is no doubt it has provided an important source of income to small island developing states through remittances, and provided benefits in terms of improved education, housing and other infrastructure for participating households and communities. However, a program of this sort carries with it inherent risks and these need to be managed and reviewed on a regular basis. We look forward to the Inquiry taking on this role.

In this submission we first set out our overall position on the Seasonal Workers Program and the key policy principles and guidelines that should underpin it. We provide some background on the development of the scheme and its operation. We then address some of the specific terms of reference for the Inquiry.

## Key Points and Recommendations

1. Labour market testing should continue to form an integral part of the Seasonal Workers Program to ensure that Australian workers are not displaced by the operation of the Program and to foster community support for the program.
2. The Seasonal Workers Program should form part of a broader suite of measures to encourage development in the Pacific. The recent tripartite Pacific Growth and Employment Project provides a potential model for employment and skills development that is based in the home country. In a similar vein, a component of aid program funding should be set aside to ensure that in all significant infrastructure and resource development projects the local population is trained in skills to enable them to be employed in these projects.
3. Measures to encourage greater participation by women in the program need to be developed. This should include educational and promotional efforts in both home and host countries to boost female participation, and consideration of specific targets for female participation.
4. Tripartite industry plans be developed for the sectors that are using the program to ensure employment and training opportunities for Australian citizens and permanent residents are maximised.
5. Relevant unions in both the home and host countries be given access to workers in pre-departure briefings, consistent with recommendations of the World Bank.
6. Proposals to expand the program, including proposals in the recent Northern Australia White Paper to uncap program numbers, are premature and should be subject to further scrutiny and consultation. Unions have not been consulted on these proposals. Appropriate safeguards must be in place to accompany any future expansion.
7. Greater priority be given to the re-integration of Pacific Island workers into their communities and ensuring that longer-term benefits are realised from the additional skills and financial resources that are gained from participation in the program.

8. Easy employer access to the Working Holiday Visa Program continues to 'crowd out' the Seasonal Workers Program. As set out in the ACTU submission to the current Senate Inquiry into the Temporary Work Visa Program, the following measures should be introduced:
  - The introduction of annual caps or quotas on the Working Holiday Visa Program taking into account the labour market conditions for young Australians;
  - The second year working holiday visa extension be abolished;
  - Remodel the work rights attached to the working holiday visa so that it operates as a genuine holiday visa, rather than a visa which in practice allows visa holders to work for the entire duration of their stay in Australia.
9. Consideration be given to providing workers and families from Pacific Island countries with greater access to the permanent independent stream of the skilled migration program. The New Zealand Pacific Island Access scheme provides a potential model.
10. The program must operate in the best interests of the developing countries. If it is not doing that, it does not have a future solely as a source of additional labour for Australian employers.

## ACTU position on the Seasonal Workers Program

The ACTU position on the Seasonal Workers Program draws in part from our overall position on skilled migration. The ACTU and affiliated unions have had a long and significant interest in the skilled migration program, particularly those parts of the program where temporary visa holders with work rights are involved. This of course includes the Seasonal Workers Program which relies on the temporary 416 visa.

Our interest in temporary work visas, and the debate that surrounds them, has always been driven by three key, interrelated, priorities.

The first is to maximise jobs and training opportunities for Australians - that is, citizens and permanent residents of Australia, regardless of their background and country of origin - and ensure they have the first right to access Australian jobs.

The second is to ensure that the overseas workers who are employed under temporary visas are treated well, that they receive their full and proper entitlements, and they are safe in the workplace - and if this does not happen, they are able to seek a remedy just as Australian workers can do, including by accessing the benefits of union membership and representation.

The third is to ensure that employers are not able to take the easy option and employ temporary overseas workers, without first investing in training and undertaking genuine testing of the local labour market. This is also about ensuring those employers who do the right thing are not undercut by those employers who exploit and abuse the temporary work visa program and the workers under it.

Our position on these matters is set out in further detail in our submission to the current Senate Inquiry into the temporary work visa program.<sup>1</sup>

Consistent with these priorities, unions have supported the Seasonal Workers' Program provided some basic conditions are met and continue to be met:

- Like other temporary work visa programs, employers must make every effort to employ Australian citizens and permanent residents before seeking Pacific seasonal workers;
- The seasonal worker program must provide wages and conditions that are no less favourable than those established for Australian citizens and permanent residents (and other temporary work visa holders for that matter) doing the same work in the same location;
- Cost sharing arrangements for travel and other arrangements must be balanced to ensure that there is an adequate net benefit to the worker. In addition, at no time can an employer make unauthorised deductions from the pay of a worker;
- The right to join a trade union and have union representation at any time must be upheld;

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<sup>1</sup> [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Education\\_and\\_Employment/temporary\\_work\\_visa/Submissions](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/temporary_work_visa/Submissions)  
(see ACTU Submission No. 48)

- Seasonal workers must be informed of and understand their work rights when in Australia. For many, it will be their first time overseas and they will have little understanding of their rights at work under Australian labour law and where they can go for further information and assistance. Pre-departure briefings and further briefings on arrival, with union involvement, are critical. Briefings should include comprehensive information on the role of unions in ensuring their rights at work are protected and information on the relevant union the worker can join when in Australia;
- Training and instruction in OHS in connection with practical training or other work preparation is essential for ensuring the safety of workers;
- Workers must have access to dispute resolution procedures and assistance in situations where the worker has been subject to abuse or mistreatment

In the case of this particular temporary work visa program, there is an extra dimension of critical importance and that concerns the benefits that accrue to the worker, their family, and community from their time spent working in Australia and what this means for broader development in the Pacific region i.e. the ‘triple win’ that is widely referred to in the relevant literature.

The goals for the Seasonal Workers program are generally presented by government and relevant departments in terms of both domestic and international objectives: the domestic objective being to provide an additional source of labour for employers in the relevant sectors; the international objective being to promote development in the Pacific through remittances and other benefits that participants in the program can provide back to their families, communities and their country as a whole.

In our submission, the international objective of developing Pacific Island countries is paramount under this program. The first and foremost objective of the program must be to operate in the best interests of the developing countries. If it is not doing that, the program does not have a future if it simply there to provide a ready supply of labour for Australian employers.

We also make the point that while seasonal worker schemes can play an important role in providing employment and income that contributes to sustainable development in Pacific countries, they are not a panacea for the challenges of unemployment and underemployment. Such schemes should be part of a broader suite of programs and measures to improve outcomes for Pacific Island workers. This should include employment and skills development programs that are based in the home country. The Pacific Growth and Employment Project, a tripartite ILO project supported by the Australian Government, the ACTU, and ACCI, and focused on PNG and Vanuatu provides one potential model.<sup>2</sup>

Overseas aid should be focused in a similar way. At the recent ACTU Congress, Australian unions endorsed a call for the Australian Government to substantially refocus aspects of its international development assistance programs so that, among other things, a component of aid program funding is set aside to ensure that in all significant infrastructure and resource development projects the local population is trained in skills to enable them to be employed in these projects.

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<sup>2</sup> INTERNATIONAL LABOUR ORGANISATION, Pacific Growth and Employment Project, TECHNICAL COOPERATION FINAL PROGRESS REPORT, 5 December 2014.

## Background and overview of the Program

We anticipate that the Inquiry will receive more detailed information on the history and operation of the program from the relevant Government department that have responsibility for it. Here, we provide a brief overview to provide some context for the submission that follows.

The program was first established in 2008 as a pilot scheme to run for four years, through until 2012. The initial pilot scheme included the countries of Kiribati, Tonga, Vanuatu and PNG and covered work in the horticulture sector. It later expanded, sometimes on a trial basis, to cane, cotton, aquaculture, and accommodation in the tourism industry, and to a wider range of countries including Timor Leste, Nauru, Solomon Islands and Tuvalu.

Under the program, workers were recruited by growers and labour hire companies who were given Approved Provider status. Some workers were first allocated into work ready pools through selection processes in their home countries; in other cases the employers recruited workers directly. Costs of airfares and transfers were shared between the employers and the workers themselves. The obligations of approved providers included pastoral care for their workers. Pacific seasonal workers receive a pre-departure briefing before leaving their home country, as well as an on-arrival briefing when they reach Australia. The pre-departure training is usually one day of training that includes information on life and culture in the host country, budgeting and managing money, and the skills required for the job

Sending country governments are responsible for preparing and delivering pre-departure training. However, Australian government departments have assisted Pacific Island countries by preparing pre-departure information materials. It has not been a requirement for unions to be involved in pre-departure briefings.

Workers under the Program are engaged on the 416 temporary visa. The visa allowed for entry up to seven months in one year. In order to ensure a guaranteed minimum income, the stay was generally based on a minimum of six months' work at 30 hours a week, or alternatively, 5 months' work at 35 hours a week or 4 months' work at 38 hours a week.

Initial take-up was very low and only increased modestly after that. By the end of the pilot, 1 534 visas had been issued. This was well short of the cap of 2500 that had been set and compared to 7 200 workers under the comparable scheme in New Zealand – the Recognised Seasonal Employers' scheme – that had begun two years earlier.

In late 2011, the Government announced a four year program would continue from 2012. Take-up under the program has continued to fall short of predetermined caps. A World Bank report found that in 2012-13, 1 473 visas were issued out of a possible 2000, while in 2013-14 just over 2000 workers arrived, against a cap of 2 500. Meanwhile, the New Zealand program continued to attract around 8000 workers each year<sup>3</sup>. It is worth noting that most of the shortfall in actual visa numbers compared to the places available was in the trial sectors referred to above, while the horticulture sector was getting closer to full capacity under the cap.<sup>4</sup>

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<sup>3</sup> Bennett, J., "Backpackers, illegal labour crueling Seasonal Worker Program for islander countries: World Bank", ABC News online, 18 February 2015

<sup>4</sup> see Seasonal Worker Program report 1 July to 30 September 2014, Australian Government, Department of Employment, p. 7



## Expanding the Seasonal Workers Program to other countries and sectors

The Australian Government has already announced measures to expand the Seasonal Workers Program as part of its recent White Paper on Northern Australia. There are a number of elements to this.

Under the White Paper proposals, there will no longer be a limit to the number of workers from Pacific Island countries participating in the program. Existing caps will be removed. The White Paper also proposed the expansion of the program to cover the broader agriculture sector and the accommodation sector on an ongoing ('non-trial') basis. The tourism industry is invited to suggest proposals to trial the program in tourism sectors other than accommodation. Additional countries, including the Cook Islands, Federated States of Micronesia, Niue, Palau and the Republic of the Marshall Islands, may be invited to participate in the program subject to the conclusion of the PACER PLUS regional trade agreement. Finally, the White Paper proposes the establishment of a special multi-year visa to 250 citizens from Kiribati, Nauru and Tuvalu to work in lower skilled occupations.

It appears from the Australian Government, Department of Employment Website that these proposed measures, including the uncapping of places, took immediate effect on 18 June 2015 with the release of the White Paper.<sup>5</sup>

In our submission, the proposals to expand the program were premature and should have been subject to further scrutiny and consultation. Unions have not been consulted on these proposals. The White Paper makes no attempt to consider any of the risks of exploitation involved in increasing the number of potentially vulnerable low-skilled workers, many of whom may have limited English and knowledge of Australian labour laws and social norms, being tied to a single employer and location. There is no discussion in the White Paper of the wages and conditions for these workers, how those conditions will be monitored and enforced, and the support mechanisms that will be in place to assist the workers.

While the seasonal workers program may not have been beset with problems of exploitation to the same extent as other temporary visa types under examination by the current Senate Inquiry, unions nonetheless continue to report cases of underpayments and other problems arising under it. Further information on these cases can be provided to the Inquiry on request. Research into the program has reported other problems with poor accommodation, pay deductions, different employment contracts applying and minimum hours requirements not being met.<sup>6</sup>

There also needs to be greater consideration given to the risks involved in the continued use of labour hire companies and other intermediaries and what this means for exploitation if the Government opens the program up further. An Australian Institute of Criminology report finds that there is an increased risk of labour exploitation in those cases where an intermediary/labour hire companies are used.<sup>7</sup> Managing the increased risk when intermediaries such as local business organisations and recruiters in the specific countries covered by this scheme are involved is critical. We also note that expansion of the program is being pushed in sectors like hospitality that already have one of the highest rates of sponsor sanctions under the subclass 457 visa scheme.

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<sup>5</sup> <https://employment.gov.au/news/seasonal-worker-programme-expansion-question-and-answer-factsheet-now-available>

<sup>6</sup> Ball, R., Beacroft, L., & Lindley, J., "Australia's Pacific Seasonal Worker Pilot Scheme: Managing vulnerabilities to exploitation", Trends and Issues in crime and criminal justice no. 432, Australian Government Australian Institute of Criminology, November 2011

<sup>7</sup> Ibid.

This is all not to say the expansion of the program may not bring benefits in terms of development in the Pacific island countries. The small scale nature of the Australian program in terms of total numbers thus far has meant the benefits back to the respective home countries have not been distributed as widely as they would naturally under a larger scale program with more participants.<sup>8</sup> There is also a view that expanding the participating countries could help spread opportunities where they are most needed in the Pacific, rather than being concentrated on relatively affluent Pacific countries such as Tonga, which already enjoys better economic prospects and labour mobility opportunities.<sup>9</sup>

Provided it is properly structured and regulated, an expanded Seasonal Workers Program could have wider, ongoing benefits for workers and communities in Pacific Island countries. However, appropriate safeguards and oversight must accompany any future expansion, and be in place before that expansion takes place.

This includes ongoing review of existing pre-departure, on-arrival and post-return briefings to ensure they are meeting the needs of workers and their communities and setting them up for success both during their stay in Australia and their return to their home country. Among other things, this means ensuring that briefings are providing appropriate information and advice on labour conditions, rights and responsibilities at work, Australian social norms, OHS, mental health issues, financial literacy, and further skills and business development training on return to the home country. Relevant unions in both the home and host countries should have access to the workers and input into the briefings at each stage of the process, consistent with recommendations of the World Bank.<sup>10</sup> Pastoral care responsibilities are another priority.

We also note that both the pilot and the ongoing program were conceived at a time of relatively low unemployment. Different considerations apply now at a time when national unemployment remains stubbornly above 6% and youth unemployment is more than double that. Youth unemployment in some regions is up to 20% or more. This suggests the need for some caution before expanding the program further. It also reinforces the need for labour market testing, rigorously applied and enforced, to remain as a cornerstone of the program to ensure that Australian workers are given first priority.

This is particularly important when one considers that seasonal workers under the program can take up work in occupations such as bar attendants, waiters, café workers, garden labourers, kitchen hands and cleaners – occupations that unemployed Australians could readily fill without the need for formal qualifications or long lead-in training times.

Unions support the development of tripartite industry plans for the sectors that are using the program to ensure ongoing employment and training opportunities for Australian citizens and permanent residents are maximised. Employers who use seasonal labour from Pacific Island countries should have obligations to be employing and training Australian workers at the same time.

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<sup>8</sup> Gibson, J., McKenzie and Rohorua, H., Developmental impacts of seasonal and temporary migration: A review of evidence from the Pacific and South East Asia, Asia and the Pacific Policy Studies, Australian National University, 2013.

<sup>9</sup> <http://devpolicy.org/in-brief/world-bank-calls-on-australia-to-introduce-a-permanent-migration-scheme-for-pacific-islanders-20130616>

<sup>10</sup> Alkema, A., Global Jobs Pact: Pacific Labour Governance and Migration, Literature Review: Seasonal Migration, 2011; World Bank (2006) At home and away: Expanding job opportunities for Pacific Islanders through labour mobility <http://siteresources.worldbank.org/INTPACIFICISLANDS/Resources/Executive-Summary-LABOUR-mOBILITY-rEPORT.PDF>

The decisions to expand the program and remove any caps also appear to overlook the fact that the current caps are not even being filled. This has been the case ever since the pilot program started. The evidence is that this is not a reflection of any supply-side-problems. Workers in the relevant Pacific Island countries generally welcome and are keen to take up the opportunity to work under the Seasonal Workers Program.<sup>11</sup> Rather, the issue is on the demand side with employers preferring to use other readily available sources of labour, in particular working holiday visa makers (but also in part reflecting the continued prevalence of illegal overseas workers without valid work rights).

This was the evidence from a recent World Bank report into the program which found the ready availability of backpacker labour was undermining demand for Pacific seasonal workers.<sup>12</sup> There was also an issue that up to half of those employers surveyed did not know about the scheme. These findings echo earlier research into the issue from ANU researchers who found that 70% of employers indicated no need for the scheme and only 7% indicated any difficulty in finding workers, given the growing size of the 417 working holiday visa cohort in Australia.<sup>13</sup> Both the World Bank and the ANU researchers have supported a scaling back of the working holiday visa program in response.

To give a sense of this issue, it is worth noting that in 2013-14, a total of 229 378 working holiday 417 visas were granted to young people from overseas (along with a further 10 214 subclass 462 Work and Holiday visas).

The total number of working holiday visa holders in Australia – 160 940 on the latest figures – is now equivalent to around 7.7% of the total Australian labour force aged 15-24. These figures have more than doubled since mid-2007 when working holiday visa holders numbered 74 450 and were 3.7% of the Australian workforce aged 15-24. There are over 50 000 more working holiday visas granted each year now than there were four years ago.<sup>14</sup>

Since mid-2010, the number of working holiday visas have increased from around 100 000 to 160 000. As a point of comparison, youth unemployment has gone from 11.6% to 13.7% in the same period.

In examining the working holiday visa, a very important feature to note is that visa holders are able to apply for a second year visa if they undertake 88 days specified work in a designated regional area during the course of the first year of their initial visa in industries such as agriculture, forestry and fishing. Incredibly, the policy from DIBP until very recently has been that this 88 days' work can be either paid or unpaid.

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<sup>11</sup> Gibson, J., McKenzie and Rohorua, H., Developmental impacts of seasonal and temporary migration: A review of evidence from the Pacific and South East Asia, Asia and the Pacific Policy Studies, Australian National University, 2013.

<sup>12</sup> Bennett, J., "Backpackers, illegal labour crueled Seasonal Worker Program for islander countries: World Bank", ABC News online, 18 February 2015

<sup>13</sup> Hay, D., and Howes, S., "Australia's Pacific Seasonal Worker Pilot Scheme: why has take-up been so low?", Australian National University, Development Policy Centre, Discussion Paper 17, April 2012.

<sup>14</sup> Working Holiday Maker visa programme report, Department of Immigration and Border Protection, Australian Government, 30 June 2014, p. 17.

DIBP reports<sup>15</sup> show there were 45 950 second year visas granted in 2013-14, an 18.2% increase on the previous financial year. This means that around one in four Working Holiday visa holders are now being granted a second year visa. The vast majority (90%) are doing work in agriculture to acquire eligibility for the second year visa, with smaller numbers doing work in construction and mining.

The number of second working holiday visa grants has grown rapidly since the program commenced in late 2005. There were just 2 962 second year visa grants in 2005-06, compared with 45 950 grants in 2013-14. From 2010-11 to 2013-14 the number doubled. The second working holiday visa now constitutes 20% of the overall working holiday program by 30 June 2014. This compares with just a 3.3% share of overall working holiday visa holders in Australia as at 30 June 2006.

When employers have access to such a large labour supply with no requirement for labour market testing, it is not surprising perhaps that the seasonal workers program has been 'crowded out' and undersubscribed. As one Queensland citrus grower put it "It's very easy to employ a backpacker who shows up at your door...it's not such a commitment and it's sometimes very easy for farmers to go down that track".<sup>16</sup>

The availability of the second year working visa extension has created particular problems. Reports that unions receive are that employers are basing their whole business model around using the labour of working holiday makers, in some cases for free or by paying them well below Australian award standards. The recent Four Corners program shed further light on the extent of the exploitation. A scan through job sites such as *Gumtree* uncovers numerous examples of job advertisements directly targeted at overseas workers, enticing them with the lure of a second working holiday visa, with Australian workers not even being considered in some cases.<sup>17</sup>

To address these issues, the ACTU submission to the current Senate Inquiry into the Temporary Work Visa Program has recommended the following measures:

- The introduction of annual caps or quotas on the Working Holiday Visa Program taking into account the labour market conditions for young Australians;
- The second year working holiday visa extension be abolished;
- Remodel the work rights attached to the working holiday visa so that it operates as a genuine holiday visa, rather than a visa which in practice allows visa holders to work for the entire duration of their stay in Australia.

If the Government was serious about wanting to expand the seasonal workers program, measures such as these to bring the working holiday visa program under control would be part of the response. Instead the White Paper proposes to expand the working holiday visa program, as outlined below.

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<sup>15</sup> Working Holiday Maker visa programme report, Australian Government, Department of Immigration and Border Protection, 30 June 2014, p. 17.

<sup>16</sup> Bennett, op. cit

<sup>17</sup> See for example <http://au.indeed.com/m/viewjob?jk=ef4d6d979b9942b4&from=ja>

At present, working holiday makers (417 visa) can already work for the entire duration of their one year visa in Australia, but can only work six months with any one employer. They can also access a second year visa extension if they work for three months in agriculture, mining and construction during their first year visa. Problems with the second year visa extension are rife as employers exploit vulnerable backpackers desperate to extend their stay in Australia. As indicated above, the ACTU has called for the second year visa extension to be abandoned altogether.

The main changes to current working holiday arrangements in the White Paper are:

1. Working holiday makers can now work an additional six months with one employer in Northern Australia, if they are working in a range of 'high demand' industries including tourism, hospitality, disability and aged care, mining, and agriculture.
2. Access to the second year visa extension will now be extended to those who work for three months in the tourism sector in the north and it will be extended to those visa holders under the smaller Work and Holiday visa program (visa 462) in addition to the Working Holiday 417 visa.

The White Paper proposals actually put paid to the Government's continuing attempts to portray the working holiday program as simply a holiday visa with a bit of short-term incidental work here and there. As the paper states, 'this change means WHM visa program participants could potentially be able to work in Australia for the entire duration of their two year stay in Australia'.<sup>18</sup>

The proposed expansion of the working holiday visa program not only ignores the many problems of exploitation that have occurred under this visa, as documented in our submission and other evidence to the current Senate Inquiry, the recent 4 Corners expose, and the Fair Work Ombudsman report into the employment practices of Baiada and a multitude of associated labour hire contractors.<sup>19</sup>

It will also continue to undermine any attempts to expand the seasonal workers program. If there is a push to increase use of the Seasonal Worker Program it is contradictory and counter-productive in our view to advocate simultaneously for expansion of the working holiday visa, given the evidence of what has caused low take up to this point.

Finally, there is an argument for permanent migration options to be part of the response, rather than, or in addition to, simply looking to expand the existing temporary seasonal scheme. The World Bank, among others, has put the view that Australia should emulate New Zealand's Pacific Access Quota under its permanent migration intake.<sup>20</sup> In essence, its argument is that permanent migration will deliver greater benefits for Pacific Islanders than temporary seasonal schemes with limited numbers.

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<sup>18</sup> Northern Australia White Paper, Australian Government, p. 112

<sup>19</sup> <http://www.fairwork.gov.au/about-us/news-and-media-releases/2015-media-releases/june-2015/20150618-baiada-group-statement-of-findings>

<sup>20</sup> <http://devpolicy.org/in-brief/world-bank-calls-on-australia-to-introduce-a-permanent-migration-scheme-for-pacific-islanders-20130616/>

Generally, the ACTU has a strong preference for permanent migration where people come to Australia independently, without the risks of exploitation that come from relying on temporary, employer-sponsored forms of migration. Permanent migration also helps place migrants on a more secure footing with a permanent stake in Australia's future.

The Seasonal Workers Program has largely avoided some of the more serious problems with exploitation that have afflicted other parts of the temporary work visa program, in large part because proper effort has gone into regulating it. The capacity to have return trips under the program – circular migration - also helps provide more lasting benefits than a one-off temporary stay. However, we believe there is merit in the idea of also providing better access to permanent migration, and further consideration should be given to this. This should include an assessment of the impact such permanent migration would have on the home countries from losing productive members of society who migrate permanently. This has been an issue even under the temporary schemes in Australia and New Zealand.<sup>21</sup>

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<sup>21</sup> Ball, R., Beacroft, L., & Lindley, J., "Australia's Pacific Seasonal Worker Pilot Scheme: Managing vulnerabilities to exploitation", Trends and Issues in crime and criminal justice no. 432, Australian Government Australian Institute of Criminology, November 2011

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

The experience of both the Australian and New Zealand schemes has been that it has been overwhelmingly men that have participated with much fewer women.

This has been attributed to a range of factors including the culture and traditions of home countries, the nature of the work and the gendered way in which employers from the host countries recruit in those industries. However, there is no single cause or pattern, and views can differ across different home countries. For example, a survey found that participants from Tonga believed the work to be more suited to men, while Kiribati participants thought it to be suited equally to both men and women.<sup>22</sup> In practice, a gender division of labour has emerged with men going into picking and harvesting roles, while the minority of women under the program tend to be in sorting, grading and packing work.

A review of the relevant literature shows a range of positive and negative impacts on the women who remain behind at home while their male partners take part in the program, as there are for women who do take part in seasonal worker schemes.<sup>23</sup> Some research suggests the benefits of female participation as women tend to save more, thus opening up more opportunities.

Our submission calls for greater focus on educational and promotional efforts to encourage the participation of women under the scheme, combined with measures to address the negative impacts that participating women can experience, such as sexual harassment and bullying on the job, and marital conflict when men who stay behind in the home country struggle to take on household and child rearing duties. To focus these efforts, there would be merit in developing targets for female participation.

Giving greater priority to permanent migration channels, as discussed above, provides another avenue to increase the involvement of women.

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<sup>22</sup> Alkema, A., Global Jobs Pact: Pacific Labour Governance and Migration, Literature Review: Seasonal Migration, 2011

<sup>23</sup> Ibid, p. 33-34



## The role of the Seasonal Worker Program in supporting development assistance in the Pacific

As submitted above, the first and foremost objective of the Seasonal Workers Program is to promote greater economic development and security for the workers, communities, and nations, of the Pacific.

On balance, the program has played an important role in this respect, although there are some qualifications we add to that, as outlined below.

In the first instance, the benefits of the program clearly come through the remittances that flow back to the home country. Remittances play a critical role in a region characterised by small populations, remote locations, and limited employment opportunities. An evaluation of the pilot program showed that a typical worker would earn around A\$12000-13000 during their stay. After expenses around \$5000 gets remitted. After taking into account the opportunity cost of what workers would have contributed in their home country if they had remained there, the net gain from participating in the program is around \$2600 per participating household (a \$460 per capita increase based on the number of people per household). This represents a 39% increase in per capita household income.<sup>24</sup> Similar results emerged from the New Zealand scheme.

The benefits have been seen most directly in alleviating poverty, improving housing, and greater access to education for participant families with remittances being put towards school fees.

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. What this does suggest is that greater attention need 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.<sup>25</sup>

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.<sup>26</sup> This needs to be part of a realistic assessment of the program.

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<sup>24</sup> Gibson, J., and McKenzie, D., Australia's Pacific Seasonal Worker Pilot Scheme (PSWPS): Development Impacts in the first two years, University of Waikato, Department of Economics, 2011

<sup>25</sup> Alkema, A., Global Jobs Pact: Pacific Labour Governance and Migration, Literature Review: Seasonal Migration, 2011

<sup>26</sup> Alkema, A., Global Jobs Pact: Pacific Labour Governance and Migration, Literature Review: Seasonal Migration, 2011, p. 30



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.<sup>27</sup> By contrast the larger scale New Zealand program had larger aggregate effects. For example, in Tonga, the net benefit was A\$4 million during the first two years; this equates to 44 percent of Tonga's total annual export earnings. In Vanuatu, the net benefit was almost A\$8 million, which is almost ½ total annual bilateral aid from NZ to Vanuatu, and 20 percent of Vanuatu's total annual export earnings.

It is important then that the Seasonal Workers Program is part of a wider suite of measures to boost development and economic security in the Pacific. This should be a priority for Australia's engagement with the region. Even if the program expands, seasonal work opportunities are still likely to be limited to a few. The greatest benefit to the most people is through the creation of decent work opportunities throughout the Pacific Island countries. Training and skill development in the country must be a priority – the Pacific Growth and Employment Project cited earlier provides one potential model.

As noted earlier, overseas aid should be focused in a similar way. At the recent ACTU Congress, Australian unions endorsed a call for the Australian Government to substantially refocus aspects of its international development assistance programs so that, among other things, a component of aid program funding is set aside to ensure that in all significant infrastructure and resource development projects the local population is trained in skills to enable them to be employed in these projects.

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<sup>27</sup> Gibson, J., and McKenzie, D., Australia's Pacific Seasonal Worker Pilot Scheme (PSWPS): Development Impacts in the first two years, University of Waikato, Department of Economics, 2011

## Any legislative and other impediments in attracting seasonal workers

We refer to our earlier response on this point. The evidence and experience from the program has been that the major cause in improving take-up under the program has been that employers have become accustomed to relying on a ready supply of overseas labour, particularly on the 417 working holiday visa. The ACTU has already made a case to the current Senate Inquiry into the temporary work visa program for various measures to be introduced to reduce the scope for exploitation under this visa and limit the impact on local employment opportunities. These include caps or quotas, abolishing the second year visa, and remodelling the working rights attached to the visa. These changes would also have the benefit of providing more scope for the Seasonal Workers Program to operate.

An argument is sometimes made that the program is too expensive and costly for employers. However, the evidence from the New Zealand scheme is that the productivity benefits of using Pacific seasonal workers are considerable, particularly when the workers return for a second or multiple stints under the program (at least half the participants return).<sup>28</sup> Research from the ANU indicated that only 9% of interview growers said the scheme was too expensive<sup>29</sup>. We reject any arguments to shift the costs of the program, such as travel, further onto the participants. Such changes would reduce the net benefit accruing to the workers, their families and communities and undermine the fundamental objective of the program to promote development in the Pacific.

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<sup>28</sup> Gibson, J., McKenzie and Rohorua, H., Developmental impacts of seasonal and temporary migration: A review of evidence from the Pacific and South East Asia, Asia and the Pacific Policy Studies, Australian National University, 2013.

<sup>29</sup> Hay, D., and Howes, S., "Australia's Pacific Seasonal Worker Pilot Scheme: why has take-up been so low?", Australian National University, Development Policy Centre, Discussion Paper 17, April 2012.

**ADDRESS**

ACTU  
365 Queen Street  
Melbourne VIC 3000

**PHONE**

1300 486 466

**WEB**

[actu.org.au](http://actu.org.au)

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