

Senator Barnett's supplementary comments

In these additional comments I propose a targeted and tightly controlled pilot scheme to meet a demonstrated labour force need in a certain area over a given period.

Based on evidence to the committee, it is likely that the pilot would confirm the view that rather than acting as job-takers, such schemes could not only boost investment in a region but also employment.

The committee's report contains much to commend it, and many of the conclusions drawn from the evidence presented to members are both reasonable and justified. Whether or not a systemic and widespread labour shortage currently exists is difficult to determine, but nobody denies that shortages do exist in particular regions at particular times.¹ Nor is there disagreement that the flow of labour currently relied on by growers, primarily Working Holiday Makers (WHMs), is not assured. The existing shortage at certain times and in certain regions combined with a predominantly WHM labour force gives rise to serious concern and the need for action. The '*wait and see*' approach recommended by the majority is not supported.

The evidence presented to the committee makes it clear that the pool of labour from which producers are drawing is relatively unstable. WHMs provide an ever increasing slice of the labour required.² While everybody agrees that WHMs make up an increasing proportion of the labour pool, I am not as easily convinced of the robustness of this labour supply into the future. Events outside the control of the Government (for example, an act of nature or terrorism) could seriously diminish or disrupt the supply of WHM labour, which alone would bring about a major shortage of workers. Were such an event to occur during the harvest season, the result could be catastrophic to Australian growers. It is foreseeable that such an event could disrupt tourist traffic, including WHMs, for more than one season, compounding the desperation of growers. In addition because WHMs make up an ever-increasing proportion of seasonal horticulture workers they tend to remain for days or weeks rather than months. They tend to 'disappear' with short or even no notice and this is problematic for growers. Prudence requires that potential pitfalls be identified and planned for.

Labour shortages have serious economic consequences, not least for the growers themselves. As identified in the committee report, the World Bank has recently reported that crop losses in Australia due to labour shortage have been estimated at \$700 million. While this is described as a rough estimate by one researcher, others

1 See, for example, Mrs Denita Wawn, *Committee Hansard*, 22 August 2006, pp. 26-7. See also committee report, para. 2.49.

2 Committee report, paras. 1.19 and 1.20. See also *Working Holiday Makers Benefiting Australia*, Department of Immigration and Multicultural Affairs, Immigration Facts No. 18.

have verified that crop losses (and at the very least, reduced value yields) do occur due to labour shortage.³

These supplementary comments arise not from any particular disagreement with the evidence presented in the main report of the committee, but rather the conclusions drawn from it. Like the majority report, I do not seek to make what I regard as radical recommendations. However, I consider that a carefully designed pilot program would be an appropriate precautionary measure to mitigate the risk the committee has identified in relying too heavily on the labour of holiday makers and to address the labour shortage concerns in certain regions. Such a pilot, and any eventual scheme, should operate only where a demonstrated need for labour exists in a particular community. All the considerations identified in chapter 4 should also be examined and addressed prior to commencement. A strict protocol will have to apply. Seasonal workers should be paid in accordance with the Australian Fair Pay and Conditions Standard and the relevant classification that applies in the particular award or agreement operating in that workplace. Employers would need to meet the travel costs to and from Australia. Any employer found to be in breach of these arrangements would be subject to prosecution and unable to access any such scheme again. The purpose and outcome of any seasonal labour scheme is not to reduce wages but to meet a demonstrated need under strict conditions.

The Canadian experience, described in an appendix to the report, has been a long-standing and positive one. Other countries have enjoyed similar successes, with economic and social benefits flowing between workers and their home countries. Is Australia to be left behind?

As discussed in chapter 3, some of Australia's neighbours face significant economic and social challenges, many of which seem likely to worsen in coming years. Properly conceived and managed contract labour programs have the potential to provide mutual benefit, and in the case of the Asia-Pacific, dovetail with Australia's aid efforts. This being the case, a pilot scheme should examine the feasibility of drawing labour not just from the Pacific region, but also other areas including Papua New Guinea and East Timor, two very close neighbours who are also heavy consumers of Australian aid and likely to benefit greatly from contract labour remittances. The latter countries would be well positioned to meet the demonstrated needs in the Northern Territory (primarily mango farms) and northern Western Australia (the Ord River catchment).

In an era of widespread liberalisation of trade in goods and many services, it seems odd to take a protectionist approach against the relatively small, not to mention directly beneficial program such as the one being discussed here. In certain areas, Australia does have a shortage of skilled labour, but in certain areas it also has a shortage of semi and unskilled labour. Western Australia for example is desperate to meet these needs. A host of growers and their representative groups appeared before the committee in support of a trial including Australian Citrus Growers Inc, Yandilla

3 World Bank, *At Home and Away*, p.105.

Park Pty Ltd, Growcom, and Horticulture Australia Ltd. These groups, which collectively represent large numbers of growers, were supported in their calls for a trial by many others including Mr Peter Mares and Mr Nic Maclellan, two of Australia's foremost experts on seasonal labour schemes. Countering one of the most common criticisms of a possible scheme, Mr Mares submitted that such a scheme would create jobs and investment in the local area concerned rather than 'take jobs from locals'. In fact, as the committee report relates, the Canadian experience has been that temporary labour schemes create 2.6 jobs in the supply and processing sectors for every one in horticulture.⁴ Mr Mares tells of a shop owner in Ontario considering the spending of temporary workers as being 'literally like Christmas in September' for local business.⁵

Dr Manjula Luthria, representing the World Bank, also presented strong evidence in favour of a scheme to the committee. The National Farmers' Federation also supported a trial, but not in isolation:

'NFF believe that labour shortages being experienced in the agricultural industry should not be countered by one action only and that there are a variety of solutions, of which migration solutions are one component, for resolving the problems facing regional Australia with regard to access to labour. The most important thing that the NFF stress in our submission to this committee is that the agricultural industry needs access to reliable and efficient seasonal labour.'⁶

Although planning for a pilot scheme should begin as soon as practicable, it is obvious that any substantial pilot is probably some way off, and as suggested by the NFF, the problem is best addressed on more than one front. The difficulties faced by growers can be helped more immediately by an expansion of the Harvest Trail scheme. The Government is to be congratulated on this initiative, which has been of enormous assistance to growers in many regions, but more and better outcomes can be achieved from the program than have been possible to date. Harvest Trail should be reviewed and expanded, with a view to expanding the range of services available and streamlining the process of referrals. This could be achieved in the relatively short term.

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4 Tanya Basok, as quoted in Mares and Maclellan, *Remittances and Labour Mobility in the Pacific; a working paper on seasonal work programs in Australia for Pacific Islanders*, Institute of Social Research, Swinburne University, p.27. See also committee report paras 1.24-1.30

5 Mr Peter Mares, *Submission 19*, p.19

6 Mrs Denita Wawn, *Committee Hansard*, 22 August 2006, p. 25

