AUSTRALIA’S SEASONAL WORKER PROGRAM
DEMAND-SIDE CONSTRAINTS AND SUGGESTED REFORMS

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Large returns are possible if unskilled workers are able to move from poor countries where they are abundant to rich countries where they are relatively scarce.

The migrants themselves gain from the much higher wages they receive, the sending countries benefit from the remittances the migrants send home, and the receiving countries benefit from the injection of low-skilled labour.
SEASONAL AGRICULTURAL WORKER SCHEME – UK 1950
GASTARBEITER PROGRAM – GERMANY 1955
PACIFIC SEASONAL WORKER PILOT SCHEME (PSWPS)
PACIFIC SEASONAL WORKER PILOT SCHEME (2008-12)
PSWPS VS. RSE

<table>
<thead>
<tr>
<th>Year</th>
<th>PSWPS</th>
<th>RSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2007-08</td>
<td>0</td>
<td>4486</td>
</tr>
<tr>
<td>FY 2008-09</td>
<td>57</td>
<td>6821</td>
</tr>
<tr>
<td>FY 2009-10</td>
<td>63</td>
<td>6216</td>
</tr>
<tr>
<td>FY 2010-11</td>
<td>423</td>
<td>7091</td>
</tr>
<tr>
<td>FY 2011-12</td>
<td>1067</td>
<td>7009</td>
</tr>
<tr>
<td>FY 2012-13</td>
<td>1473</td>
<td>7456</td>
</tr>
</tbody>
</table>

Arrivals per FY
The three major constraints:

1. The lack of an aggregate labour shortage

2. The lack of information about the scheme

3. The significant level of risk and cost
SEASONAL WORKER PROGRAM
(2012-16)

HORTICULTURE SECTOR

- Accommodation sector
- Aquaculture sector
- Cotton sector
- Sugar cane sector

Trial Sectors
Cap on Seasonal Worker Program

- 2012-13: 2000
- 2013-14: 2500
- 2014-15: 3250
- 2015-16: 4250
LACK OF AN AGGREGATE LABOUR SHORTAGE

Main reason for not participating (growers aware of the scheme)

<table>
<thead>
<tr>
<th>Reason</th>
<th>2011 (N=40)</th>
<th>2014 (N=64)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No need</td>
<td>60%</td>
<td>67%</td>
</tr>
<tr>
<td>Too costly</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Too risky</td>
<td>20%</td>
<td>13%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
<td>6%</td>
</tr>
</tbody>
</table>

The chart shows the percentage of growers not participating in the scheme, with the main reasons being 'No need' for the majority in both years, followed by 'Too costly' and 'Too risky'.
LACK OF AN AGGREGATE LABOUR SHORTAGE

Main category of worker employed (primary sample)

<table>
<thead>
<tr>
<th>N=101</th>
<th>Backpackers</th>
<th>Locals</th>
<th>Students</th>
<th>Grey Nomads</th>
<th>Unspecified or unknown</th>
<th>Contractors (Non-local Australians)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>65.8%</td>
<td>13.4%</td>
<td>7.4%</td>
<td>3%</td>
<td>5%</td>
<td>5.4%</td>
</tr>
<tr>
<td>2014</td>
<td>54%</td>
<td>31.2%</td>
<td>2.5%</td>
<td>0.5%</td>
<td>1%</td>
<td>10.9%</td>
</tr>
</tbody>
</table>
## Prevalence of illegal workers in Australia

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unlawful non-citizens located</strong></td>
<td>10,722</td>
<td>11,428</td>
<td>14,169</td>
<td>13,831</td>
<td>15,477</td>
<td>15,077</td>
</tr>
<tr>
<td><strong>Notices issued to employers of illegal workers</strong></td>
<td>750</td>
<td>597</td>
<td>609</td>
<td>515</td>
<td>397</td>
<td>302</td>
</tr>
<tr>
<td><strong>Removals and assisted departures</strong></td>
<td>8,404</td>
<td>6,818</td>
<td>8,825</td>
<td>10,175</td>
<td>10,785</td>
<td>13,486</td>
</tr>
</tbody>
</table>

Source: Department of Immigration and Border Protection (2008-13)
## ADDITIONAL COSTS

### Cost differential for growers hiring through a labour hire company

<table>
<thead>
<tr>
<th></th>
<th>Local / backpacker</th>
<th>Pacific seasonal worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horticulture award rate</td>
<td>$16.37</td>
<td>$16.37</td>
</tr>
<tr>
<td>Casual loading (25%)</td>
<td>$4.09</td>
<td>$4.09</td>
</tr>
<tr>
<td>Statutory costs*</td>
<td>$4.09</td>
<td>$4.09</td>
</tr>
<tr>
<td>Additional premium</td>
<td>$1</td>
<td>$3.50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$25.55</strong></td>
<td><strong>$28.05</strong></td>
</tr>
</tbody>
</table>

*Statutory costs include superannuation, payroll tax and work cover*
EXCESSIVE RISK

- Needing to guarantee Pacific seasonal workers a minimum of 14 weeks work
- Less control over the selection of workers
- Paying upfront costs for untested workers
- Risk of absconding
LACK OF AWARENESS

Percentage of growers who have heard of the Seasonal Worker Program

<table>
<thead>
<tr>
<th></th>
<th>NSW PS (N=101)</th>
<th>NT PS (N=101)</th>
<th>QLD PS (N=101)</th>
<th>SA PS (N=101)</th>
<th>TAS PS (N=101)</th>
<th>VIC PS (N=101)</th>
<th>WA PS (N=101)</th>
<th>TOTAL PS (N=177)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NT SS</td>
<td>71%</td>
<td>0%</td>
<td>67%</td>
<td>38%</td>
<td>50%</td>
<td>25%</td>
<td>17%</td>
<td>38%</td>
</tr>
<tr>
<td>QLD SS</td>
<td>88%</td>
<td>0%</td>
<td>67%</td>
<td>38%</td>
<td>50%</td>
<td>25%</td>
<td>17%</td>
<td>38%</td>
</tr>
<tr>
<td>SA SS</td>
<td>56%</td>
<td>0%</td>
<td>67%</td>
<td>38%</td>
<td>50%</td>
<td>25%</td>
<td>17%</td>
<td>38%</td>
</tr>
<tr>
<td>TAS SS</td>
<td>67%</td>
<td>0%</td>
<td>67%</td>
<td>38%</td>
<td>50%</td>
<td>25%</td>
<td>17%</td>
<td>38%</td>
</tr>
<tr>
<td>VIC SS</td>
<td>70%</td>
<td>0%</td>
<td>67%</td>
<td>38%</td>
<td>50%</td>
<td>25%</td>
<td>17%</td>
<td>38%</td>
</tr>
<tr>
<td>WA SS</td>
<td>56%</td>
<td>0%</td>
<td>67%</td>
<td>38%</td>
<td>50%</td>
<td>25%</td>
<td>17%</td>
<td>38%</td>
</tr>
<tr>
<td>TOTAL SS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>38%</td>
</tr>
</tbody>
</table>

- PS: Perfect Sense
- SS: Strong Sense

Total:
- NSW: 67%
- NT: 56%
- QLD: 79%
- SA: 47%
- TAS: 60%
- VIC: 49%
- WA: 40%
- TOTAL: 55%
Reputation of the SWP (all growers aware of the scheme)

- Poor: 6% (Non-participating growers), 5% (AEs and participating growers)
- Below Average: 19% (Non-participating growers), 15% (AEs and participating growers)
- Average: 42% (Non-participating growers), 10% (AEs and participating growers)
- Above Average: 18% (Non-participating growers), 33% (AEs and participating growers)
- Excellent: 33% (Non-participating growers), 5% (AEs and participating growers)
- Unsure: 7% (Non-participating growers), 5% (AEs and participating growers)
- Would rather not say: 2% (Non-participating growers), 0% (AEs and participating growers)
Time take to become an Approved Employer

- < 3 months: 27%
- 3-6 months: 40%
- 6-9 months: 3%
- 9-12 months: 3%
- >12 months: 7%
- Unsure: 20%

N=30
**Administrative Costs**

- Labour market testing
- Reporting to Government
  - Process of applying to become an AE
  - Recruitment plans
  - On-arrival and pre-departure briefing
- Paperwork associated with superannuation
Key changes that growers thought would make the scheme more attractive

- International travel costs: 75%
- Domestic transfer costs: 48%
- Organising accommodation: 35%
- Reporting to government: 28%
- Minimum 14 weeks work requirement: 20%
- Superannuation: 18%
- Labour market testing: 15%
- Pastoral care: 13%
- Other: 40%

N=40
Key reform that would transform the scheme:

- Removing the second-year visa extension for Working Holiday (subclass 417) visa holders or expanding the second-year visa extension to other sectors beyond agriculture, mining and construction

Industry body survey suggests that this reform would not be politically feasible. Horticulture has become so dependent on backpackers that any reform restricting their supply would not pass.
Some of the key feasible reforms:

1. Reforming cost-sharing arrangements
2. Sharing the risk burden
3. Advertising the scheme more broadly
4. Improving the reputation amongst non-participating growers
5. Minimizing the administrative requirements
THANK YOU