

Reforming the SWP: a recruiter's perspective



by Grant Owen

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I have read the report, *Australia's Seasonal Worker Program: demand-side constraints and suggested reforms*, of the research that has been done and I would like to endorse the findings and underline three changes that, as an end user, I would particularly like to see made to the program.

First, **remove the requirement to pay superannuation** – the rationale for super just does not apply to seasonal workers, for the following reasons:

1. Super is a provision for retirement, which is entirely inappropriate for seasonal workers.
2. Super is a financial cost to the farm, an administrative burden to the Approved Employer (AE) (who now, with the advent of SuperStream, has to do all of the super fund's administration and pay fees to remit superannuation), and provides little benefit to the worker. The only real beneficiary is the government.
3. The prohibitive tax penalties that stop Australians accessing our super early also apply, perversely, to seasonal workers. So if they do collect their super they will find almost 60 per cent has gone to tax and fees. Super is often wasted, as seasonal workers are unable to collect it after they return home because they find the claim process onerous. For those who think I am exaggerating, I share the following text message, which I received just nine days ago. It is from a worker who accumulated a super balance of \$1,500 last season, of which around \$800 will have been taken by the government (15 per cent tax on deposit and 38 per cent tax at withdrawal) and fees, leaving about \$700 for the worker: *"Hi, Mr Grant happy new year (sic) to you and Mrs Owen, just to let you know that it's been 9 months now and I haven't received my super yet, no idea about it, Anyway it won't be possible because I still can't find my copy of my visa so it's very hard to claim my super. I just gave up hope, Regards (Signed)."* You will be pleased to know that we have since found the missing visa and forwarded it to the super fund, but I will not hold my breath waiting for the claim to be paid.
4. There are provisions in the Superannuation Guarantee Act that exempt employers from having to make super payments for certain employee groups. The principle is therefore established and needs only to be extended: either exclude seasonal workers from the requirement to pay super, as NZ has evidently done, or, at the very least, change the rules to allow all seasonal workers to accrue super in the payroll just like annual leave, which is then taxed as wages and paid out on termination. This will reduce compliance costs for the AE, deliver a fair tax to the government and deliver a fair share to the employee.

Second, **remove the requirement for the AE to pay the first \$500 of the seasonal worker's airfares and internal travel costs.**

1. This greatly inflates the cost of seasonal workers.
2. I was told these provisions were to "be fair to SWs". The focus of this program should be on making it

commercially viable, not on trying to decide what is fair. In any case, the AE is already bearing a huge risk by paying for the airfares and visa costs up front without any guarantee of repayment. The crop might fail, or the worker might abscond and the investment will be lost. I have no protection against these perils. Surely that is sufficient share of the “fairness” burden?

3. The internal travel can be hundreds of dollars per person, often much more than the international flights.
4. The rules around domestic and international airfares can lead to different outcomes for the same journey. Consider this example of how these rules interact. Assume I recruit a worker from Tonga to work at a client’s farm in Perth, and the international return flight from Tonga to Perth is \$2,000. If the flight’s only stop-over is Auckland, the AE pays \$500 and the worker pays \$1,500. However, if that particular flight stops in Melbourne on its way to Perth, Melbourne becomes the end of the international leg and the beginning of the domestic leg, so the calculation of liability changes. Now the AE must pay \$1,500 and the worker only \$500.
5. From the start it has been a guiding principle that the Seasonal Worker Program (SWP) has to pay its own way, with no subsidy from the government. Let the seasonal worker also pay his or her own way, with no subsidy from the AE.

Finally, **remove the requirement for the AE to undertake market testing.**

1. Market testing is an insult to the farmer who requests seasonal workers. The farmer’s request should be sufficient evidence that a genuine need exists and that there are an insufficient amount of reliable workers to fill the need.
2. If there is insufficient political will to remove market testing, at least reduce it to the first year. It is absurd to continue this onerous and time-consuming process after the first year for a “repeat” client. Having to do market testing in the second and subsequent seasons places a perpetual question mark over the scheme. The biggest selling point of the program is continuity of labour supply and accumulation of skill in the workforce. Yet the program rules require the AE to try each year to recruit Australians and put an end to the SWP! At the very least, market testing should be only required for the first recruitment plan. Subsequent recruitment plans for the same client should not require market testing.

The SWP is a success. Every farm that tries it embraces it after seeing the results. The barriers I have described mean that the scheme has begun to succeed in spite of those barriers, and removing them would open the floodgates.

And let us be realistic: if Australians wanted these jobs, and could do these jobs, they would be filled with Australians and we wouldn’t need a SWP. But Australians don’t want these jobs and they need to be done by someone. Seasonal workers are the answer.

Grant Owen runs Owen Pacific Workforce. This post, the second in a two-part series, is based on his presentation at the launch on 18 February 2015 of the [Seasonal Worker Program: demand-side constraints and suggested reforms](#) report. In his first post, published [here](#), Grant outlines the benefits of the SWP.

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Link: <https://devpolicy.org/reforming-the-swp-a-recruiters-perspective-20150227/>