

RSE changes: employers win, Pacific workers lose

by Charlotte Bedford
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Employers and workers picking kiwifruit in New Zealand's Bay of Plenty

Photo Credit: [Facebook/baykiwifruitcontracting](https://www.facebook.com/baykiwifruitcontracting)

The New Zealand coalition government's recent [changes to Recognised Seasonal Employer \(RSE\) policy settings](#) were a topic of much discussion at this year's annual RSE conference which was well-attended by RSE employers, industry bodies, government officials, Pacific country representatives and other key stakeholders.

RSE employers were upbeat about the policy changes which will help to reduce their costs of participation, a key outcome that employers and industry groups have been [lobbying for](#).

After 17 years of operation, the RSE scheme is still dominated by small producers – 62% of the 179 active employers in 2024 recruited fewer than 50 workers each, with half of those recruiting fewer than 20 workers. For many of the scheme's smaller producers, rising employment costs and tightening profit margins, especially in the wake of the pandemic, have made RSE participation potentially unsustainable.

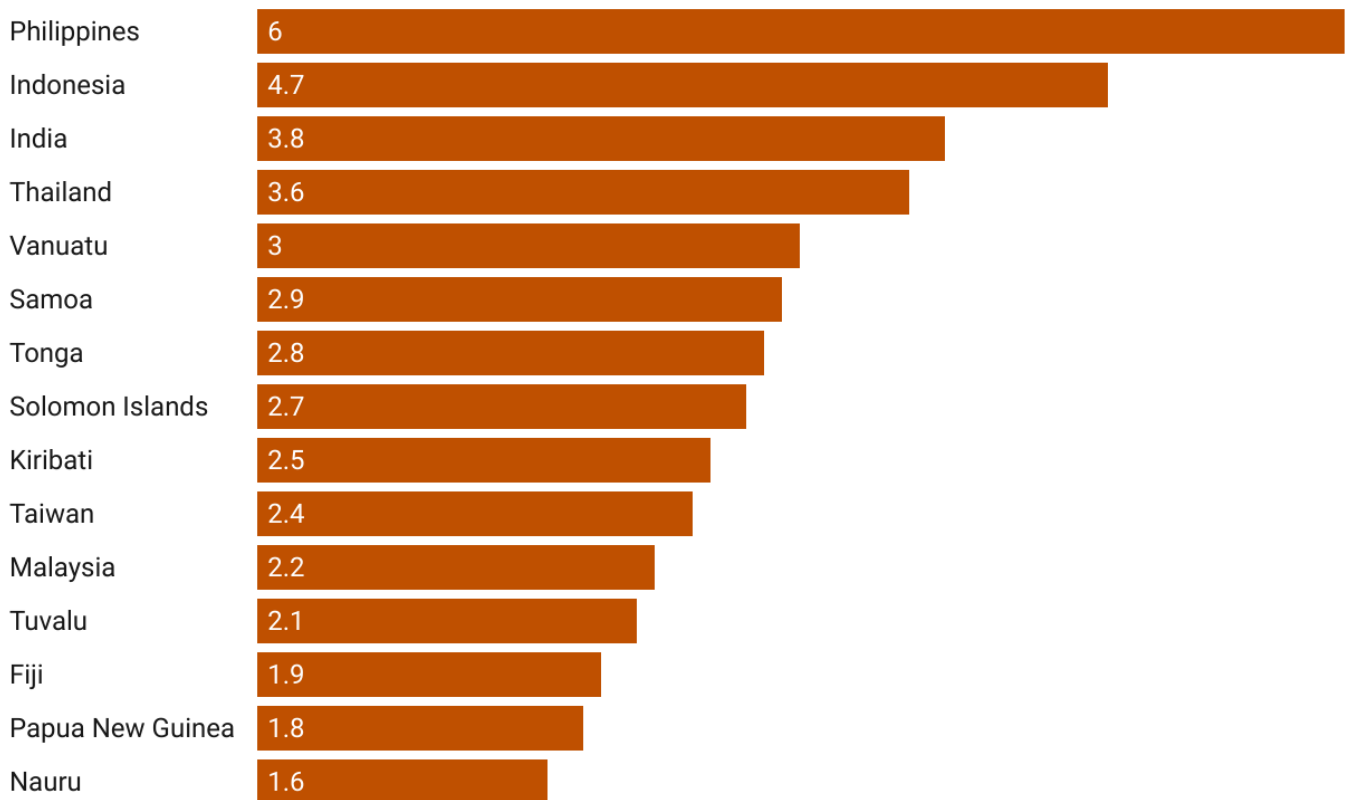
For Pacific countries, the three changes to policy settings that directly affect workers' take-home pay – removing the requirement for employers to pay all RSE workers 10% above the minimum wage, removing the guaranteed payment for 30 hours' work per week, and lifting the freeze on worker accommodation charges — are less welcome.

From September, the 10% loading above minimum wage is only applicable to RSE workers in their third and subsequent seasons of work. Arguably, this change has been implemented to recognise the skills and experience of returning workers – recognition that Pacific countries have sought for returning workers for some time. But there are several problems with imposing a blanket requirement to pay those in their third or subsequent season a higher wage than a new RSE recruit.

First, data on RSE worker return rates over the 17 years from 2007 to 2024 show that for many Pacific countries the average number of seasons worked is below

three (Figure 1). Workers from Vanuatu – the largest RSE supply country – return on average for three seasons, while for Samoa and Tonga, it is 2.9 seasons and 2.8 seasons respectively. All other Pacific countries have lower return rates. It is only Asian countries whose workers, on average, return for more than three seasons, and will therefore repeatedly benefit from the higher wage rate.

Figure 1: Average number of seasons worked under RSE, 2007-2024



Source: Unpublished Ministry of Business, Innovation and Employment arrivals data • Created with Datawrapper

Second, setting a wage rate based on the number of seasons worked encourages people to return more often to New Zealand to earn more money, whether they are particularly productive workers or not, and when it may not be in the best interests of their partners, children and extended family members who remain at home.

Third, basing higher wages simply on length of service doesn't automatically recognise skills and productivity. There could well be workers in their second season who are more skilled and productive than those who continue returning. Moreover, there could be workers who have spent their first two seasons working with a particular crop (perhaps picking mandarins) who are shifted to a new crop in their third season (say, pruning grapevines) and who are automatically being paid more for performing a task in which they are not yet skilled.

An alternative is to leave decisions about rewarding skills and experience to the

discretion of the employer. This has historically been the approach, and employers already have a range of ways in which they choose to reward workers, whether in the form of higher wages, or via other incentives such as payment of the workers' full return airfare costs or subsidies for weekly accommodation charges.

The requirement for RSE employers to guarantee payment for at least 30 hours' work per week was introduced during the pandemic as a protective mechanism to ensure workers stranded in New Zealand could cover their weekly living expenses. Under the new policy settings, RSE employers must guarantee payment for 30 hours per week averaged over four weeks (that is, they must now guarantee payment for at least 120 hours' work over four weeks).

According to National MP Catherine Wedd who spoke at the conference, this shift to an averaging approach has been made so that we can "better compete with Australia". This makes little sense; it is unclear how diluting worker protections in the form of guaranteed pay, as well as paying them less, makes New Zealand more competitive in the eyes of the Pacific.

One of the ways in which New Zealand has historically tried to differentiate the RSE scheme from Australia's Pacific Australia Labour Mobility (PALM) scheme is by arguing that, while Australia pays higher wages, we have a scheme that is built on strong employer-employee relationships, a high standard of pastoral care and strong worker protections.

Now it seems Australia offers both higher wages and better worker protections. While PALM Approved Employers are also required to guarantee 30 hours' pay averaged over four weeks, they have a guaranteed minimum pay threshold of A\$200 per week to ensure workers' pay does not drop below this level after deductions. Moreover, if a PALM employer cannot offer 20 hours of work in any given week, then the employer must cover the cost of the worker's accommodation and transport – and these costs are not recoverable from the worker.

There are no similar protections under the RSE scheme. Now, workers have their wages averaged over a four-week period but will, in all probability, still be paying weekly deductions, with no minimum pay threshold in place. Furthermore, with the removal of the freeze on weekly accommodation charges, workers will likely be paying more each week in rent.

Notwithstanding the problems above, some changes to RSE settings are warranted. Employers have valid concerns about rising costs, especially for many of the scheme's small producers. Fundamentally, the RSE scheme is employer-driven, so it needs to remain financially viable for employers to recruit from the Pacific if the

scheme is to survive.

The main concern here is about the lack of consultation with the countries that supply the people who will be most affected by the changes.

Pacific stakeholders are still waiting for anything meaningful to come out of the RSE policy review which started pre-pandemic, was completed in 2023, and has been languishing since then. The current round of policy changes was, on the other hand, pushed through in a matter of weeks.

Given arguments can be made both for and against the recent changes, proper consultation with Pacific stakeholders would have been prudent. As Vanuatu's High Commissioner to New Zealand, Jimmy Nipo, noted in his presentation, realising the benefits of the RSE scheme is a balancing act. Balancing the benefits for New Zealand and for Pacific countries – and maintaining important bilateral and regional relationships – requires regular, open dialogue.

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