

The official evaluation of the Pacific Seasonal Worker Pilot Scheme: an opportunity missed

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Midway through 2008 the Government announced a program that was set to usher in a new era of low skilled temporary migration: the Pacific Seasonal Worker Pilot Scheme. The program had two distinct objectives: to contribute to economic development in the Pacific, and to assist Australian employers in the horticulture industry.

The Government commissioned an evaluation of the Pilot, which was completed in September 2011. Unfortunately, it took until January this year for the evaluation to be released and even then it appears from the website it is found [here](#) [pdf] and was only made public due to a freedom of information request. This itself says something about how much the Government is (or rather isn't) prepared to stand behind the scheme.

Though it has been incredibly slow to release this evaluation, the Government to its credit announced last year that the pilot will be made permanent, through the Seasonal Worker Program. This evaluation of the Pilot, which is largely positive about the scheme, is therefore of considerable interest.

The evaluation confirms that the scheme is good for those Pacific workers lucky enough to get to participate in it. The analysis undertaken suggests that the seasonal workers' net income after deductions was \$6,904 on average, a multiple of GDP per capita in the Pacific island countries from which these workers come.

The main problem with the Pilot was the small numbers it attracted. Even today, under the permanent SWP program, numbers participating in the scheme seem to be flat at about 1,000 a year, compared to the 7-8,000 Pacific workers which go to New Zealand every year under that country's very similar scheme.

In a [survey undertaken](#) in 2011, Stephen Howes and Danielle Hay identified the main reasons for the low take-up as being the lack of an aggregate labour shortage due to the growing number of backpackers working in horticulture, a lack of information about the scheme for growers and excessive red tape.

The evaluation comes to similar conclusions, but puts relatively more weight on the impact of external determinants in causing the low take-up, including the Global Financial Crisis and, as the effects of this subsided, the impact of unforeseeable climatic events. The failure of the SWP to take off in 2011 or 2012 casts doubt on this line of argument.

The main disappointment of the evaluation is that its analysis of productivity gains lacks a quantitative basis. The report notes that obtaining the necessary data was difficult as it is "not generally workplace practice," an admission which speaks to the illegality and informality prevalent in the sector. The evaluation therefore relied largely on qualitative productivity assertions drawn from interviews with growers. It concludes that:

“early qualitative and anecdotal indications appear very promising with demonstration of productivity gains over 30 per cent off-setting increased costs of up to 20 per cent above award rates for growers.” (p.8).

While this sounds promising, it’s a benefit-cost ratio that may not be sufficient to tip the balance in favour of the SWP. On the cost side, we know that the use of illegal labour is rife in this sector. So the \$24 or so per hour that has to be paid to Pacific seasonal workers might be much more than 20% above the actual alternative (cash, below-award-rate) wage paid to non-SWP workers. And the productivity benefits have to be set against the reduced flexibility from having to order your SWP workforce in advance and from overseas rather than have backpackers turn up at your farm gate, on the day.

As the report itself notes, rather sadly: “Convincing growers of the value of seasonal workers and encouraging acceptance of the higher cost per hour balanced with other savings remains a considerable barrier to Pilot participation.” The best way to convince growers to try the SWP would be to collect and release some hard data on productivity gains. This was what the evaluation was meant to do, and it is an opportunity missed that the best it could come up with is a recommendation that this data should be collected.

To its credit, the evaluation does have a number of sensible recommendations, including greater government promotion (which has apparently decided not to launch the “targeted communications campaign” the report recommends) and a crack-down on compliance.

Perhaps because it is government-funded, the evaluation was unable to tackle the key issue of policy incoherence which hinders the SWP. The Government is trying to funnel Pacific islanders into fruit-picking, but is also trying to funnel backpackers into the same sector, by offering them a second year’s visa if they work on a farm in their first year for three months or more. So far, the second funnel is winning. Clearly, the Government has to level the backpacker playing field if the SWP is to have a chance. Make the working holiday maker a two year visa, or make the second year conditional on any type of work in the second year, not just picking fruit.

An even more heretical idea would be to let Pacific islanders come here as backpackers as well. Not surprisingly, this didn’t make it into the evaluation’s list of recommendations either.

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